



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

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Approval(s)

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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. Policy Administrator:

The administrator of this Policy shall be Solutions' Board Nomination and Remuneration Committee.

4. Responsibilities

- 4.1 The Nomination and Remuneration Committee is responsible for preparing and reviewing the policy and suggests changes where it sees fit and to submit the policy to the Board for review.
- 4.2 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.

5. Definitions

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

- 5.1 **The Company or Solutions:** The Arabian Internet & Communication Company (Solutions by stc) (A Saudi Listed Joint Stock Company).

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5.2 **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).

6. References

- 6.1 Companies Law issued by the Royal Decree No. (M/3) dated 28/1/1437H.
- 6.2 Corporate Governance Regulations issued by the Board of the Capital Market Authority Resolution No. (8-16-2017) dated 16/5/1438H (corresponding to 13/2/2017G).
- 6.3 Regulatory Rules and Procedures Issued by the Capital Market Authority pursuant to the Companies Law relating to Listed Joint Stock Companies.
- 6.4 Solutions' Corporate Governance Manual adopted by the Board of Directors dated 24/1/2021.
- 6.5 Solutions' Board Nomination and Remuneration Committee Charter adopted by the General Assembly dated 26/1/2021.

7. Policy Statement

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

- 7.1.1 Making recommendations to the Board of Directors for electing new members or re-electing existing members in accordance with the Company's bylaws, taking into account not to nominate any person charged with a criminal offense.
- 7.1.2 Preparing standards for abilities and qualifications required for Board of Directors' membership.
- 7.1.3 Determining the time which Board members shall allocate to perform the Board's duties.
- 7.1.4 Annual review of necessary skills needed for the membership of the Board.
- 7.1.5 Setting a job description for Board of Directors' members.
- 7.1.6 Publishing the nomination 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.
- 7.1.7 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.

7.2 **Requirements for the nomination for a Board of Directors membership:**

- 7.2.1 Presenting a letter to the Company's management expressing interest in nomination within one month from opening the registration, it should also

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include the candidate's Curriculum vitae, qualifications, and experience in the Company's activities in accordance with the related forms and the requirements.

- 7.2.2 Presenting a statement that includes the names of the companies that the candidate has a Board of Directors membership in.
- 7.2.3 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.
- 7.2.4 Disclosing to the Board of Directors and the General Assembly for conflict-of-interest cases –in accordance with the procedures stipulated under applicable laws and regulations – which includes:
 - The existence of any direct or indirect interest in The Company's activities and contracts.
 - His participation in a business that competes with the Company, or in respect to any of its activities.
- 7.2.5 Presenting a statement with the numbers and dates of the companies' board of directors that he took membership in if the membership was one of the Joint-Stock companies, if he undertook board of director's membership in previous courses, he shall then include a statement with the courses he participated in, and the Company shall fulfil the remaining.

7.3 **Conditions for electing Board of Directors members:**

- 7.3.1 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.
- 7.3.2 A Board member shall not occupy a Board membership in more than Five Listed Joint-Stock companies at the same time.
- 7.3.3 To be in good health and does not have health issues that prevents him from practicing his duties and competencies.
- 7.3.4 The Board member shall not be an employee in a competitive company or participates in any activity that competes with the Company.
- 7.3.5 The nominee shall not be a governmental employee (with the exception of governmental electors and representatives of Semi-Governmental sectors in the Company).
- 7.3.6 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.
- 7.3.7 To have never been charged with dishonorable or dishonest cases.

7.4 **General provisions for Board of Directors membership:**

- 7.4.1 The Company shall provide the shareholders with the information of the nominees for Board of Directors membership not less than Three days before

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the election date, such information contains a description of the nominees' experiences, their qualification, and skills.

7.4.2 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.

7.5 **Remunerations of Board of Directors members:**

7.5.1 The remuneration of the Board member shall be –for the Board duties– a fixed amount, in addition to a meetings attendance allowance.

7.5.2 The Board may determine a remuneration for members/member of the Board for their membership in the Board's Standing Committees.

7.5.3 The remunerations that the Board of Directors' member receives shall be fair and coordinates with the member's competencies as well as the activities and the responsibilities that Board of Directors' members undertake and endure, in addition to the specified goals from the Board of Directors that to be achieved during the fiscal year.

7.5.4 The remuneration payment shall be stopped or retrieved if it turns out that it was approved based on inaccurate information presented by Board of Directors' member.

7.5.5 The remuneration shall be proportioned with the number of meetings that the member attends.

7.5.6 The remunerations of the members of the Board and its Standing Committees shall be in accordance with the relevant Laws and regulations.

7.5.7 In all cases, the overall amount that the member of the Board receives from remunerations shall not exceed 500,000 riyals annually, in accordance with rules prescribed by the Competent Authority.

7.5.8 The member deserves a remuneration for any additional work, or executive, technical, administrative or advisory positions assigned to him/her in the Company. This is in addition to the remuneration that such member deserves as a Board member and shall be verified in accordance with Article 20(c)(8) of the CMA CG Regulations and related action as per the Company's conflict of interest policy, MOC Companies Law and the Company's bylaws.

7.6 **Vacancy in the Board of Directors or membership expiration of one of the Board members:**

7.6.1 According to The Company's bylaws, when a Board member position becomes vacant the Board shall hire a temporary member in that position according to their evaluation as per the conditions stated in paragraph (7-3) of this Policy and must inform the Competent Authority within Five business days from the hiring date and shall be represented to the General Assembly in its first meeting and the new member shall resume the time period of his predecessor. If the required conditions were not met to convene a Board of Directors meeting due to shortage in its members from the minimum stated in The Company's bylaws, the rest of the members must invite the General Assembly for a meeting within Sixty days to elect the required number of members.

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- 7.6.2 The Company's bylaws address the method of the Board's membership expiration and the General Assembly may, at any time, isolate all or some Board of Directors members, even if The Company's bylaws states otherwise.
 - 7.6.3 Upon the expiration of a member's membership in Board of Directors within the ways stated in The Company's bylaws for membership expiration, the Board Secretary shall notify the Competent Authority in the Ministry of Commerce and the CMA immediately with a statement that contain the reasons for such actions.
 - 7.6.4 If a Board of Directors' member resigns with notes about the performance of the Company, he shall then present a written statement about such notes to the Board of Directors' Chairman, such statement must be presented to all Board of Directors' members.
- 7.7 Remunerations of the Executive Management:**
- 7.7.1 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.
 - 7.7.2 The annual remuneration for the CEO shall be calculated after the publication of the financial statements according to the approved Policy of the Company.
 - 7.7.3 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.
 - 7.7.4 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.
- 7.8 Liability Insurance Document:**
- 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.
- 7.9 Duties and Responsibilities of the Board Secretary in the Company:**
- 7.9.1 The Board Secretary shall ensure that necessary announcements in relation to membership of the Board or its Standing Committees, and the termination thereof, is made in accordance with applicable regulations.
 - 7.9.2 The Board Secretary is responsible for the Board members' remunerations payroll according to the followed financial procedures.

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8. 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.

9. Disclosure

The Board of Directors must disclose in its annual report about the details of this Policy and the mechanisms of determining the remunerations of the Board and its Standing Committees' members, and the overall remunerations of the Executive Management, and the amounts and the financial benefits and the benefits in kind paid for every member of Board of Directors' members for any activities or Executive positions or technical or managerial or advisory, and the disclosure shall be mandatory and detailed in the Board of Directors' reports that shall be issued for the fiscal periods and it shall be detailed according to the Executive Management remuneration schedule.

10. Attachments

Remuneration schedule, as stated in the Corporate Governance Regulations issued by the Capital Market Authority.

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