



Policies, Standard & Procedures For Membership in Zain KSA Board

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The Board of Directors (hereinafter referred to as the "Board" or the "Directors") may recommend changes to this document 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.

Review & Approvals

Name	Role	Signature	Date
Legal Director	Review		
Chief Executive Officer	Review		
Board Independent member – Corporate Governance	Review & Recommend		
Chairman of the Board	Chairman of the Board Recommend		
General Assembly	General Assembly		

Document Change History

Date	Issuance/ Revision	Author	Description of Changes
23 March 2014	1	Board Secretary	Board of Directors approved the policy on 23 March 2014
26 August 2017	2	Risk Management & Business Continuity and Internal Audit	Changes from Companies Law 2015, Corporate Governance Rules 2017 and Zain KSA Bylaws incorporated

Distribution

External use

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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 these policies and procedures for approval from the General Assembly (**Article 22 (3) of Corporate Governance Regulations**).
- 1.2 This document provides a framework for the nomination and election of members of the Board. It includes relevant sections from the Board of Directors' Manual and Nomination and Remuneration Committee (hereinafter also referred to as "NRC") Charter. This document also lists down procedures, that should be followed if a position of a Board member becomes vacant (**Article 65 of Corporate Governance Regulations**).
- 1.3 Expressions and words explained in this document shall have the meaning set forth in the Corporate Governance Regulations issued by CMA.
- 1.4 The Board will review periodically this document to ensure that the policies and processes both meet the statutory requirements and applicable regulations and remain in line with leading practices.

2. Objective

- 2.1 The objective of this document is to lay down specific and explicit policies, standards and procedures for membership in the Board, without prejudice to the mandatory provisions of Corporate Governance Regulations, and implementing them following approval by the General Assembly

3. Policies and Principles

3.1 General policies

- 3.1.1 As per **Article 16 of the Company's Bylaws**, the Board shall consist of nine (9) members, to be appointed by the Ordinary General Assembly for a term not exceeding three (3) years and the members may be always reappointed by the Ordinary General Assembly (**Article 17 of Corporate Governance**).
- 3.1.2 The NRC shall be primarily responsible for the nomination and initial assessment of potential Board members and shall perform such activities as conferred to them by Corporate Governance Regulations (Refer NRC Charter for details).
- 3.1.3 Zain KSA shall have a Chairman and a Vice Chairman (**Article 81 of Companies Law 2015, Article 24 of Corporate Governance Regulations and Article 21 of Zain KSA Bylaws**).
- 3.1.4 Every shareholder has the right to nominate himself, one person or more for the Board of Directors' membership, within the limits of his ownership percentage in the capital (**Article 68 of Companies Law 2015 & Article 69 of Corporate Governance Regulations**).
- 3.1.5 For nomination and composition, NRC shall also consider the composition of independent, non-executive Directors, as follows:
 - 3.1.5.1 The majority (more than 50%) of the Board members shall be of Non-Executive Directors (**Article 16 of Corporate Governance Regulations**).

- 3.1.5.2 The number of Independent Directors shall not be less than two members or one-third of the Board members, whichever is greater (Article 16 of Corporate Governance Regulations).
- 3.1.5.3 Cumulative voting shall be used in electing the Board, in which it is not allowed to use the voting right of a single share more than once (Article 95 of Companies Law 2015, Article 8 of Corporate Governance and Article 35 of Zain KSA Bylaws).
- 3.1.5.4 Voting in the General Assembly shall be confined to the Board nominees whose information has been announced as explained in this document in compliance with **Article 8 of Corporate Governance Regulations**.

3.2 General Criteria for Selection of the Board Members

- 3.2.1 In electing members of the Board, the following criteria shall be taken into consideration:
 - 3.2.1.1 A Board member shall not be a member of the Boards of Directors of more than five (5) listed joint stock companies at the same time (**Article 17 (c) of Corporate Governance Regulations**).
 - 3.2.1.2 It is prohibited to hold, at the same time, the position of Chairman of the Board and any other executive position in the Company, including the positions of the Managing Director, the Chief Executive Officer, or the general manager, even if the Company's bylaws provided for otherwise (**Article 24 of Corporate Governance Regulations**).
 - 3.2.1.3 Past experience in positions with high degree of responsibility, leadership roles in the companies or institutions with which they are affiliated and be selected based upon the contributions they can make to the Board. (a minimum experience of 10 years of performing executive management and leadership roles shall be preferred) (**Article 18 of Corporate Governance Regulations**).
 - 3.2.1.4 To have personal characteristics which shall include truthfulness, integrity, sound judgment, financial literacy, technical, leadership, and administrative competencies and previous performance track records (**Article 18 of Corporate Governance Regulations**).
 - 3.2.1.5 Proven expertise and background including academic qualifications that will add to and complement the range of skills, expertise and background of the Board (Article 18 of Corporate Governance Regulations).
 - 3.2.1.6 Candidates having experience in telecommunication industry or having experience in specific fields that can add value to the Board shall be preferred (**Article 18 of Corporate Governance Regulations**).
 - 3.2.1.7 Ability to balance the legitimate interests and concerns of all of the shareholders and other stakeholders in reaching decisions (**Article 18 of Corporate Governance Regulations**).
 - 3.2.1.8 Ability to devote sufficient time and energy to the performance of their duties as a Board member (**Article 18 of Corporate Governance Regulations**).
 - 3.2.1.9 Ability to make significant and immediate contributions to the Board's discussion and decision making process (**Article 18 of Corporate Governance Regulations**).
 - 3.2.1.10 Not having been declared bankrupt or insolvent unless such case has ceased to exist as per the provisions of the law. Also, not having any debts and obligations to various lenders that the Board member cannot settle.

- 3.2.1.11 No person shall be elected or nominated as a Board member if he has been previously convicted of any offense affecting honor or honesty.
- 3.2.1.12 Board members shall not hold a position as a Board member, statutory auditor, corporate executive officer, general manager or an employee, or commercial agent or distributor of any company in competition with Zain KSA or in any of Zain's principal business domains (hereinafter referred to as "Competing Companies") or be a major shareholder of any Competing Company.

4. Procedures

4.1 For Nomination / appointment

- 4.1.1 The NRC shall request the existing Board to announce the opening of the nomination to the Board within an appropriate timeframe prior to the expiry of the existing Board. The announcement shall include the details of information which is required to be furnished by the candidate and shall be published pursuant to the Corporate Governance Regulations and Companies Laws 2015.
 - 4.1.1.1 The nomination announcement shall be published on Zain KSA website and Tadawul Saudi Stock Exchange and through any other medium specified by CMA; to invite persons wishing to be nominated to the membership of the Board, provided that the nomination period shall remain open for at least a month from the date of the announcement (**Article 68 of Corporate Governance Regulations**).
- 4.1.2 NRC shall make sure the agenda for election of the Board member is included in the General Assembly meeting's agenda.
- 4.1.3 The NRC may use the services of third party consultants in searching for or completing background checks on candidates.
- 4.1.4 Nomination through management teams and current Board shall be accepted.
- 4.1.5 The number of nominees to the Board whose names are presented to the General Assembly shall be 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 of Corporate Governance Regulations**).
- 4.1.6 To be eligible for nomination to the Board, candidates shall be required to provide the following information to the NRC:
 - 4.1.6.1 A detailed resume (profile) which includes educational qualification and details of experience.
 - 4.1.6.2 Copy of ID.
 - 4.1.6.3 Two (2) letters of reference.
 - 4.1.6.4 Completed CMA form number (3) (which is available on the CMA website).
 - 4.1.6.5 Acknowledgement / confirmation of following:
 - Signed declaration stating his/her consent to act as a Board member which shall include that he/she shall comply with the principles of truthfulness, honesty, loyalty, and care of the interests of the Company and its shareholders, and priorities their interests over his/her personal interest (**Article 29 of Corporate Governance Regulation**)

- Reading and acknowledging companies with Zain KSA's Conflict of Interest Policy and Code of Ethics and disclosing the details as per the policies and regulations (**Article 71, 72 & 73 of Companies Law and Article 45 of Corporate Governance Regulations**).
 - Details of companies (listed and non-listed) in which the candidate still serves as a member of the Board of Directors.
 - Details of companies or institutions (listed and non-listed) undertaking activities similar to those of Zain KSA, in which the candidate takes part in the management or ownership.
 - Details of any joint stock companies where the candidate previously served as a member of Board of Directors, including the duration and period he served on each board.
- 4.1.7 For a candidate who previously served as member of the Board of Zain, he is required to furnish the following information:
- 4.1.7.1 The number of board meetings held during each year of the Board term, number of meetings he attended and his attendance ratio to the total number of Board meetings.
 - 4.1.7.2 The committee in which he participated in during each year of the Board term, number of meetings held by each committee, number of meetings he attended and his attendance ratio to the total number of the Committee meetings.
 - 4.1.7.3 A summary of Zain's achieved financial results during each year of the Board of term.
- 4.1.8 The candidate shall submit his/her request and details for nomination to Zain KSA, at least thirty (30) days before the General Assembly date or as per the timeline announced by the Company.
- 4.1.9 The NRC shall prepare a list of candidates, who have responded to the announcement with their completed profile and details.
- 4.1.10 The NRC shall screen candidates to select the most appropriate candidates. For this purpose, NRC shall review, objectively, all candidates' profile and shall short list the ones who meet the selection criteria as per this policy of Zain.
- 4.1.11 The NRC shall interview and evaluate the short listed candidates who are considered to be most qualified for election, if required.
- 4.1.12 All such evaluation and short listing shall be appropriately documented in the minutes of the meeting.
- 4.1.13 Based on the results of interview evaluation process, NRC shall prepare a final list of candidates for nomination as Directors with complete profiles for review by the Board.
- 4.1.14 The NRC shall present the list of candidates in the Board meeting held for the purpose of election, along with their recommendations to the Board. This can be done through circulation also.
- 4.1.15 The Board shall review and discuss the nominated candidates by the NRC.
- 4.1.16 The review of Board members of the candidate shall be documented in the minutes of the meeting.
- 4.1.17 NRC shall ensure that Zain KSA has notified the CMA and MoCI of the names of the Board members and description of their memberships within five (5) business days from the

commencement date of the Board term or from the date of their appointment, whichever is shorter, as well as any changes that may affect their membership within five (5) business days from the occurrence of such changes. **(Article 17(d) of Corporate Governance Regulations)**

- 4.1.18 Once no objection is received from CMA/MoCI, the list shall be then presented to General Assembly for election, in line with Company's Bylaws and Corporate Governance Regulations.
- 4.1.19 Upon calling for the General Assembly, Zain KSA announce on the Tadawul's website information about the nominees for the membership of the Board which shall include the nominees' experience, qualifications, skills and their previous and current jobs and memberships. Zain KSA shall make a copy of the mentioned information available at its head office and its website **(Article 8 of Corporate Governance Regulations)**.
- 4.1.20 The General Assembly shall take into account, when electing members to the Board, the recommendations of the nomination committee and the availability of the personal and professional capabilities required to perform their duties effectively pursuant **Article 18 of Corporate Governance**.
- 4.1.21 Zain KSA shall notify CMA of the names of the Board members and description of their memberships within five (5) business days from the commencement date of the Board term or from the date of their appointment, whichever is shorter, as well as any changes that may affect their membership within five business days from the occurrence of such changes **(Article 17 of Corporate Governance Regulations)**.

4.2 For vacancy

To comply with Article 65, following procedures shall be following by Zain KSA in terms of vacancy of a Board member without prejudicing the requirements as mentioned in **Article 70 of Companies Law and Article 18 of Zain KSA Bylaws**

- 4.2.1 In case of a vacancy, by means of resignation, termination or death, Zain KSA Board shall select and appoint a temporary member (director) to fill the vacancy in accordance with the order of the votes obtained provided that the newly selected Board member is experienced and adequate to fill the vacancy in line with this document. Such appointment shall be presented before the next first General Assembly.
- 4.2.2 NRC shall assist the Board in this regards, for selecting and nominating a Board member.
- 4.2.3 Notification to MoCI and CMA shall be given within five (5) working days from the date of appointment.
- 4.2.4 From the first meeting, the new member shall complete his predecessor 's term.
- 4.2.5 Where the conditions required for convening a Board's meeting are not satisfied because the number of directors falls below the minimum prescribed in this Law or in the company's bylaws, the remaining directors must call for an ordinary general assembly within sixty (60) days to elect the required number of directors.

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