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**Nomination &
Remuneration Policy
for Members of the
Board, Committees
& Executive
Management**

Approval(s)

Version	Date	Approval
1.0	24/1/2021	Endorsed by the Board of Directors in the 1st Meeting on 24/1/2021 (11/6/1442H)
1.0	26/1/2021	Approved by the Extraordinary General Assembly in the 1st Meeting on 26/1/2021 (13/6/1442H)
1.1	29/4/2021	Endorsed by the Board of Directors in the 3rd Meeting on 29/4/2021 (17/9/1442H)
1.1	1/6/2021	Approved by the Extraordinary General Assembly in the 3rd Meeting on 1/6/2021 (20/10/1442H)
1.2	18/12/2024	Approved by the Ordinary General Assembly in the 1 st Meeting on 18/12/2024 (17/6/1446H)

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1. Purpose

With the intention from Solutions management to increase the effectiveness of Corporate Governance, achieve a high level of transparency, reach the Company's goals, and improve its performance, the Company has adopted standards to elect members of Board of Directors based on efficiency, and the ability to represent the Board of Directors and its Standing Committees in a manner that provides the experience and the educational and operational abilities and knowledge that will contribute to increasing the operational efficiency of the Company, and to determine their Remuneration and that of the Executive Management in accordance with the Companies Law and the Corporate Governance regulations, as well as any relevant laws and regulations.

2. Scope

This Policy shall apply to all Board of Directors' members, the members of its Standing Committees, elected members, and the Executive Management.

3. Responsibilities

- 3.1 The Nomination and Remuneration Committee is responsible for preparing and managing the policy and suggests changes where it sees fit and to submit the policy to the Board for review.
- 3.2 The Board Secretary is responsible for reinforcing and supporting the Nomination and Remuneration Committee to release and update this policy, and to develop procedures to assist in implementing it.

4. Definitions

The following terms and expressions shall have the meanings they bear as follows unless the context requires otherwise, provided that the Corporate Law, Corporate Governance Regulations, and Company's Bylaw shall be the main reference for any terms or expressions not defined herein:

1. **Company:** Arabian Internet and Communications Services Company (solutions by stc) (publicly listed company)

2. **Executive Management:** Persons responsible for managing the daily operations of the Company, and proposing and executing strategic decisions, such as the Chief Executive Officer (CEO) and their delegates and the Chief Financial Officer (CFO).
3. **Governance Regulation:** Corporate Governance Regulation issued by the Board of the Capital Market Authority.
4. **Policy:** Nomination & Remuneration Policy for Member of the Board, Committees & Executive Management
5. **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 bylaw.
6. **Board of Directors "Board":** solutions Board of Directors.
7. **Committee:** Nomination and Remuneration Committee
8. **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.
9. **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.
10. **Independent Director:** a non-executive member of the Board who enjoys complete independence in his position and decisions and none of the independence affecting.

5. References

- 5.1 Companies Law issued by the Royal Decree No. (M/132) dated 01/12/1443H.
- 5.2 Corporate Governance Regulations issued by the Board of the Capital Market Authority Resolution No. (2023-5-8) dated 25/06/1444H corresponding to 18/01/2023G

6. Policy Statement

6.1 **Board of Directors formation:**

In forming the Board of Directors, the following should be considered:

6.1.1 The number of its members is appropriate to the size of the company and the nature of its activities.

6.1.2 The majority of its members are non-executive directors.

6.1.3 The number of independent directors should not be less than two members or one-third of the Board members, whichever is greater

6.2 The Nomination and Remuneration Committee's responsibilities to elect members of the Board of Directors:

6.2.1 Recommending to the Board to nominate its members and re-nominate them in accordance with the approved Company's Bylaw. With the condition that no person who has previously been convicted of a crime involving dishonor or dishonesty.

6.2.2 Preparing standards for abilities and qualifications required for Board of Directors' membership.

6.2.3 Determining the time which Board members shall allocate to perform the Board's duties.

6.2.4 Annual review of necessary skills needed for the membership of the Board.

6.2.5 Setting a job description for Board of Directors' members.

6.2.6 Taking into account the availability of sufficient independent directors amongst the elected members, to give the General Assembly the opportunity to elect at least third of the elected members for the Board.

6.3 Requirements for the nomination for a Board of Directors membership:

6.3.1 Publishing the nomination of the Board membership announcement on the Company's and Saudi Stock Exchange's (Tadawul) websites and through any other method specified by the competent Authority; 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.

6.3.2 Presenting a letter to the Company's management expressing interest in nomination within one month from opening the registration, it should also include the candidate's Curriculum vitae, qualifications, and experience in the

Company's activities in accordance with the related forms and the requirements.

- 6.3.3 Presenting a statement that includes the names of the joint-stock companies in which he holds Board membership.
- 6.3.4 Presenting a statement that includes the names of the companies or corporations that practices similar activities to the Company's and the candidate participates in their management or ownership.

6.4 Conditions for electing Board of Directors members:

- 6.4.1 The company is managed by a Board of Directors consisting of nine members, who are appointed by the General Assembly for a term of four years.
- 6.4.2 A Board member should have the professional adequacy, experience, knowledge, and the necessary skill, as well as the scientific qualifications, which will enable him to practice his duties efficiently and accurately, in addition to the participation in managing, growing, and protecting the Company's earnings.
- 6.4.3 A Board member shall not occupy a Board membership in more than Five Listed Joint-Stock companies at the same time.
- 6.4.4 To be in good health and does not have health issues that prevents him from practicing his duties and competencies.
- 6.4.5 The Board member shall not be an employee in a competitive company or participates in any activity that competes with the Company.
- 6.4.6 The nominee shall not be a governmental employee (with the exception of governmental electors and representatives of Semi-Governmental sectors in the Company).
- 6.4.7 To have never been isolated or fired from the Board of Directors of a Joint-Stock company or from any department due to his carelessness, or poor management, or the irregular attendance of Board of Directors or its Standing Committees meetings.
- 6.4.8 To have never been charged with dishonorable or dishonest cases.

6.5 Assigning a Board member additional duties or positions within the company:

6.5.1 A Board member may receive compensation for any additional executive, technical, administrative, or consulting roles – based on a professional license – that they are assigned within the company, in addition to the compensation they may receive for their role as a Board member and for serving on committees formed by the Board, in accordance with the company's regulations and the company's Bylaws.

6.6 General provisions for Board of Directors membership:

6.6.1 The Company shall provide the shareholders with the information of the nominees for Board of Directors membership not less than Three days before the election date, such information contains a description of the nominees' experiences, their qualification, and skills.

6.6.2 Every shareholder has the right to nominate themselves or someone else or more for Board of Directors membership, and that is within the limits of his percentage ownership of the Company.

6.7 Remunerations of Board of Directors members:

6.7.1 Based on a recommendation from the Nomination and Remuneration Committee to The Board of Directors determines the compensation for the Chairman of the Board and the Board members. The compensation should be reasonably sufficient to attract qualified and experienced Board members, as well as to incentivize and retain them. The Board may determine a remuneration for members/member of the Board for their membership in the Board's Standing Committees.

6.7.2 A Board member's remuneration for Board duties consists of a fixed amount and an attendance fee for the meetings.

6.7.3 The Chairman of the Board receives a fixed annual amount of (375,000) SAR for their role as Chairman

6.7.4 Each Board member receives a fixed annual amount of (300,000) SAR for their membership on the Board.

6.7.5 The Chairman and members of the Audit Committee receive a fixed annual amount of (100,000) SAR, either they hold a Board membership or not.

- 6.7.6 Each external committee member receives a fixed annual amount of (60,000) SAR for their committee membership, except for the Audit Committee.
- 6.7.7 Each member, whether on the Board of Directors or on its committees, receives an attendance fee of (5,000) SAR per meeting.
- 6.7.8 The Board may set compensation for Board members for their participation in the permanent committees established by the Board.
- 6.7.9 The compensation received by a Board member should be fair and commensurate with the member's responsibilities, duties, and the work they undertake. It should also align with the objectives set by the Board to be achieved during the fiscal year.
- 6.7.10 The remuneration shall be proportioned with the number of meetings that the member attends.
- 6.7.11 The remunerations of the members of the Board and its Standing Committees shall be in accordance with the relevant Laws and regulations.
- 6.7.12 The compensation for Board members and committees' members is paid annually, directly after the annual financial statements are published on the (Tadawul) website.
- 6.7.13 Attendance fees for Board and committees' meetings are paid after each meeting, or on a quarterly, semi-annual, or annual basis, along with the annual compensation.
- 6.7.14 The Remuneration of independent Board members shall not be a percentage of the profits that are realized by the Company, nor shall it be based directly or indirectly on the Company's profitability.

6.8 Non-entitlement to Remuneration and Obligation to Return It:

- 6.8.1 If the General Assembly decides to terminate the membership of a Board member due to their absence from three consecutive meetings or five separate meetings during their term without a valid excuse accepted by the Board, the member is not entitled to any compensation for the period following

their last attended meeting. The member must return all compensations received for that period.

6.9 Payment of Remuneration Based on Incorrect or Misleading Information:

- 6.9.1 If the Audit Committee or the Capital Market Authority determines that the compensation paid to any Board member was based on incorrect or misleading information presented to the General Assembly or included in the Board annual report, the member must return it to the company. The company has the right to demand its return.

6.10 Remunerations of the Executive Management:

- 6.10.1 The annual remuneration for the CEO shall be determined upon his/her achievement of the financial and strategic goals and others according to the Company's policies.
- 6.10.2 The annual remuneration for the CEO shall be calculated after the publication of the financial statements according to the approved Policy of the Company.
- 6.10.3 The annual remuneration for the Executive Management in the Company shall be calculated according to the Policy and the mechanism for the approved annual remuneration in the Company.
- 6.10.4 The specified salaries and advantages for the Executive Management shall be determined to include (the base salary and advantages and allowances) according to the Executive Incentive Policy.

6.11 Liability Insurance Document:

- 6.11.1 The Board may issue a "Liability Insurance" Document for its members for the liabilities that may arise systematically due to a mistake or unintentional negligence that was committed during the membership period (or in the presence of any later notice after the ending of the membership period) up to the completion of the accountability period. In case such member was convicted with a charge, the paid benefit shall be deducted from the member or executive's total remuneration.

7 Expiry of Board Tenure or Member Resignation

- 7.1 The Board of Directors must request the General Assembly to convene well before the end of its term to elect a new Board for the next term. If the election cannot be conducted and the current Board's term ends, its members will continue to perform their duties until a new Board is elected, provided that this extension does not exceed ninety days from the end of the current Board's term. The Board must take the necessary steps to elect a new Board before the specified continuation period expires
- 7.2 If the Chairman and members of the Board resign, they must request the General Assembly to convene for the election of a new Board. The resignation will not take effect until the new Board is elected, provided that the continuation of the resigning Board does not exceed 120 days from the date of resignation. The Board must take the necessary steps to ensure that a new Board is elected before this continuation period expires.
- 7.3 A Board member may resign from their position by sending a written notice to the Chairman of the Board. If the Chairman resigns, the notice must be sent to the other Board members and the Secretary of the Board. The resignation becomes effective on the date specified in the notice in both cases.
- 7.4 If a Board member's position becomes vacant due to their death or resignation, and this does not result in the Board falling below the minimum number of members required by the company's Bylaws, the Board may appoint a temporary replacement who has the required expertise and qualifications. The Board must inform the relevant authorities within 15 days of the appointment and present the appointment to the General Assembly at its next meeting. The newly appointed member will serve for the remainder of the term of the member they are replacing
- 7.5 If the Board of Directors does not meet the quorum requirements due to the number of its members falling below the minimum specified in the company's

Bylaws, the remaining Board members must request a General Assembly meeting within 60 days to elect the necessary number of new members.

- 7.6 If a new Board of Directors is not elected or the necessary number of Board members is not completed, as specified in paragraphs (1), (2), and (5) of this article, any interested party may request the competent judicial authority to appoint qualified and experienced individuals, in a number deemed appropriate, to oversee the management of the company. These individuals will also be responsible for requesting a General Assembly meeting within 90 days to elect a new Board of Directors or complete the necessary number of Board members, as applicable, or to request the dissolution of the company.

8 Disclosure of Remuneration

8.1 The Board of Directors is committed to the following:

- 8.1.1 Disclosing the remuneration policy and the method for determining the compensation of the executive Board members in the company.
- 8.1.2 Disclosing accurately, transparently, and in detail in the Board report about the remuneration granted to Board members and executive management, whether directly or indirectly, without any concealment or misrepresentation. This includes all forms of compensation, whether monetary, benefits, or perks, regardless of their nature or name. If the benefits include shares in the company, the value recorded for the shares should be their market value at the date of entitlement.
- 8.1.3 Clarifying the relationship between the granted compensation and the applicable compensation policy, and specifying any significant deviations from this policy.
- 8.1.4 Providing the necessary details regarding the compensation and benefits paid to each of the following:
 - 8.1.4.1 Members of the Board of Directors
 - 8.1.4.2 Members of the committees

8.1.4.3 Five of the top executives who received the highest compensation from the company, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO).

9 Policy Revision and Update

This Policy shall be subject to periodical revision by the Board of Directors and with the Nomination and Remuneration Committee's recommendation. This Policy may be modified pursuant to a decision of the General Assembly. Is not permissible for the Board members to vote on the item regarding the remuneration of the Board members at the General Assembly meeting.