

Board Nomination And Remuneration Committee Charter



1- Introduction

- 1-1 The Nomination and Remuneration Committee Charter ("Committee") shall carry out the duties stated in this Charter.
- 1-2 This Charter shall state the Committee's scope of work, structure and mandates.
- 1-3 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, and the Board shall raise amendments to this charter to the General Assembly for passing such as per applicable rules and regulations.
- 1-4 The Board shall assess the Committee performance on a regular basis, and submit any recommendation for improving the Committee's performance.

2- Committee Mandates

The Committee shall carry out all the assigned mandates, submit its recommendations to the Board, and shall maintain channels of direct communication with the Board. The Committee shall not amend any decree issued by the Board. The Committee's mandates shall be as per the relevant laws and regulations as follows:

- 2-1 Preparing a clear policy for the remunerations of the Board members and its committees and the Executive Management, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that linked to performance, and disclosing and ensuring the implementation of such policy.
- 2-2 Clarifying the relation between the paid remunerations and the adopted remuneration policy, and highlighting any material deviation from that policy.
- 2-3 Periodically reviewing the remuneration policy and assessing its effectiveness in achieving its objectives.
- 2-4 Providing recommendations to the Board in respect of the remunerations of its members, the committees' members and Senior Executives, in accordance with the approved policy.
- 2-5 Suggesting clear policies and standards for membership of the Board and the Executive Management.
- 2-6 Providing recommendations to the Board for the nomination or re-nomination of its 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.
- 2-7 Preparing a description of the capabilities and qualifications required for membership of the Board and Executive Management positions.
- 2-8 Determining the amount of time that the member shall allocate to the activities of the Board.
- 2-9 Annually reviewing the skills and expertise required of the Board members and the Executive Management.
- 2-10 Reviewing the structure of the Board and the Executive Management and providing recommendations regarding changes that may be made to such structure.

- 2-11 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.
- 2-12 Providing job descriptions for the Executive, Non-Executive and Independent Directors and the Senior Executive Management.
- 2-13 Setting procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant.
- 2-14 Determining the strengths and weaknesses of the Board and recommending remedy solutions that serve the Company's interests.
- 2-15 Oversee the development of a clear strategy for governance in accordance with the nature and size of the company's activities, and verify their implementation, review and update based on the internal and external variables of the company.
- 2-16 Review the documents related to corporate governance and ensure that there are tools and methods of corporate governance for the mechanisms of communication between the Board of Directors and its committees on the one hand and executive management on the other.
- 2-17 Provide endorsement to the Delegation of Authority Matrix (Board Level authorities) as submitted by Executive Management to be Approved by Board of Directors.
- 2-18 Review the Board Audit Committee and Board Nomination & Remuneration Committee Charters prior to submission to the Board of Directors for endorsement and General Assembly Approval.
- 2-19 Review all other Charters including the Board of Directors Charter and other board committees' charters to be approved by the Board of Directors.
- 2-20 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.
- 2-21 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.
- 2-22 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.
- 2-23 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.
- 2-24 Ensure the institutionalization and quality of the necessary and appropriate tools to measure the effectiveness of human resources.
- 2-25 Ensuring that the values of STC 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.

- 2-26 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 (GCEO, GCxOs)
- 2-27 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 (GCEO, GCxOs).
- 2-28 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.

3- Organizing Committee Business

3-1 Committee Formation:

- 3-1-1 The Committee shall be formed by a decree of the Company's Board, and shall comprise of three to five members provided that there shall be at least one Independent Director among them.
- 3-1-2 If the Committee chairman is absent, the attending members shall nominate one of them to preside over the meeting temporarily.
- 3-1-3 The Committee may seek assistance from Non-Executive Directors or persons from outside the Board, whether shareholders or not.

3-2 Committee Chairman:

- 3-2-1 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.
- 3-2-2 The Board Chairman may not be the Committee Chairman.
- 3-2-3 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.
- 3-2-4 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.
- 3-2-5 In case the Committee Chairman is not present, the attending members shall select one from among them to chair the meeting.

3-3 Committee Secretary:

- 3-3-1 stc Board Secretary shall carry out the Committee's secretarial duties. The Committee may appoint a Secretary from its members, provided that he/she meets the appropriate requirements as stipulated in the Corporate Governance Regulations issued by the Capital Market Authority 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.
- 3-3-2 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.
- 3-3-3 The Committee Secretary shall notify the Committee members of the dates of the Committee's meetings within a sufficient period.
- 3-3-4 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.

3-3-5 The Committee Secretary cannot participate in any of the Committee decisions or in voting.

3-4 Invitees:

3-4-1 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.

3-4-2 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.

3-4-3 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.

3-5 Committee Term:

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.

3-6 Termination of Committee Services:

3-6-1 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.

3-6-2 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.

3-6-3 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.

3-6-4 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.

3-7 Remunerations and Compensation of Committee Members:

3-7-1 Each Committee member shall be given annual rewards, attendance allowance, and other allowances as provided for in the Company's Articles of Association, the policy of "Nomination of STC Board of Directors, Board Committees Members, their Remuneration, and Reward of Executive Management".

3-7-2 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.

3-8 The Committee Meetings:

3-8-1 Meeting Invitation:

- a. The Committee shall meet as per committee chairman request or upon a request from two of its members.
- b. The Committee shall meet at least once each six months per year, or as necessary.
- c. 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 subject.
- d. 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.
- e. Committee meetings shall be held at the Company head office or at any other place the Committee members select.

3-8-2 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.

3-8-3 Quorum and Voting:

- a. A Committee meeting shall not be a valid meeting unless attended by the majority of the Committee members.
- b. A Committee member cannot assign another member to attend a Committee meeting on his behalf or to vote on his behalf.
- c. 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.
- d. 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.

3-8-4 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.

3-9 Reports:

- 3-9-1 Once approved, the minutes of the Committee meeting shall be accessible to any Board member along with the related documents.
- 3-9-2 The Committee shall provide recommendations to the Board regarding matters within the mandate of the Board of Directors, which affect the Committee duties.

3-10 Resources and Sources of Information:

- 3-10-1 The Committee shall have access to any and all resources and information necessary for properly carrying out its functions, duties, and responsibilities.
- 3-10-2 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 all such cases, the application of the company's Procurement Policy shall not be required.

4- General Provisions

- 4-1 This Charter shall be effective as of the date of its approval by the Board of Directors No articles of this Charter shall be amended, omitted, or added thereto except upon the Board'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 document, must follow the related regulations issued by the competent authorities.