



Nomination & Remuneration Committee Charter

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Recommended by NRC

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The Board of Directors (hereinafter referred to as the "Board" or the "Directors") may recommend changes to this Nomination & Remuneration Committee Charter (hereinafter referred to as the "Charter") for approval from the General Assembly, provided that any such modification or waiver does not violate any applicable laws, rules, regulations, the Company's Delegation of Authority (hereinafter referred to as the "DoA") Matrix and Bylaws and further provided that any such modification or waiver is appropriately disclosed to the concerned parties.

- The changes to this document shall be consecutively numbered and dated.
- The following log shall be used and signed off for all updates.

Approvals

Name	Role	Signature	Date
Chairman of Nomination & Remuneration Committee	Chairman of the Committee (Review)		
Chairman of the Board	Chairman of the Board (Recommend)		
Shareholders – General Assembly	Approval		

TABLE OF CONTENT

1. Introduction	3
2. Purpose.....	3
3. Organization of the Nomination and Remuneration Committee.....	4
3.1 Structure of the NRC Committee	4
3.2 Remuneration of the Committee.....	5
3.3 Meetings and Procedures of the Committee	5
3.4 Minutes of Meetings	6
3.5 Authority of the Committee	6
3.6 Reporting Responsibilities of the Committee	7
4. Nomination and Remuneration Committee Responsibilities	8
4.1 Nomination Responsibilities	8
4.2 Remuneration Responsibilities.....	11
4.3 Other Responsibilities	12
5. Responsibilities of the Nomination and Remuneration Committee Members.....	12
6. Relationship with Others	13
7. Members' Orientation	13

1. Introduction

- 1.1 The Board of the Mobile Telecommunications Company Saudi Arabia ("Zain KSA" or "the Company") in its attempt to adopt a Corporate Governance Framework in line with the Corporate Governance Regulations dated 13 February 2017 issued by the Capital Market Authority ("CMA") of the Kingdom of Saudi Arabia, and in order to ensure that it remains aligned with the requirements of Companies Law 2015 issued by Ministry of Commerce & Investment ("MOCI") and leading practices in terms of Corporate Governance, has recommended this Charter for approval by the Shareholders in General Assembly (**Article 60 (b) and 64 (b) Corporate Governance Regulations**).
- 1.2 This Charter governs the operations of the Nomination and Remuneration Committee ("the "Committee" or "NRC") and details the scope of the Committee's responsibilities and how it carries out those responsibilities, including but not limited to its structure and procedures (**Article 50 (1) and (2) of Corporate Governance Regulations**).
- 1.3 The Committee shall review this Charter annually and shall recommend to the Board any changes to the extent required under any applicable regulations, as well as to bring it in line with leading practices.
- 1.4 The Board shall evaluate the performance of the NRC annually, based upon a self-evaluation report prepared by the NRC. NRC evaluation shall include an assessment of the performance and commitment of each member to the activities of the Committee.
- 1.5 Expressions and words in this document shall have the meaning set forth in the Companies Law 2015, Listing Rules and Corporate Governance Regulations issued by CMA and other regulatory requirements.
- 1.6 As mentioned in the **Article 50 (7) of Corporate Governance Regulations**, the Board of Zain KSA has decided to combine the Nomination & Remuneration committees into one committee, named Zain KSA Nomination & Remuneration Committee.

2. Purpose

- 2.1 The primary purpose of NRC is to assist the Board in compliance with the nomination and remuneration rules as mentioned in the Corporate Governance Regulations relating to
 - Nomination and appointments to membership of the Board members.
 - Annual review of the requirement of suitable skills for membership of the Board and senior executives including annual performance of Board and Committees.
 - Ensure annually the independence of the independent members and the absence of any conflict of interest.
 - Draw clear policies regarding the indemnities and remunerations of the Board, Committees and senior executives¹.

¹ Senior Executives: Persons responsible for managing the daily operations of the Company, and proposing and executing strategic decisions, such as the Chief Executive Officer (CEO) and his/her delegates and the Chief Financial Officer (CFO).

3. Organization of the Nomination and Remuneration Committee

3.1 Structure of the NRC Committee

- 3.1.1 As per **Articles 60 & 64 of Corporate Governance Regulations**, NRC shall be formed from non-executive directors² whether from shareholders or others, under a resolution adopted by the Board provided that there shall be at least one Independent³ Director among them. The Board may request the removal of a member, subject to resolution adopted by the Board. The Chairman of the NRC shall be independent (**Article 51 (b) of Corporate Governance Regulations**).
- 3.1.2 The Committee shall be comprised of at least three (3) members not more than five (5) (**Article 50 (4) of Corporate Governance Regulations**).
- 3.1.3 In case of death or resignation by a member of the NRC, the Board shall appoint a new member as a replacement.
- 3.1.4 One of the members shall serve as the Chairman of the Committee (hereinafter referred to as the "Chairman"). (**Article 50 (5) of Corporate Governance Regulations**). The Chairman shall be designated by the Board who shall be independent. The Board may also nominate a Vice Chairman to chair the Committee's meeting in case of the Chairman's absence.
- 3.1.5 The Chairman, or a delegate person as delegated by the Chairman, shall attend the General Assembly meetings and answer any questions raised by the shareholders (**Article 50 (5) of Corporate Governance Regulations**).
- 3.1.6 The Committee shall appoint a Secretary of the Committee (hereinafter referred to as the "Secretary") to keep records of its proceedings and resolutions. The secretary of the Board may also act as the secretary of the Committee as approved by the Board. He can be one of the Committee's members or a non-Committee member and he can be from outside the Board. If the Secretary is not a Committee member, he will attend the Committee meetings without having any voting rights. The Secretary, if not a Committee member, should not be involved in other duties or responsibilities that would result in a conflict of interest with his duties as the Committee's Secretary. The Secretary is responsible for the following:
- Keeping complete records of the Committee's meetings for the purpose of issuing reports about the performance of the Committee to the Board.
 - Circulating the Committee's resolutions to the concerned parties.
 - Coordinating with concerned departments regarding the Committee's resolutions that necessitate legal compliance and regulatory procedures.
 - Establishing a mechanism for tracking and following-up on the Committee's resolutions.
 - Executing any other task or responsibility assigned to him by the Committee's Chairman or any of its members.
- 3.1.7 The NRC's term of office shall be for a period not to exceed the tenure of the Board. The membership of an NRC member, if he is a Board Member, shall come to an end at the expiry of his membership of the Board or by his voluntary resignation from

² Non-Executive Director: A member of the Board of Directors who does not have a fulltime management position at the company, or who does not receive monthly or yearly salary.

³ Independent Director: A non-executive member of the Board who enjoys complete independence in his/her position and decisions and none of the independence affecting issues stipulated in Article 20 of Corporate Governance Regulations apply to him/her.

the NRC membership. A non-Board Member's membership will cease by way of his resignation or at the end of the Committee's term.

3.2 Remuneration of the Committee

- 3.2.1 In addition to the remuneration that each member shall receive equivalent to the entitlement of a Board member.
- For meeting attendance, each member of the Committee will be paid based on the amount as approved in the Bylaws and a decision by the Board.
- 3.2.2 Committee members who are resident outside the Company's registered office location are entitled to all out of pocket expenses incurred by them to attend the meeting as per the policy and entitlement of non-resident Board members in Zain KSA.
- 3.2.3 Board of Directors' Report presented to the General Assembly will disclose the remunerations and other payments made to the Committee members (**Article 93 of Corporate Governance Regulations**).
- 3.2.4 The Secretary, if not a Committee member, is entitled to an annual compensation as decided by the Committee.

3.3 Meetings and Procedures of the Committee

- 3.3.1 NRC shall approve its yearly meeting schedule at the first meeting of each year.
- 3.3.2 NRC shall meet at least once every six (6) months (**Article 50 (7) of Corporate Governance Regulations**) and may meet more frequently from time to time as it deems necessary or as may be required by the Board. Unless otherwise directed by the Board (meetings can be attended in person or via tele-conference or video-conference) the Committee shall meet at the Company's registered office.
- 3.3.3 NRC shall meet at the invitation of its Chairman or any two (2) members. Such an invitation to be accompanied by the agenda for the meeting and shall be hand delivered or sent to the members electronically or in any other manner at least seven (7) days before the date of the meeting, unless waived by mutual consent of all the members.
- 3.3.4 The agenda of each meeting shall be prepared by the Secretary of the Committee after the approval of the Chairman.
- 3.3.5 No one other than the Committee members and the Secretary shall be entitled to be present at a meeting of the Committee, but others may attend at the invitation of the Chairman. (**Article 53 (a) of Corporate Governance Regulations**). Executive and senior management of the Company may be invited by the Committee to attend the Committee meeting. None of the invitees shall have any voting rights
- 3.3.6 The Chairman shall preside, when present, at all meetings of the Committee.
- 3.3.7 The presence of the majority of Committee members with the presence of the Chairman or Vice-Chairman shall constitute a quorum for the Committee's meetings. To present their views, feedback and decision, members can use technology means i.e. emails, tele-conference or video-conference (**Article 53 (b) of Corporate Governance Regulations**).
- 3.3.8 A member cannot elect another member of the Committee to act on his behalf and to vote in the meetings.

- 3.3.9 In case of emergencies or situations beyond the Committee's control and where the Committee cannot be convened, the Committee can take its decisions via circulation.
- 3.3.10 Resolutions shall be issued by majority of votes present. In the case of a tie/deadlock vote, the Chairman would have the casting vote (**Article 53 (b) of Corporate Governance Regulations**).
- 3.3.11 The Committee shall keep written minutes of its meetings as detailed in this document under section 3.4 Minutes of Meetings (**Article 53 (c) of Corporate Governance Regulations**).

3.4 Minutes of Meetings

- 3.4.1 The deliberations and resolutions of the NRC will be recorded in minutes. Such minutes will be kept with the Board of Directors' records. These minutes will be provided to each of the Committee members after the approval of all Committee members who have attended the meeting (**Article 53 (c) of Corporate Governance Regulations**).
- 3.4.2 The Committee shall keep a record of its meetings and report on them to the Board. The Committee's meetings will be documented as follows:
- The minutes shall specify the date and the place of the meeting, the name of attendees and absentees, summary of discussions held in the meeting and their related decisions and recommendations.
 - The draft minutes shall be prepared by the Secretary within seven (7) business days after each meeting and shall be sent to all Committee members for review. Any comments on the minutes from any of the Committee members shall be provided during a week from the draft's receipt date, or otherwise the minutes will be considered as approved.
 - The Secretary shall amend the draft minutes based on the members' comments, if any, and shall send the minutes along with these comments to the Chairman.
 - The Secretary shall prepare the final minutes according to the Chairman's recommendations and shall send them to the Committee members duly signed by the Chairman and himself.
 - The signed copy of the minutes shall be kept attached with the related documents and correspondence in a special file.

3.5 Authority of the Committee

- 3.5.1 The role of NRC's shall be to review and decide on matters of nominations and remuneration as delegated by the Board. The Committee shall make decisions on such matters on behalf of the Board as it deems appropriate on any area within its responsibilities where action or improvement is desired.
- 3.5.2 The Committee shall not have the right to amend any decisions or resolutions of the Board.
- 3.5.3 To achieve its objectives, the NRC is authorized to:
- Perform the specific duties and functions as enumerated in this Charter and upon the directions and approval of the Board and General Assembly.
 - Have full access to the Company's Chief Officers and employees at all levels and authority to seek reports or information about the Company's financial affairs, as it deems necessary to fulfill its responsibilities, in coordination with the Chief Executive Officer ("CEO").

- Communicate its findings and recommendations for any corrective actions to the Board and issue directives to the Company's Chief Officers and employees as per its authority specified in the DoA. The Board shall either accept and implement the recommendations of the Committee or advise the Committee of the reasons for any deviations from the proposal of the Committee.
- 3.5.4 In discharging its oversight role, the Committee is empowered to review, investigate any matter brought to its attention, within the scope of its activities, with full access to all books, records, facilities and personnel of the Company and the power to retain outside counsel, auditors or consultants, or incur additional expenses that shall be paid by the Company within fiscal limits agreed with the Board. The Committee may require any Chief Officer or employee of the Company or any of its subsidiaries and the Company's advisors (including but not limited to: consultants, auditors and legal advisors) to meet with the Committee, after coordinating with the CEO. (Article 52 (b) of Corporate Governance Regulations). For auditors, internal or external, the Committee shall coordinate with Zain KSA's Audit Committee.
- 3.5.5 Individual members of the Committee shall not access independently the Company's Chief Officers or employees without the Chairman's approval or a resolution from the NRC.

3.6 Reporting Responsibilities of the Committee

- 3.6.1 The Chairman shall report formally to the Board on its proceedings after each meeting on all matters within his duties and responsibilities with transparency. The Board has a right to regularly follow up the activities. (**Article 50 (2) of Corporate Governance Regulations**).
- 3.6.2 The Committee shall prepare an annual statement to be included in the Company's annual report about its activities, the number of meetings held during the year along with the number of meetings attended by each member.
- 3.6.3 The NRC shall ensure that the Board of Directors' report to the General Assembly includes the following:
- Disclosure for the remuneration of the Board members and Senior Executive Management as stated in **Article 93 of Corporate Regulations**.
 - A comprehensive statement of all the amounts received by the directors including Chairman during the financial years in the way of remunerations, expenses allowance, and other benefits, as well as, of all amounts received by the members in their capacity as employees or executives of the company, or in consideration of technical, administrative or advisory services. The report shall also include a statement of the number of board meetings and the number of meetings attended by every member as of the date of last general assembly (**Article 76 of Companies Law 2015**).

4. Nomination and Remuneration Committee Responsibilities

In compliance with, **Articles 61 and 65 of Corporate Governance Regulations**, NRC's competencies and responsibilities are listed below.

4.1 Nomination Responsibilities

- 4.1.1 Recommending to the Board, clear policies and standards for membership of the Board. Such policy shall be approved by General Assembly. NRC shall also assist the Board in implementation of these policies. (**Articles 65 & 22 (3) of Corporate Governance Regulations**).
- 4.1.2 Recommending to the Board for approval the Company's CEO (**Article 25 of the Corporate Governance Regulations**) and Chief Financial Officer ("CFO").
- 4.1.3 Approving the recommendation of the CEO for the appointment of all Company CxOs, other than the CFO, the Company's Heads of Regulatory and Strategy.
- 4.1.4 Recommending to the Board for the nomination or re-nomination of Board members in accordance with approved policies and standards, taking into account that nomination shall not include any person convicted of a crime involving moral turpitude or dishonesty (**Article 65 of Corporate Governance Regulations**).
 - 4.1.4.1 When recommending nomination of a Board member, NRC shall take into consideration the requirements of Corporate Governance Regulations and the requirements as set by CMA (**Article 66 (a) of Corporate Governance Regulations**).
 - 4.1.4.2 NRC shall confirm to the Board that number of nominees for the Board whose names are presented to the General Assembly, are more than the number of available seats to give a chance to the General Assembly to select the Board members among those nominees (**Article 66 (b) of Corporate Governance Regulations**).
 - 4.1.4.3 NRC shall also recommend the Board to adopt the conditions for the membership of the Board as mentioned in the **Article 18 of Corporate Governance Regulations**.
- 4.1.5 NRC Secretary and Investors Relations shall inform NRC with regards to Zain KSA compliance with **Article 68 of Corporate Governance Regulations** which requires the Company to publish the nomination announcement on the websites of Zain KSA and Tadawul Saudi Stock Exchange and through any other medium as specified by CMA in order to invite persons wishing to be nominated to the membership of the Board.
- 4.1.6 NRC shall determine the strengths and weaknesses of the Board and recommending remedy solutions that serve the Company's interests (**Article 65 of Corporate Governance Regulations**).

4.1.7 For development of capabilities and qualifications including review of skills and expertise, NRC shall be responsible as follows: **(Article 65 of Corporate Governance Regulations)**

	HR	Board Secretary / Head of Legal	CEO	NRC	Board
Description of capabilities and qualifications required for membership of the Board, including annual review of skills and expertise	-	Initiate	Review	Review & Recommend	Approve
Description of the capabilities and qualifications required for senior executives, including annual review of skills and expertise	Initiate	-	Review & Recommend	Approve	-
Job descriptions for CEO's direct report (other than senior executives/Chief Officers), including annual review of skills and expertise	Initiate & Recommend	-	Approve	-	-

4.1.8 For structure of the Board, senior executives & Zain KSA, NRC shall be responsible as follows:

	HR	CEO	NRC	Board
Zain KSA Corporate Organization structure (Level 1 – Senior management structure) Articles 22 (1.e) & 65 of Corporate Governance Regulations	Initiate	Review	Review & Recommend	Approve
Structure of the Board (Article 65 of Corporate Governance)	-	-	Initiate, Review & Recommend	Approve
Level 2 departmental / organization structure	Initiate & Recommend	Approve	-	-

4.1.9 With respect to vacancy and succession planning, NRC shall be responsible as follows:

	HR	Board Secretary	CEO	NRC	Board
Board members vacancy procedures (See 4.1.1 above) (Articles 65 of Corporate Governance Regulations)	-	Initiate	-	Review & Recommend	Recommend (Approval by General Assembly)
Senior executives succession plan (Articles 25 (8) and 30(8) of Corporate Governance Regulations)	Initiate & Recommend	-	Review & Recommend	Endorse	Succession plan for senior executives shall also be presented to the Board
For CEO's direct reports (other than senior executives/Chief Officers)	Initiate & Recommend	-	Review & Approve	-	-

4.1.10 For job descriptions, NRC shall be responsible as follows (**Article 65 of Corporate Governance Regulations**):

	HR	CEO	NRC	Board
Designations of Board members (executive, non-executive, independent)	-	-	Initiate, Review & Recommend	Approve
Job descriptions for senior executives	Initiate & Recommend	Review & Recommend	Approve	-
For CEO's direct reports (other than senior executives/Chief Officers)	Initiate & Recommend	Approve	-	-

4.1.11 NRC shall determine the amount of time that the member shall allocate to the activities of the Board (**Article 65 of Corporate Governance Regulations**).

4.1.12 As per **Article 65 of Corporate Governance Regulations**, NRC shall annually ensure the independence of Independent Directors in the Board and the absence of any conflicts of interest if a Board member also acts as a member of the Board of directors of another company.

4.1.12.1 With respect to above, NRC shall review and recommend to the Board a written conflicts of interest policy (**Articles 22 (2.a), 43 & 44 of**

Corporate Governance Regulations). The policy shall also take into consideration the requirements of **Articles 71-73 of Companies Law 2015**.

4.1.12.2 NRC shall ensure that no member of the Board have accepted gifts from any person who has entered into commercial transactions with Zain KSA, if such acceptance of gifts may lead to a conflicts of interest (**Articles 49 of Corporate Governance Regulations**).

4.1.13 NRC shall be responsible to review and approve management organizational structure, all employees remuneration and bonuses. NRC will recommend to the Board remuneration and bonus for CEO role.

4.2 Remuneration Responsibilities

4.2.1 NRC shall review and recommend to the Board a policy for the remunerations of the Board members, Board's committees and senior executives. NRC shall also assist the Board in presenting this policy to the General Assembly in compliance with the requirements of **Article 61 of Corporate Governance Regulations, Article 76 of Companies Law 2015** and Zain KSA Bylaws.

4.2.1.1 NRC shall also periodically review the remuneration policy and assessing its effectiveness in achieving its objectives.

4.2.2 NRC shall provide to the Board, a clarification of the relation between the paid remunerations and the adopted remuneration policy, and highlighting any material deviation from that policy which shall be presented in the Board of Directors report (**Article 61 of Corporate Governance Regulations**).

4.2.3 NRC shall provide recommendations to the Board in respect of the remunerations of Board members, Board committees members and senior executive, in accordance with the approved remuneration policy as follows (**Article 61 of Corporate Governance Regulations**):

	HR	CEO	NRC	Board
Recommendations for remunerations of Board members, Board committees and senior executives	-	-	Initiate & Recommend	Recommend (Approval by General Assembly)
Types of remunerations granted to the Company's employees (Article 22 (14) of Corporate Governance Regulations)	Initiate	Review	Recommend	Approve
Implementation and payment of company-wide remunerations including grading structure (as per the approved budget and policy)	Initiate & Recommend	Approve	-	-

4.2.3.1 Remunerations granted to the Company's employees includes, but not limited to fixed remunerations, remunerations linked to performance (bonus) and remunerations in the form of shares without prejudice to the Regulatory Rules and Procedures issued

pursuant to the Companies Law related to Listed Joint Stock Companies (**Article 22 (14) of Corporate Governance Regulations**).

4.3 Other Responsibilities

4.3.1 NRC shall also oversee efforts of Zain KSA in preparing the necessary orientation and training programs as follows (**Article 39 of Corporate Governance Regulations**).

	HR	Board Secretary	CEO	NRC	Board
Programs for the recently-appointed Board members	-	Initiate	Review	Review & Recommend	Approve
For senior executives	Initiate & Recommend	-	Approve	-	-
Other	Initiate & Approve	-	-	-	-

4.3.2 Upon request from the Board, NRC shall recommend to the Board competencies and specify the responsibilities of the Chairman and the Vice Chairman explicitly in writing, if not included in Zain KSA Bylaws (**Article 24 (c) of Corporate Governance Regulations**).

4.3.3 The Committee shall perform such other activities as the Board may assign to the Committee from time to time.

5. Responsibilities of the Nomination and Remuneration Committee Members

- 5.1 The members shall make every effort to attend all Committee meetings and to effectively participate in discussions. The members shall inform the Chairman of the NRC in writing if they cannot attend a meeting.
- 5.2 The members shall maintain the confidentiality of the Company's trade secrets gained through performing their duties and shall not publicize confidential information to shareholders out of the General Assembly or to any other party. In such cases, the member shall be dismissed from the Committee and can be held responsible for the financial damages caused by such announcements.
- 5.3 The members of the NRC shall not execute any management job in the Company even by way of consultancy.
- 5.4 The members shall carry on good performance in executing their duties and responsibilities and shall be updated in their domain in the interests of the Company.
- 5.5 The members shall be honest, truthful, objective and independent in performing their duties.
- 5.6 The members shall not participate in any occupations that can violate the Code of Conduct and Ethics or the Conflict of Interest Policy of the Company or its principles. Moreover, the members shall not accept any occupations that are liable to give rise to conflicts of interest with the Company and those which may prevent them from executing their duties objectively and independently.

- 5.7 The members are required to disclose all personal interests (including shares' ownership in the Company) and their nature that are executed with the Company and any personal relation with the Board of Directors and the Chief Officers.

6. Relationship with Others

The sphere of the Committee's responsibilities will make it necessary for it to maintain a good relationship with other Board and management committees established at Zain KSA.

7. Members' Orientation

New Committee members will be provided with an orientation program which will include presentations by Chief Officers on the Company's strategic plans, its significant financial, accounting and risk management issues, legal affairs, compliance programs, operations, Code of Conduct, management structure, key policies, practices and internal and external auditors. In addition, each incoming member will be provided with copies of Zain's Bylaws, Management Agreement, the executive summary of the corporate plan etc.

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