

The title 'Nominations & Remuneration Committee Charter' is centered within a large red diamond shape. The text is in a bold, white, sans-serif font. The background of the entire page is a dark purple with a large, light purple diamond shape behind the red one.

**Nominations &  
Remuneration  
Committee Charter**

## Approval(s)

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## 1. Introduction

- A. The Nomination and Remuneration Committee charter, shall be prepared pursuant to the provisions of the Companies Law issued by Royal Decree No. M/132 dated on 01/12/1443H.
- B. The following terms and expressions shall have the meaning they bear as follows:
- Charter:** Nomination and Remuneration Committee charter.
- Governance Regulation:** Corporate Governance Regulation issued by the Board of the Capital Market Authority.
- Company:** solutions by stc (Arabian Internet and Communications Services Company)
- General Assembly:** An assembly consisting of the shareholders of the Company formed in accordance with the provisions of the Companies Law and the Company's Bylaws.
- Board of Directors "Board":** solutions Board of Directors (Arabian Internet and Communications Services Company).
- Committee:** Nomination and Remuneration Committee of solutions.
- Executive Director:** a member of the Board who is a full time member of the executive management team of the Company and participates in its daily activities.
- Non-Executive Director:** a member of the Board who is not a full-time member of the management team of the Company and does not participate in its daily activities.
- Independent Director:** a non-executive member of the Board who enjoys complete independence in his position and decisions and none of the independence affecting.
- Executive Management or Senior Executive:** 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 delegates and the Chief Financial Officer (CFO).
- C. The regulation aims to clarify the controls and procedures for the committee's work, its tasks, the rules for selecting its members, the duration of their membership, and their remuneration.
- D. This Charter shall state the Committee's scope of work, structure and mandates.
- E. To ensure Company's alignment with best practices in corporate governance, the Committee shall periodically review this charter, and submit its recommendations

to the Board of Directors ("Board"). For approval, the Board shall raise amendments to this charter to the General Assembly for passing such as per applicable rules and regulations.

## **2. Committee Mandates**

The committee is responsible for studying the topics within its remit or those referred to it by the Board of Directors. It submits its recommendations to the Board for decision-making or makes decisions that the Board has delegated to it. The committee must inform the board of its findings, decisions, and recommendations.

### **2.1 With regard to remuneration, the committee shall be responsible for the following:**

- 2.1.1 Preparing a clear policy for the remunerations of the Board members, the Board committees' members and the Executive Management, presenting such policy to the Board in preparation for approval by the General Assembly, ensuring that such policy follows standards that are linked to performance, and disclosing and ensuring the implementation of such policy.
- 2.1.2 Clarifying the relationship between the remunerations granted and the applicable remuneration policy, and stating any material deviation from this policy.
- 2.1.3 Conducting periodic review of the remuneration policy, and evaluating its effectiveness in achieving the desired goals.
- 2.1.4 Recommending to the Board to remunerate the members of the board, the committees emanating from it, and the company's senior executives, in accordance with the approved policy.
- 2.1.5 Review the data related to the benefits and compensation paid for similar positions of senior executives in the market and evaluate the competitive position of the company in this regard (CEO and the C-Level).

### **2.2 With regard to nominations, the committee shall be responsible for the following:**

- 2.2.1 Suggesting clear policies and standards for membership in the Board and Executive Management.
- 2.2.2 Recommending to the Board to nominate its members and re-nominate them in

accordance with the approved policies and standards. With the condition that no person who has previously been convicted of a crime involving dishonor or dishonesty.

- 2.2.3 Prepare a description of the capabilities and qualifications required for membership in the Board and occupying executive management positions.
- 2.2.4 Determining the amount of time that the member shall allocate to the activities of the Board.
- 2.2.5 Annually reviewing the skills and expertise required of the Board members and the Executive Management functions.
- 2.2.6 Reviewing the structure of the Board and the Executive Management and providing recommendations regarding changes that may be made to such structure.
- 2.2.7 Annually ensuring the independence of Independent Directors 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.
- 2.2.8 Providing job descriptions for the Executive, Non-Executive and Independent Directors and the Senior Executive Management.
- 2.2.9 Setting procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant.
- 2.2.10 The Board of Directors shall establish the necessary mechanism to evaluate the performance of the Board of Directors, its committees and the executive management annually, based on a proposal from the Nomination and Remuneration, to determine the strengths and weaknesses and recommending remedy solutions that serve the Company's interests.
- 2.2.11 Evaluate the effectiveness and quality of human capital programs that target the company's executives, including the succession programs for the first and second tier candidates and the candidates for these positions. (CEO and the C-Level).

**2.3 With regard to the Executive management, the committee shall be responsible for the following:**

- 2.3.1 Reviewing the rules of professional conduct that represent the values of the company and its development, and other internal policies and procedures to

meet the needs of the company and agree with its best practices, and to submit these rules to the Board of Directors for approval.

- 2.3.2 Ensure the ability and quality of practices and standards governing human resources activity and the capacity of leadership and talent development programs to emulate practices and standards that are appropriate for the company's position.
- 2.3.3 Evaluate the effectiveness and efficiency of human resource systems and systems related to talent development and ensure the effective application of successful human resources practices to meet the needs of key sectors and support according to priorities.
- 2.3.4 Evaluation of human resources programs including talent recruitment programs and retention programs, performance management programs, succession plans, incentive programs and comprehensive rewards, and diversification programs to enrich the accumulated experience, enabling the company to upgrade the corporate performance culture at the macro level.
- 2.3.5 Ensure the quality of the necessary and appropriate tools to measure the effectiveness of human resources.
- 2.3.6 Ensuring that the values of the company are adhered to and complied with by the employees of the company in their practices and their functional behaviors and their application through interacting and communicating among themselves to make decisions and integrate achievements.
- 2.3.7 Ensuring the institutionalization of appropriate working mechanisms to measure the values of the company and the quality of these mechanisms in assessing the extent of employee commitment to the values of the company on the ground.
- 2.3.8 Review and approve the company's plan regarding the Manpower budget.
- 2.3.9 Review and approve the movement of the C-Level employees within the group.
- 2.3.10 The Board of Directors shall approve the appointment/termination of the Company's CEO based on a proposal from the Nomination and Remuneration Committee.
- 2.3.11 Approve appointment/termination of the C-Level employees.
- 2.3.12 Approve the annual performance appraisal for the CEO and the C-Level.

### 3. Committee Formation

- 3.1 The Committee shall be formed by a decree of the Company's Board and shall comprise of three to five members keeping in mind that members of the committee shall not be Executive Directors, provided that there shall be at least one Independent Director among them.
- 3.2 The Committee may seek assistance from Non-Executive Directors or persons from outside the Board, whether shareholders or not.

#### 3.3 Committee Chairman:

- 3.1.1 In their first meeting at the beginning of each new session, or in case the Committee is re-formed, the Committee members shall select a chairman for their Committee who must be from among the Independent Directors.
- 3.1.2 The Board Chairman may not be the Committee Chairman.
- 3.1.3 The Committee Chairman shall organize its meetings, specify the agenda of its meetings, and shall be acquainted with all the information and documents necessary for enabling the Committee to carry out its responsibilities.
- 3.1.4 The Committee Chairman or those he deputizes from amongst the Committee members, shall attend the General Assemblies to answer shareholders' questions relevant to the committee's mandate.
- 3.1.5 In case the Committee Chairman is not present, the attending members shall select one from among them to chair the meeting.

#### 3.4 Committee Secretary

- 3.4.1 The Committee may appoint a Secretary from among its members or others, provided that he/she meets the appropriate requirements for the position and who shall be responsible for documenting the Committee meeting minutes, which shall include the discussions and deliberations carried during meetings, as well as the place, date, times on which the meetings commenced and concluded; and record the decisions of the Committee and voting results and retaining them in a special and organized register, and including the names of the attendees and the reservations they expressed (if any). Such minutes shall be signed by all of the attending members.
- 3.4.2 The Committee Secretary shall provide the Committee members with the agenda of the Committee meeting and related worksheets, documents and information



and any additional information, related to the topics included in the agenda items, requested by any Committee member before at least five calendar days of the date specified for the meeting.

- 3.4.3 The Committee Secretary shall notify the Committee members of the dates of the Committee's meetings within a sufficient period.
- 3.4.4 The Committee Secretary shall submit regular reports on the Committee's activities and works to the Board. The Committee Secretary shall also carry out any and all other duties assigned to him by the Committee.
- 3.4.5 The Secretary of the Board may not participate in any of the Board decisions or in voting thereon if he is not a current member of the committee.

### **3.5 Invitees**

- 3.5.1 Only Committee members can attend its meetings. The Committee, however, may invite other persons to attend any of its meetings or a part thereof as necessary, and those invitees shall not be entitled to vote at such meetings on any decision the Committee takes thereon.
- 3.5.2 Invitees may not take part in any discussion related to their appointment, benefits, terminating their services or any other matter related to them unless the Committee has invited them to discuss such matters specifically with them.
- 3.5.3 Committee members and other persons invited to the Committee meetings shall maintain the confidentiality of such meetings, the documents and information that is shared with them, the contents of its discussions, and reviewing of documents of which the attendees have become aware of.

### **3.6 Committee Term**

- 3.6.1 The enactment date of the Committee is the formation date and shall end either on the expiry of the Board's term or the formal termination of the Committee by the Board. The Committee's term must be consistent with the duration of the Board tenure.

### **3.7 Termination of the membership of committee members.**

- 3.7.1 The death of a committee member.
- 3.7.2 The Board can terminate all/any Committee's members when the member(s) abuse their position in the Committee, or the Board deems their conduct as damaging to the Company's goals and reputation.

- 3.7.3 A Committee member may resign by delivering a written notice to the Board Committee Chairman. Such resignation shall become effective as of the date of delivering the said notice, unless the notice specifies a later time for the resignation to be effective.
- 3.7.4 A member loses his membership if he/she misses three consecutive meetings without prior permission from the Committee chairman or is unable to provide a legitimate excuse of absence acceptable to the majority of the attending Committee members.
- 3.7.5 The Committee may nominate a replacement member from among the Board members to be approved by the Board for a vacant position in the Committee. The new member shall complete the remaining duration of the replaced member's term taking into consideration the requirements that should be fulfilled by the Committee member.

### **3.8 Remunerations and Compensation of members of the Nominations and Remuneration Committee**

- 3.8.1 Each Committee member shall be given annual rewards, attendance allowance, and other allowances as provided for in the policy of "Nomination & Remuneration Policy for Members of the Board, Committees & Executive Management".
- 3.8.2 The Committee members shall be eligible for a compensation for the expenses they experience to attend Committee meetings from their places of residence to the Company head office, or to the place where the meetings are held, in addition to any other costs related to accommodation and transportation in accordance with the Company related policy.

### **3.9 The Committee Meetings**

#### **3.9.1 Meeting Invitation:**

- 3.9.1.1 The Committee shall meet as per committee chairman request or upon a request from two of its members.
- 3.9.1.2 The Committee shall meet at least once each six months per year, or as necessary.
- 3.9.1.3 In a Committee meeting, if a member cannot attend in person, he may take part in its deliberations and vote on proposed resolutions using one of the

modern technological means subjects.

3.9.1.4 The invitations to the meeting shall be sent to each Committee member with sufficient notice time. Such an invitation shall be accompanied with the agenda and documents to be discussed at the meeting, and shall specify the time, date and place of the meeting.

3.9.1.5 Committee meetings shall be held at the Company head office or at any other place the Committee members select.

### **3.9.2 Meeting Agenda:**

The Committee Secretary shall, in coordination with the Committee chairman and the Executive Management, prepare the agenda of the Committee meeting and schedule the topics to be discussed according to their significance and priority, which shall be revised and approved by the Committee chairman before being distributed to Committee members.

### **3.9.3 Quorum and Voting:**

3.9.3.1 A Committee meeting shall not be a valid meeting unless attended by the majority of the Committee members.

3.9.3.2 A Committee member cannot assign another member to attend a Committee meeting on his behalf or to vote on his behalf.

3.9.3.3 Committee decisions shall be approved by majority of the members present at the meeting. In case of equal votes, the decision voted by the Chairman shall be final or he may postpone the decision for further study.

3.9.3.4 The Committee cannot issue its decisions by offering them to its members separately except in cases of urgent matters. Such decisions shall be considered valid and effective in case of the consent of at least two-thirds of the members unless for the request of one of the members for a meeting to review them. The decisions shall be put forward to the Committee's next first meeting for recording the same in the minutes of the meeting.

### **3.9.4 Minutes of Meeting:**

a. The Committee Secretary shall prepare and send to the Committee members the first draft of the Minutes of meeting within a sufficient time.

- b. The Committee members shall submit their feedback and remarks on the minutes within five business days from receiving the first draft of such minutes by the Committee Secretary.
- c. Each member would have the right to object towards any decision issued by the Committee through declaring the reasons of objection. If any member leaves before the meeting is declared adjourned, the objection of the member, if any, would be limited to decisions on articles discussed while the member was present. Provided the minutes should refer clearly to non-attended discussed articles, in case the member expresses his interest in doing so in writing.
- d. The Committee Secretary shall amend the first draft minutes of meeting according to the committee members' feedback and recommunicate the same to finalize the minutes.
- e. The Committee members shall submit their feedback and remarks on the minutes within two business days of receiving the second draft by the Committee Secretary.
- f. The Committee Secretary shall prepare the final version of the minutes, which shall be considered official once signed by all attending members and the Committee Secretary.
- g. The Committee Secretary shall send the approved minutes to the Committee members.
- h. In case a Committee member wishes to add his/her feedback into the minutes of the meeting following the present meeting as one of the main topics, he/she would have to coordinate with the Committee chairman to schedule the same in the meeting agenda.
- i. The Committee shall follow up the implementation of the decisions it made and on any other topics discussed in previous meetings.

### **3.10 Reports**

- 3.10.1 Once approved, the minutes of the Committee meeting shall be accessible to any Board member.

### **3.11 Resources and Sources of Information**

- 3.11.1 The Committee shall have access to any and all resources and information necessary for properly carrying out its functions, duties, and responsibilities.
- 3.11.2 The Committee shall be entitled to approve a consulting project contracts, directly, or direct Executive Management to award a consulting projects contract to a consulting firm that the Committee has chosen as the most suitable and fitting the nature of duties and responsibilities assigned to the Committee, in alignment with the company's Procurement Policy.

## **4. General Provisions**

- 4.1 This Charter shall be effective as of the date of its approval by the General Assembly. No articles of this Charter shall be amended, omitted, or added thereto except upon the General Assembly's approval.
- 4.2 This Charter shall be complementary to the Company's Articles of Association, the Company's Governance Charter, the Board of Directors' Charter, Board's committees' Charters, and other related laws.
- 4.3 This Charter shall supersede and replace any decisions not consistent with it.
- 4.4 Any topics not covered in this Charter, must follow the related Laws and Regulations issued by the competent authorities.