

Annual Audit Committee Report for 2020



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Zain KSA

15 February 2021

1. Introduction

The Audit Committee (AC) in 2020 has overseen efficiency and effectiveness of internal control at Zain KSA. To assess that, a number of meetings were held during 2020 with Internal Audit General Manager, Senior Management and External Auditor. This report briefly summarizes the AC roles and responsibilities, composition of the AC, meetings conducted, important outcomes and decisions, internal audit coverage and AC opinion on internal control system.

2. AC Roles and Responsibilities

The Committee's roles and responsibilities include its statutory duties as per the CMA Corporate Governance Rules, the Companies Law and the responsibilities assigned to it by the Board of Directors. The Committee has carried out its functions through meetings and discussions with Executive Management, Internal Audit team and External Auditors.

The main responsibilities for the AC is the following:

- Assist the Board of Directors in its evaluation of the adequacy and efficiency of the internal and financial control systems, accounting practices, information systems, and auditing processes applied within the Company.
- Review and monitor the Company's management, Internal Auditors, External Auditors and the Company's finance policies to reasonably assure the adequacy of accounting principles and financial practices applied.
- Review and discuss the accounting policies adopted, any changes in accounting policies, submit recommendations and views to the Board of Directors.
- Review and analyze the interim (quarterly) and annual financial statements prior to presentation to the Board of Directors, provided its opinion and recommendations thereon to ensure their integrity, fairness and transparency.
- Nominate and recommend the appointment and remuneration of External Auditors, monitor their effectiveness and determine their equivalents.
- Supervising and monitoring the company's Internal Audit department to verify its effectiveness in performing the duties and tasks assigned to it.
- Reviewed the effectiveness of the system for monitoring compliance with applicable laws and regulations including governance regulations, the results of management's investigation and any instances of non-compliance.
- Approved the Internal Audit charter as well as Internal Audit policies and procedures.
- Meeting individually and periodically with the Internal Audit General Manager to discuss any matters that the Audit Committee or the Internal Audit General Manager may consider necessary.

3. AC Composition

The AC composition is as follows:

S No	Name	Position
1	Mr. Raied Bin Ali Alsaif	Chairman of the Zain KSA Audit Committee
2	Mr. Ossama Michael Matta	Audit Committee Member
3	Mr. Martial Antoine Caratti	

4. AC Meeting

The AC meets at least four times per annum, with authority to convene additional meetings as circumstances require.

The following are the details of the AC meetings held in 2020:

Name	3 rd February 2020	29 th April 2020	7 th July 2020	27 th October 2020	Total
Mr. Raied Bin Ali Alsaif	✓	✓	✓	✓	4
Mr. Ossama Michael Matta	✓	✓	✓	✓	4
Mr. Martial Antoine Caratti	✓	✓	✓	✓	4

5. Important Decisions / Outcomes

Following are important outcomes for above mentioned meetings:

- AC reviewed and approved the risk-based audit plan for the period 1st January to 31st December 2021 and the required budget.
- AC reviewed and recommend the year-end Financial Statements for 2019, and the quarterly Financial Statements for 2020 for approval by the Board of Directors.
- AC reviewed and examined the quarterly Internal Audit reports for 2020 and discussed the important observations and the management timeline for implementation.
- AC evaluated the proposals of External Auditors and provided recommendations to the Board of Directors to nominate External Auditor to the company for Q2, Q3, Q4 of the year 2020 and Q1 2021.
- AC reviewed the adequacy of the Company's internal control system.

6. Snapshot of Internal Audit Activities

Internal Audit reviewed the following areas during 2020 as part of approved yearly IA Plan:

S. No.	Audit
1	Legal & Regulatory Review
2	Cybersecurity Review
3	Business Continuity Management Review
4	Network Performance and Optimization Review
5	Customer Information Security review
6	Cell Site management Review
7	Remote Access management
8	VAT and other taxes Review
9	Digitalization Capability Review (Digital Maturity Assessment)

7. Internal Control Systems

The internal control system has an important role to play in the success of any organization. Zain KSA is committed to ensuring an effective internal control system to achieve regulatory objectives, asset protection, accurate internal and external reporting, risk reduction and adherence to regulatory requirements.

The Audit Committee oversees the Internal Audit work, which periodically reviews the adequacy and effectiveness of the internal control system, to provide a continuous assessment of the internal control system and its effectiveness. The Committee also reviews the External Auditor's reports and management letter, which might include any lack of internal control noted by the External Auditor as part of his internal controls assessment.

Based on the above, the Audit Committee believes **that the company's internal control system is well designed and provides reasonable assurance on financial reporting reliability, operational efficacy and regulatory compliance without any material deficiency or material weakness**

In conclusion, the Audit Committee extends its sincere thanks to the Board of Directors for its support to the Committee to fulfill its roles and responsibilities and the Executive Management for providing all the data requested to perform the duties of the Committee.

Attachment regarding item # 4 to 7

Limited examination report and the notification of the chairman of the board to the shareholders about the business and contracts that the members of the board have any direct or indirect interest in

Limited Assurance report

To,
The shareholders
Mobile Telecommunication Company Saudi Arabia (a Saudi Joint Stock Company)
Riyadh, Saudi Arabia

As per the request of the management of the Mobile Telecommunication Company Saudi Arabia (a Saudi Joint Stock Company) (the "Company") we carried out a limited assurance procedures on the report to submitted to the shareholders of the Mobile Telecommunication Company Saudi Arabia regarding the personal direct and indirect personal, of the members of the Board of Directors.

Subject matter of this report

The subject matter of this report is the report prepared in accordance with the requirements of the provisions of Article No. (71) Of the Companies Law in the Kingdom of Saudi Arabia and the provisions of Article No. (27) of the Corporate Governance Regulations issued by the Capital Market Authority.

The applicable criteria

The criteria applicable to the subject matter of the report are as follows:

- The requirements of provisions of Article No. (71) of the Companies Law in the Kingdom of Saudi Arabia and the provisions of Article No. (27) Of the Corporate Governance Regulations issued by the Capital Market Authority.
- Resolutions of the general assembly of the shareholders of the Company that authorized the transactions and the contracts.
- The Company's accounting records and books for the financial year ended on December 31, 2020.

Responsibility of the Company's management

The Company's management is responsible for preparing the report in accordance with the applicable criteria mentioned in the previous paragraph "The applicable criteria". The Company's management is also responsible for preparing and presenting the information included in the report and responsible for The application of internal control systems that it deems necessary to determine and present the data included in the report in accordance with applicable criteria and management is responsible for preparation and presentation of the information mentioned in the report in accordance with the applicable criteria and that are free from any material misstatements, whether due to fraud or error, while keeping the supporting documents, records and accounting books for these transactions.

Responsibility of the Auditor

Our responsibility is to provide limited assurance on the Report to form an independent conclusion based on our limited assurance procedures we performed, and indicating whether it came to our attention things that make us believe that the report attached to this report has not been prepared and presented in accordance with applicable criteria.

We conducted our engagement in accordance with the International Standard on Audit Engagements 3000 (“Assurance engagements other than audits or reviews of historical financial information”) as endorsed in the Kingdom of Saudi Arabia.

We have designed our procedures to obtain limited assurance and provide a reasonable basis for our conclusion about the disclosure of the personal direct and indirect interest of the members of the Company’s Board of Directors and as such it does not provide all the evidences required to provide a reasonable level of assurance.

We have adhered to the independence and other ethical requirements of the Code of Conduct and Ethics for Professional Accountants issued by the international standards board for professional ethics for accountants, accredited in kingdom of Saudi Arabia, which is based on the basic principles of integrity, objectivity, professional competence and due diligence, confidentiality and professional behaviour.

We are also implementing the International Standards. We have adhered to the independence and other ethical requirements of the Code of Conduct and Ethics for Professional Accountants issued by the Saudi Organization for Certified Public Accountants, which is based on the basic principles of integrity, objectivity, professional competence and due diligence, confidentiality and professional behaviour.

We applied the international standard for Quality Control No. (1) “Quality Control for Firms that Perform Review and audit engagements of Financial Statements and other Assurance Engagements and Related Services Engagements” and thus maintains a comprehensive quality control system that includes documented policies and procedures regarding adherence to ethical requirements and professional standards. And applicable legal and regulatory requirements.

Summary of procedures performed

Our procedures performed include the following:

- Matching the information and data included in the report with the Company's accounting books and records for the financial year Ended on December 31, 2020.
- Matching of the data included in the report with the resolutions of the general assembly of the shareholders of the Company that authorized the transactions and contracts.

The procedures performed in the limited assurance engagement differ in nature and timing from the reasonable assurance engagement and are lower in scope and thus the level of assurance that is achieved in the limited assurance engagement is much less than the assurance that would have been reached if a reasonable assurance engagement had been performed.

Conclusion

Based on the limited assurance procedures performed and evidences obtained, nothing material has come to our attention that causes us to believe that the information contained in the attached Report is materially misstated in accordance with the applicable criteria.

Restriction of use

This report has been prepared for the purpose of submission to the Company's management with the attached report submitted by the Chairman of the Board of Directors of the Company to the shareholders of Mobile Telecommunication Company Saudi Arabia, in which the report is made on the personal direct and indirect interest of the members of the Company Board of Directors. It may not be suitable for any other purpose.

Other matters

We don't have a responsibility to update this report based on events and circumstances that occur after the date of this report.

Gihad Al-Amri
Certified Public Accountant
Registration number: 362



Riyadh, on 10 Ramadan 1442 H
Corresponding: 22 April 2021 G

Date: 29-04-2021

Dear shareholders of Mobile Telecommunication Company Saudi Arabia (Zain KSA)

Subject: Notification of the business and contracts in which the members of the Board of Directors have an interest.

Based on the requirements of Paragraph (a) of Article (71) of the Companies Law and Paragraph (9) of Article (27) of the corporate governance regulation, regarding informing the General Assembly of business and contracts that are made in favor of Mobile Telecommunication Company Saudi Arabia (Zain KSA). Any of the members of the board of directors shall have a direct or indirect interest in it, I would like to share with you the following transactions:

#	Related Party	Nature and conditions of transaction business or contract	Duration / Term	Net Value / amount during 2020 SAR'000	Related party relationship with Zain KSA	Interested Board members / senior executives (directly or indirectly)
1	Arabian Shield Cooperative Insurance Company	Insurance Services	Open	(19)	Arabian Shield Cooperative Insurance Company is chaired by HH Nayef bin Sultan bin Mohammed bin Saud Al Kabeer, and Mr. Raied Alsaif serves as member of its Board.	- HH Nayef bin Sultan bin Mohammed bin Saud Al Kabeer (Chairman) - Mr. Raied bin Ali al-Saif (Board Member)
2	Al Marai Company	Telecom services	Open	4,841	HH Nayef bin Sultan bin Mohammed bin Saud Al Kabeer serves as Chairman of Al Marai Company's Board of Directors.	- HH Nayef bin Sultan bin Mohammed bin Saud Al Kabeer (Chairman)
3	Archiving and Warehousing Storage Solutions Company	Archiving Services	Open	(917)	HH Nayef bin Sultan bin Mohammed bin Saud Al Kabeer serves as a Board Member in Tejoury	HH Nayef bin Sultan bin Mohammed bin

					Company which owns the Archiving and Warehousing Storage Solutions Company	Saud Al Kabeer (Chairman)
4	Yamama Cement Company	Telecom services	Open	878	HH Nayef bin Sultan bin Mohammed bin Saud Al Kabeer serves as a Board Member in Yamama Cement Company	HH Nayef bin Sultan bin Mohammed bin Saud Al Kabeer (Chairman)



Nayef bin Sultan bin Mohammed bin Saud Al Kabeer

(Chairman)

Attachment regarding item # 9

**Regulations for the Remuneration and
Nomination Committee
Mobile Telecommunication Company
Saudi Arabia (Zain KSA)**

(After modification)

Regulations for the remuneration and nomination committee

Mobile Telecommunication Company Saudi Arabia (Zain KSA)

Statistics of the General Assembly [insert meeting number] of its meeting held on [__ / __ / 2021 AD]

The “Remuneration and Nomination Committee Work Regulations” was prepared in 2001 corresponding to 2/13/2017 AD based on the Corporate Governance Regulations by the Board of the Capital Market Authority. The Companies Law, the provisions of Royal Decree No. Resolution No. (3-57-2019) dated 09/15/1440 AH corresponding to 05/20/2019 AD.

Article one : Definitions

The following words and expressions have the meanings shown in front of them, unless the context of the text requires otherwise:

Bylaw: The remuneration and nomination committee work bylaw.

Governance Regulations: The Corporate Governance Regulations issued by the Board of the Capital Market Authority.

The company: Mobile Telecommunication Company Saudi Arabia (Zain KSA)

General Assembly: An association formed from the company's shareholders under the provisions of the Companies Law and the Company's Articles of Association.

“Board of Directors” or “Board”: The company's board of directors.

Committee: The Remuneration and Nomination Committee of the Company.

Article two: the objectives of the regulation

The bylaw aims to clarify the committee’s work controls and procedures, its tasks, the rules for selecting its members, their membership period, their remuneration, and their powers in accordance with the other relevant bylaw and regulations.

Article Three: Formation of the Nominations and Remuneration Committee and its tasks

1. The nomination mechanism for committee membership

The process of selecting members of the Nomination and Remuneration Committee is subject to the controls of nomination, appointment and replacement as stipulated in the company's articles of association, and the following must be taken into consideration:

1. The nomination and remuneration committee is formed by a decision of the company's board of directors.

2. The number of members of the committee shall not be less than three and at most than five, all of whom are not members of the executive board of directors, provided that at least one of them is an independent member, provided that the committee chairperson is an independent member.

3. It is permissible to seek the assistance of non-executive members or people who are not members of the board, whether they are shareholders or others.

4. The chairman of the board of directors may be a member of the committee.

5. The members of the committee choose a chairperson from among them, provided that he is an independent member according to the definition of independence as mentioned in the Corporate Governance Regulations issued by the Capital Market Authority and its amendments, and that the chairman of the board of directors is not the chairman of the committee, in case he is a member.

6. The member should not have a direct or indirect interest with the CEO and senior executives, and he should not be one of their relatives up to the fourth degree.

7. Each member must have qualification and educational attainment that is not less than a bachelor’s degree and experience of at least 10 years working in the private sector, have experience related to financial or administrative aspects, and have a minimum understanding of the company's business and activities, and has previously worked as a member. In any of the committees emanating from the board of directors of the company or any other public joint stock company.

8. The committee appoints a secretary from among its members or from others.

Duration of committee membership

1. The term of membership of the committee is three years, starting from the date of the board session and ending with its end.
2. Reappointment of a member in the committee or a similar period, provided that it is not nine consecutive years.
3. The membership of the committee and its provisions expires
 1. The term of the advisory committee membership expiry date in the advisory committee in the Kingdom of Saudi Arabia.
 2. If the member is absent from attending successive meetings without an excuse accepted by the committee chairman, even if the committee chairperson must be at the headquarters of the administration.
 3. A member of the committee, a member of the committee, the member has the right to resign from the committee membership.
 4. If the position of one of the committee members becomes vacant, the board of directors shall appoint a member of the vacant position, and the replacement member shall complete the term of his predecessor's term, and the company's board of directors must inform the Capital Market Authority of this change five days from the date of the appointment.
 5. The company's board of directors notifies the Capital Market Authority of the names of the members of the committee and their membership characteristics within five working days from the date of their appointment, any company that occurs to this within five working days from the date of the changes.
4. The duties of a committee member
 1. Add to the image that links production processes and company data.
 2. Follows the rules of integrity, honesty and general secretariat.
 3. That is to limit the maximum work from the maximum work and to be aware of all the work that it works on and its activities.
 4. Notify the committee of any symptoms he knows that prevent him from properly carrying out his duties or prevent him from attending committee meetings.
 5. Attendance to the reluctance to signal.

Article Four: The Committee's Functions

1. Terms of reference related to bonuses:
 1. Preparing a clear policy for the remuneration of members of the Board of Directors and the committees emanating from the Board and the Executive Management, and submitting them to the Board of Directors for consideration in preparation for approval by the General Assembly, taking into account in this policy the following standards related to performance, disclosing them, following up their application and verifying their implementation.
 2. Clarify the relationship between the bonuses granted and the applicable remuneration policy, and indicate any material deviation from this policy.

3. Periodic review of the remuneration policy, and evaluation of its effectiveness in achieving its objectives.

4. Recommending to the Board of Directors the remuneration of the members of the Board of Directors, the committees emanating from it, and the heads of sectors of the company, in accordance with the approved policy.

2. Terms of reference related to nominations:

1. To propose clear policies and standards for membership in the Board of Directors and executive management.

2. Recommending to the Board of Directors to nominate its members and re-nominate them in accordance with the approved policies and criteria, taking into account not to nominate any person who has the symptoms of candidacy.

3. Preparing a description of the capabilities and qualifications required for membership in the Board of Directors and for filling executive management positions in the company.

4. Determine the time that the member should allocate to the work of the Board of Directors (provided that it is not less than two meetings).

5. Annuals review of the necessary skills or experience requirements for board membership and executive management positions.

6. Reviewing the structure of the Board of Directors, subordinate committees and executive management, and submitting recommendations regarding the changes that can be made.

7. Checking on an annual basis the independence of independent members, and verifying that there is no conflict of interest if the member is a member of the board of directors of another company.

8. Establish job descriptions for executive members, non-executive members, independent members and senior executives.

9. Establishing special procedures in case there is a vacant position within the membership of the Board of Directors or senior executives.

10. Determine the strengths and weaknesses of the board of directors, and propose solutions to address them in line with the company's interest.

11. Recommending to the Board of Directors to nominate the CEO and heads of sectors in the company.

12. Recommending to the Board of Directors to dismiss and accept the resignation of the heads of sectors in the company.

13. Recommending to the Board of Directors to provide adequate training and support to the CEO.

Article Five: Powers of the Committee

1. The committee undertakes the study of issues pertaining to it or referred to it by the Board of Directors, and submits its recommendations to the Board to decide them, or it takes decisions if the Board delegates to it to do so, provided that what is stipulated in Paragraph (b) of Article (b) is taken into account. 21) of the Corporate Governance Regulations, which states that “the company’s board

of directors has responsibility for its business even if it delegates to committees, entities or individuals to exercise some of its powers. In all cases, the board of directors may not issue a general or unlimited term mandate.”

2. The committee may seek the assistance of experts and specialists from within or outside the company within the limits of its powers, provided that this is included in the minutes of the committee’s meeting, noting the name of the expert and his relationship to the company or executive management.

3. The committee has the right to review the company’s records and documents in relation to its competence and to perform its duties.

4. The committee has the right to inquire about everything that falls under its powers and competencies, as well as matters entrusted to it by the board of directors, within the limits of the relevant regulations.

Sixth Article: Committee Meetings

1. The committee meets periodically, provided that it is not less than four meetings annually (at least every three months), and it also meets whenever the need arises.

2. No member of the board of directors or the executive management except for the secretary of the committee and the members of the committee are entitled to attend its meetings unless the committee requests to hear an opinion or obtain advice.

3. For a committee meeting to be valid, the attendance of the its members' majority required, and its decisions are issued by the majority of the votes of those present. When votes are equal, the side that the meeting chair voted with shall prevail.

4. The committee's meetings must be documented and minutes prepared that include the discussions and deliberations that took place, the committee’s recommendations and the results of the vote must be documented, kept in a special and organized record, the names of the members present and the reservations made, if any, and these minutes signed by all the members present.

5. The invitation to attend committee meetings shall be sent by the committee chairman or the secretary - in case he was authorized to do so by the committee chairman - well in advance of the meeting date. Committee members must be provided with the meeting agenda and the necessary documents at least five days before the date of the meeting.

6. In the event that a member of the committee cannot attend in person for reasons of travel or for any other emergency reason, the member may participate in the meeting through modern means of communication - whether visible or audible - and in all cases this must be documented in the minutes of the meeting, signed by all members together or separately.

7. A member may be delegated to another member of the committee on his behalf according to a written authorization sent to the chairman and secretary of the committee. It is not permissible for the present member to act on behalf of more than one member to attend the same meeting.

8. The committee submits a summary annual report to the board of directors. Its reports and recommendations are also submitted to the board by scrolling whenever the need arises.

Article Seven: Nomination procedures for membership of the Board of Directors

1. When nominating members of the Board of Directors, the committee must observe the terms and conditions stated in the Corporate Governance Regulations, and the requirements decided by the Capital Market Authority.
2. The number of candidates for the Board of Directors whose names are presented to the General Assembly must exceed the number of seats available so that the General Assembly has the opportunity to choose from among the candidates.

Article 8: Publication of the announcement of nomination for membership of the Board of Directors

The company must publish the candidacy announcement on the company's website and the market website (Tadawul) and in any other means determined by the Capital Market Authority, in order to invite persons wishing to run for membership in the Board of Directors, provided that the nomination window remains available for a period of at least one month from the date of the announcement.

Article 9: The shareholder's right to be nominated for membership in the Board of Directors

The provisions of these regulations shall not prejudice the right of any shareholder of the company to nominate himself or someone else for membership in the Board of Directors in accordance with the provisions of the Companies Law and its implementing regulations.

Article 10: The terms of reference of the committee chairman and the secretary

1. The terms of reference of the committee chair:
 1. The chairperson of the committee chairs its meetings and calls for them.
 2. Set the meeting agenda after coordination with the rest of the members. He also adds any item whenever one of the members so requests.
 3. Attending the shareholders' general assembly meeting and representing the committee before the board of directors.
 4. Follow up on the committee's decisions and recommendations and ensure their implementation.
2. Terms of reference of the secretary:
 1. The secretary documents the committee's discussions and recommendations in minutes, saves them in a special register. The secretary sends the minutes to the committee's chairman and members within ten working days from the date of the meeting.

2. Coordination with all members regarding meeting dates, and ensuring that they are provided with all necessary documents for discussion according to the items listed on the agenda.
3. Keeping all documents.

Article Eleven: Remuneration of Committee Members

1. The remuneration of the members of the committee shall be based on the policy approved by the board of directors and according to the decision of the general assembly of the company, provided that it does not exceed an amount of (50,000) in the fiscal year.
 2. The remuneration of the members of the committee shall be a lump sum amount so that the amount that the committee member receives - if he is a member of the board of directors - does not exceed the higher limits permitted under the Companies Law.
 3. The company is obligated to cover all transportation, housing and any other expenses to enable the member to attend meetings and participate in the committee's activities related to its duties.
 4. The remuneration, allowances or benefits that the committee members received shall be disclosed in the annual report of the Board of Directors.
 5. Remuneration and allowances shall be paid after the approval of the annual consolidated audited financial statements and after the approval of the company's general assembly.
1. This bylaw shall be enforced, and its provisions shall be complied with as soon as it is approved by the company's general assembly.
 2. The regulation is published on the company's website.
 3. These regulations are amended when the need arises according to a proposal from the Board of Directors, according to which a decision is issued by the general assembly of the company.

**Regulations for the Remuneration and
Nomination Committee
Mobile Telecommunication Company
Saudi Arabia (Zain KSA)**

(Before modification)



Nomination & Remuneration Committee Charter

Version Draft dated 24 October 2017
Recommended by NRC

DOCUMENT CONTROL

Document Description:

Document Title	Nomination & Remuneration Committee Charter
Issuance/ Revision	2.0
Date	24 October 2017
Owner	Nomination & Remuneration Committee
Author	Chief Human Resource & Compensation Officer and Risk Management & Business Continuity
Security Level	For external use

The Board of Directors (hereinafter referred to as the "Board" or the "Directors") may recommend changes to this Nomination & Remuneration Committee Charter (hereinafter referred to as the "Charter") 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.

Approvals

Name	Role	Signature	Date
Chairman of Nomination & Remuneration Committee	Chairman of the Committee (Review)		
Chairman of the Board	Chairman of the Board (Recommend)		
Shareholders – General Assembly	Approval		

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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 this Charter for approval by the Shareholders in General Assembly (**Article 60 (b) and 64 (b) Corporate Governance Regulations**).
- 1.2 This Charter governs the operations of the Nomination and Remuneration Committee ("the "Committee" or "NRC") and details the scope of the Committee's responsibilities and how it carries out those responsibilities, including but not limited to its structure and procedures (**Article 50 (1) and (2) of Corporate Governance Regulations**).
- 1.3 The Committee shall review this Charter annually and shall recommend to the Board any changes to the extent required under any applicable regulations, as well as to bring it in line with leading practices.
- 1.4 The Board shall evaluate the performance of the NRC annually, based upon a self-evaluation report prepared by the NRC. NRC evaluation shall include an assessment of the performance and commitment of each member to the activities of the Committee.
- 1.5 Expressions and words in this document shall have the meaning set forth in the Companies Law 2015, Listing Rules and Corporate Governance Regulations issued by CMA and other regulatory requirements.
- 1.6 As mentioned in the **Article 50 (7) of Corporate Governance Regulations**, the Board of Zain KSA has decided to combine the Nomination & Remuneration committees into one committee, named Zain KSA Nomination & Remuneration Committee.

2. Purpose

- 2.1 The primary purpose of NRC is to assist the Board in compliance with the nomination and remuneration rules as mentioned in the Corporate Governance Regulations relating to
 - Nomination and appointments to membership of the Board members.
 - Annual review of the requirement of suitable skills for membership of the Board and senior executives including annual performance of Board and Committees.
 - Ensure annually the independence of the independent members and the absence of any conflict of interest.
 - Draw clear policies regarding the indemnities and remunerations of the Board, Committees and senior executives¹.

¹ Senior Executives: 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/her delegates and the Chief Financial Officer (CFO).

3. Organization of the Nomination and Remuneration Committee

3.1 Structure of the NRC Committee

- 3.1.1 As per **Articles 60 & 64 of Corporate Governance Regulations**, NRC shall be formed from non-executive directors² whether from shareholders or others, under a resolution adopted by the Board provided that there shall be at least one Independent³ Director among them. The Board may request the removal of a member, subject to resolution adopted by the Board. The Chairman of the NRC shall be independent (**Article 51 (b) of Corporate Governance Regulations**).
- 3.1.2 The Committee shall be comprised of at least three (3) members not more than five (5) (**Article 50 (4) of Corporate Governance Regulations**).
- 3.1.3 In case of death or resignation by a member of the NRC, the Board shall appoint a new member as a replacement.
- 3.1.4 One of the members shall serve as the Chairman of the Committee (hereinafter referred to as the "Chairman"). (**Article 50 (5) of Corporate Governance Regulations**). The Chairman shall be designated by the Board who shall be independent. The Board may also nominate a Vice Chairman to chair the Committee's meeting in case of the Chairman's absence.
- 3.1.5 The Chairman, or a delegate person as delegated by the Chairman, shall attend the General Assembly meetings and answer any questions raised by the shareholders (**Article 50 (5) of Corporate Governance Regulations**).
- 3.1.6 The Committee shall appoint a Secretary of the Committee (hereinafter referred to as the "Secretary") to keep records of its proceedings and resolutions. The secretary of the Board may also act as the secretary of the Committee as approved by the Board. He can be one of the Committee's members or a non-Committee member and he can be from outside the Board. If the Secretary is not a Committee member, he will attend the Committee meetings without having any voting rights. The Secretary, if not a Committee member, should not be involved in other duties or responsibilities that would result in a conflict of interest with his duties as the Committee's Secretary. The Secretary is responsible for the following:
- Keeping complete records of the Committee's meetings for the purpose of issuing reports about the performance of the Committee to the Board.
 - Circulating the Committee's resolutions to the concerned parties.
 - Coordinating with concerned departments regarding the Committee's resolutions that necessitate legal compliance and regulatory procedures.
 - Establishing a mechanism for tracking and following-up on the Committee's resolutions.
 - Executing any other task or responsibility assigned to him by the Committee's Chairman or any of its members.
- 3.1.7 The NRC's term of office shall be for a period not to exceed the tenure of the Board. The membership of an NRC member, if he is a Board Member, shall come to an end at the expiry of his membership of the Board or by his voluntary resignation from

² Non-Executive Director: A member of the Board of Directors who does not have a fulltime management position at the company, or who does not receive monthly or yearly salary.

³ Independent Director: A non-executive member of the Board who enjoys complete independence in his/her position and decisions and none of the independence affecting issues stipulated in Article 20 of Corporate Governance Regulations apply to him/her.

the NRC membership. A non-Board Member's membership will cease by way of his resignation or at the end of the Committee's term.

3.2 Remuneration of the Committee

- 3.2.1 In addition to the remuneration that each member shall receive equivalent to the entitlement of a Board member.
- For meeting attendance, each member of the Committee will be paid based on the amount as approved in the Bylaws and a decision by the Board.
- 3.2.2 Committee members who are resident outside the Company's registered office location are entitled to all out of pocket expenses incurred by them to attend the meeting as per the policy and entitlement of non-resident Board members in Zain KSA.
- 3.2.3 Board of Directors' Report presented to the General Assembly will disclose the remunerations and other payments made to the Committee members (**Article 93 of Corporate Governance Regulations**).
- 3.2.4 The Secretary, if not a Committee member, is entitled to an annual compensation as decided by the Committee.

3.3 Meetings and Procedures of the Committee

- 3.3.1 NRC shall approve its yearly meeting schedule at the first meeting of each year.
- 3.3.2 NRC shall meet at least once every six (6) months (**Article 50 (7) of Corporate Governance Regulations**) and may meet more frequently from time to time as it deems necessary or as may be required by the Board. Unless otherwise directed by the Board (meetings can be attended in person or via tele-conference or video-conference) the Committee shall meet at the Company's registered office.
- 3.3.3 NRC shall meet at the invitation of its Chairman or any two (2) members. Such an invitation to be accompanied by the agenda for the meeting and shall be hand delivered or sent to the members electronically or in any other manner at least seven (7) days before the date of the meeting, unless waived by mutual consent of all the members.
- 3.3.4 The agenda of each meeting shall be prepared by the Secretary of the Committee after the approval of the Chairman.
- 3.3.5 No one other than the Committee members and the Secretary shall be entitled to be present at a meeting of the Committee, but others may attend at the invitation of the Chairman. (**Article 53 (a) of Corporate Governance Regulations**). Executive and senior management of the Company may be invited by the Committee to attend the Committee meeting. None of the invitees shall have any voting rights
- 3.3.6 The Chairman shall preside, when present, at all meetings of the Committee.
- 3.3.7 The presence of the majority of Committee members with the presence of the Chairman or Vice-Chairman shall constitute a quorum for the Committee's meetings. To present their views, feedback and decision, members can use technology means i.e. emails, tele-conference or video-conference (**Article 53 (b) of Corporate Governance Regulations**).
- 3.3.8 A member cannot elect another member of the Committee to act on his behalf and to vote in the meetings.

- 3.3.9 In case of emergencies or situations beyond the Committee's control and where the Committee cannot be convened, the Committee can take its decisions via circulation.
- 3.3.10 Resolutions shall be issued by majority of votes present. In the case of a tie/deadlock vote, the Chairman would have the casting vote (**Article 53 (b) of Corporate Governance Regulations**).
- 3.3.11 The Committee shall keep written minutes of its meetings as detailed in this document under section 3.4 Minutes of Meetings (**Article 53 (c) of Corporate Governance Regulations**).

3.4 Minutes of Meetings

- 3.4.1 The deliberations and resolutions of the NRC will be recorded in minutes. Such minutes will be kept with the Board of Directors' records. These minutes will be provided to each of the Committee members after the approval of all Committee members who have attended the meeting (**Article 53 (c) of Corporate Governance Regulations**).
- 3.4.2 The Committee shall keep a record of its meetings and report on them to the Board. The Committee's meetings will be documented as follows:
- The minutes shall specify the date and the place of the meeting, the name of attendees and absentees, summary of discussions held in the meeting and their related decisions and recommendations.
 - The draft minutes shall be prepared by the Secretary within seven (7) business days after each meeting and shall be sent to all Committee members for review. Any comments on the minutes from any of the Committee members shall be provided during a week from the draft's receipt date, or otherwise the minutes will be considered as approved.
 - The Secretary shall amend the draft minutes based on the members' comments, if any, and shall send the minutes along with these comments to the Chairman.
 - The Secretary shall prepare the final minutes according to the Chairman's recommendations and shall send them to the Committee members duly signed by the Chairman and himself.
 - The signed copy of the minutes shall be kept attached with the related documents and correspondence in a special file.

3.5 Authority of the Committee

- 3.5.1 The role of NRC's shall be to review and decide on matters of nominations and remuneration as delegated by the Board. The Committee shall make decisions on such matters on behalf of the Board as it deems appropriate on any area within its responsibilities where action or improvement is desired.
- 3.5.2 The Committee shall not have the right to amend any decisions or resolutions of the Board.
- 3.5.3 To achieve its objectives, the NRC is authorized to:
- Perform the specific duties and functions as enumerated in this Charter and upon the directions and approval of the Board and General Assembly.
 - Have full access to the Company's Chief Officers and employees at all levels and authority to seek reports or information about the Company's financial affairs, as it deems necessary to fulfill its responsibilities, in coordination with the Chief Executive Officer ("CEO").

- Communicate its findings and recommendations for any corrective actions to the Board and issue directives to the Company's Chief Officers and employees as per its authority specified in the DoA. The Board shall either accept and implement the recommendations of the Committee or advise the Committee of the reasons for any deviations from the proposal of the Committee.
- 3.5.4 In discharging its oversight role, the Committee is empowered to review, investigate any matter brought to its attention, within the scope of its activities, with full access to all books, records, facilities and personnel of the Company and the power to retain outside counsel, auditors or consultants, or incur additional expenses that shall be paid by the Company within fiscal limits agreed with the Board. The Committee may require any Chief Officer or employee of the Company or any of its subsidiaries and the Company's advisors (including but not limited to: consultants, auditors and legal advisors) to meet with the Committee, after coordinating with the CEO. (Article 52 (b) of Corporate Governance Regulations). For auditors, internal or external, the Committee shall coordinate with Zain KSA's Audit Committee.
- 3.5.5 Individual members of the Committee shall not access independently the Company's Chief Officers or employees without the Chairman's approval or a resolution from the NRC.

3.6 Reporting Responsibilities of the Committee

- 3.6.1 The Chairman shall report formally to the Board on its proceedings after each meeting on all matters within his duties and responsibilities with transparency. The Board has a right to regularly follow up the activities. (**Article 50 (2) of Corporate Governance Regulations**).
- 3.6.2 The Committee shall prepare an annual statement to be included in the Company's annual report about its activities, the number of meetings held during the year along with the number of meetings attended by each member.
- 3.6.3 The NRC shall ensure that the Board of Directors' report to the General Assembly includes the following:
- Disclosure for the remuneration of the Board members and Senior Executive Management as stated in **Article 93 of Corporate Regulations**.
 - A comprehensive statement of all the amounts received by the directors including Chairman during the financial years in the way of remunerations, expenses allowance, and other benefits, as well as, of all amounts received by the members in their capacity as employees or executives of the company, or in consideration of technical, administrative or advisory services. The report shall also include a statement of the number of board meetings and the number of meetings attended by every member as of the date of last general assembly (**Article 76 of Companies Law 2015**).

4. Nomination and Remuneration Committee Responsibilities

In compliance with, **Articles 61 and 65 of Corporate Governance Regulations**, NRC's competencies and responsibilities are listed below.

4.1 Nomination Responsibilities

- 4.1.1 Recommending to the Board, clear policies and standards for membership of the Board. Such policy shall be approved by General Assembly. NRC shall also assist the Board in implementation of these policies. (**Articles 65 & 22 (3) of Corporate Governance Regulations**).
- 4.1.2 Recommending to the Board for approval the Company's CEO (**Article 25 of the Corporate Governance Regulations**) and Chief Financial Officer ("CFO").
- 4.1.3 Approving the recommendation of the CEO for the appointment of all Company CxOs, other than the CFO, the Company's Heads of Regulatory and Strategy.
- 4.1.4 Recommending to the Board for the nomination or re-nomination of Board 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 (**Article 65 of Corporate Governance Regulations**).
 - 4.1.4.1 When recommending nomination of a Board member, NRC shall take into consideration the requirements of Corporate Governance Regulations and the requirements as set by CMA (**Article 66 (a) of Corporate Governance Regulations**).
 - 4.1.4.2 NRC shall confirm to the Board that number of nominees for the Board whose names are presented to the General Assembly, are 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 (b) of Corporate Governance Regulations**).
 - 4.1.4.3 NRC shall also recommend the Board to adopt the conditions for the membership of the Board as mentioned in the **Article 18 of Corporate Governance Regulations**.
- 4.1.5 NRC Secretary and Investors Relations shall inform NRC with regards to Zain KSA compliance with **Article 68 of Corporate Governance Regulations** which requires the Company to publish the nomination announcement on the websites of Zain KSA and Tadawul Saudi Stock Exchange and through any other medium as specified by CMA in order to invite persons wishing to be nominated to the membership of the Board.
- 4.1.6 NRC shall determine the strengths and weaknesses of the Board and recommending remedy solutions that serve the Company's interests (**Article 65 of Corporate Governance Regulations**).

4.1.7 For development of capabilities and qualifications including review of skills and expertise, NRC shall be responsible as follows: **(Article 65 of Corporate Governance Regulations)**

	HR	Board Secretary / Head of Legal	CEO	NRC	Board
Description of capabilities and qualifications required for membership of the Board, including annual review of skills and expertise	-	Initiate	Review	Review & Recommend	Approve
Description of the capabilities and qualifications required for senior executives, including annual review of skills and expertise	Initiate	-	Review & Recommend	Approve	-
Job descriptions for CEO's direct report (other than senior executives/Chief Officers), including annual review of skills and expertise	Initiate & Recommend	-	Approve	-	-

4.1.8 For structure of the Board, senior executives & Zain KSA, NRC shall be responsible as follows:

	HR	CEO	NRC	Board
Zain KSA Corporate Organization structure (Level 1 – Senior management structure) Articles 22 (1.e) & 65 of Corporate Governance Regulations	Initiate	Review	Review & Recommend	Approve
Structure of the Board (Article 65 of Corporate Governance)	-	-	Initiate, Review & Recommend	Approve
Level 2 departmental / organization structure	Initiate & Recommend	Approve	-	-

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4.1.9 With respect to vacancy and succession planning, NRC shall be responsible as follows:

	HR	Board Secretary	CEO	NRC	Board
Board members vacancy procedures (See 4.1.1 above) (Articles 65 of Corporate Governance Regulations)	-	Initiate	-	Review & Recommend	Recommend (Approval by General Assembly)
Senior executives succession plan (Articles 25 (8) and 30(8) of Corporate Governance Regulations)	Initiate & Recommend	-	Review & Recommend	Endorse	Succession plan for senior executives shall also be presented to the Board
For CEO's direct reports (other than senior executives/Chief Officers)	Initiate & Recommend	-	Review & Approve	-	-

4.1.10 For job descriptions, NRC shall be responsible as follows (**Article 65 of Corporate Governance Regulations**):

	HR	CEO	NRC	Board
Designations of Board members (executive, non-executive, independent)	-	-	Initiate, Review & Recommend	Approve
Job descriptions for senior executives	Initiate & Recommend	Review & Recommend	Approve	-
For CEO's direct reports (other than senior executives/Chief Officers)	Initiate & Recommend	Approve	-	-

4.1.11 NRC shall determine the amount of time that the member shall allocate to the activities of the Board (**Article 65 of Corporate Governance Regulations**).

4.1.12 As per **Article 65 of Corporate Governance Regulations**, NRC shall annually ensure the independence of Independent Directors in the Board 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.

4.1.12.1 With respect to above, NRC shall review and recommend to the Board a written conflicts of interest policy (**Articles 22 (2.a), 43 & 44 of**

Corporate Governance Regulations). The policy shall also take into consideration the requirements of **Articles 71-73 of Companies Law 2015**.

4.1.12.2 NRC shall ensure that no member of the Board have accepted gifts from any person who has entered into commercial transactions with Zain KSA, if such acceptance of gifts may lead to a conflicts of interest (**Articles 49 of Corporate Governance Regulations**).

4.1.13 NRC shall be responsible to review and approve management organizational structure, all employees remuneration and bonuses. NRC will recommend to the Board remuneration and bonus for CEO role.

4.2 Remuneration Responsibilities

4.2.1 NRC shall review and recommend to the Board a policy for the remunerations of the Board members, Board's committees and senior executives. NRC shall also assist the Board in presenting this policy to the General Assembly in compliance with the requirements of **Article 61 of Corporate Governance Regulations, Article 76 of Companies Law 2015** and Zain KSA Bylaws.

4.2.1.1 NRC shall also periodically review the remuneration policy and assessing its effectiveness in achieving its objectives.

4.2.2 NRC shall provide to the Board, a clarification of the relation between the paid remunerations and the adopted remuneration policy, and highlighting any material deviation from that policy which shall be presented in the Board of Directors report (**Article 61 of Corporate Governance Regulations**).

4.2.3 NRC shall provide recommendations to the Board in respect of the remunerations of Board members, Board committees members and senior executive, in accordance with the approved remuneration policy as follows (**Article 61 of Corporate Governance Regulations**):

	HR	CEO	NRC	Board
Recommendations for remunerations of Board members, Board committees and senior executives	-	-	Initiate & Recommend	Recommend (Approval by General Assembly)
Types of remunerations granted to the Company's employees (Article 22 (14) of Corporate Governance Regulations)	Initiate	Review	Recommend	Approve
Implementation and payment of company-wide remunerations including grading structure (as per the approved budget and policy)	Initiate & Recommend	Approve	-	-

4.2.3.1 Remunerations granted to the Company's employees includes, but not limited to fixed remunerations, remunerations linked to performance (bonus) and remunerations in the form of shares without prejudice to the Regulatory Rules and Procedures issued

pursuant to the Companies Law related to Listed Joint Stock Companies (**Article 22 (14) of Corporate Governance Regulations**).

4.3 Other Responsibilities

4.3.1 NRC shall also oversee efforts of Zain KSA in preparing the necessary orientation and training programs as follows (**Article 39 of Corporate Governance Regulations**).

	HR	Board Secretary	CEO	NRC	Board
Programs for the recently-appointed Board members	-	Initiate	Review	Review & Recommend	Approve
For senior executives	Initiate & Recommend	-	Approve	-	-
Other	Initiate & Approve	-	-	-	-

4.3.2 Upon request from the Board, NRC shall recommend to the Board competencies and specify the responsibilities of the Chairman and the Vice Chairman explicitly in writing, if not included in Zain KSA Bylaws (**Article 24 (c) of Corporate Governance Regulations**).

4.3.3 The Committee shall perform such other activities as the Board may assign to the Committee from time to time.

5. Responsibilities of the Nomination and Remuneration Committee Members

- 5.1 The members shall make every effort to attend all Committee meetings and to effectively participate in discussions. The members shall inform the Chairman of the NRC in writing if they cannot attend a meeting.
- 5.2 The members shall maintain the confidentiality of the Company's trade secrets gained through performing their duties and shall not publicize confidential information to shareholders out of the General Assembly or to any other party. In such cases, the member shall be dismissed from the Committee and can be held responsible for the financial damages caused by such announcements.
- 5.3 The members of the NRC shall not execute any management job in the Company even by way of consultancy.
- 5.4 The members shall carry on good performance in executing their duties and responsibilities and shall be updated in their domain in the interests of the Company.
- 5.5 The members shall be honest, truthful, objective and independent in performing their duties.
- 5.6 The members shall not participate in any occupations that can violate the Code of Conduct and Ethics or the Conflict of Interest Policy of the Company or its principles. Moreover, the members shall not accept any occupations that are liable to give rise to conflicts of interest with the Company and those which may prevent them from executing their duties objectively and independently.

- 5.7 The members are required to disclose all personal interests (including shares' ownership in the Company) and their nature that are executed with the Company and any personal relation with the Board of Directors and the Chief Officers.

6. Relationship with Others

The sphere of the Committee's responsibilities will make it necessary for it to maintain a good relationship with other Board and management committees established at Zain KSA.

7. Members' Orientation

New Committee members will be provided with an orientation program which will include presentations by Chief Officers on the Company's strategic plans, its significant financial, accounting and risk management issues, legal affairs, compliance programs, operations, Code of Conduct, management structure, key policies, practices and internal and external auditors. In addition, each incoming member will be provided with copies of Zain's Bylaws, Management Agreement, the executive summary of the corporate plan etc.



Attachment regarding item # 11
The CV of the appointed board member
Mr. Kamil Hilali

Form No. (1) Resume

Mobile Telecommunication Company Saudi Arabia (Zain KSA)						
<i>a) Personal information of the Nominated Member</i>						
Full name	Kamil Hilali					
Nationality	American	Date of birth			13 th November 1978	
<i>b) Academic Qualifications of the Nominated Member</i>						
No.	Qualifications	Specialization	Date of obtaining the qualifications	The issuer of the qualification		
1.	Masters	Finance	2017	London Business School, UK		
2.	Masters	Business Administration	2005	Suffolk university in MA, USA		
3.	Bachelor of Science	industrial engineering	2001	National School of Mineral Industry, Morocco		
<i>c) Experiences of the Nominated Member</i>						
Period	Experience					
2017-Present	Chief Strategy Officer, Zain Group, Kuwait					
2011-2017	Head of Mergers and Acquisitions, Zain group, Kuwait					
2008-2011	Senior Investment Manager, Private Equity, North Africa Holding, Kuwait					
<i>d) Current membership in the board of directors of other joint stock companies (listed or non-listed) or any other company, regardless of its legal form or the committees deriving from it:</i>						
No.	Company name	Main activity	Membership type (executive, nonexecutive, independent)	Nature of the membership (in personal capacity, representative of legal person)	Membership of committees	Legal form of the company
1.						
2.						

Name: Kamil Hilali

Signature:

Date: