

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (ZAIN KSA)

CHARTER OF THE NOMINATION AND REMUNERATION
COMMITTEE

Nomination and Remuneration Committee: Charter
(as recommended by the Board of Directors of Mobile Telecommunications Company
Saudi Arabia (Zain KSA)
(the "Company") on 20 April 2008) and approved by the Ordinary General Assembly of
the Shareholders of the Company in the meeting held on 5 April 2009

1. Membership

- 1.1 The Nomination and Remuneration Committee (the "**Committee**") comprises not fewer than three directors of the Company, to be selected and appointed by a resolution of the board of directors of the Company (the "**Board**"). A majority of the members of the Committee should be non-executive directors who are independent in character and judgement and free from any relationships or circumstances which are likely to affect, or could appear to affect, the Committee member's judgement. Appointments to the Committee shall be for a period of up to three years. As an exception to the foregoing, the first period of appointment shall be for a term equivalent to the first Board of Director's term, and the members shall always be eligible for re-appointment.
- 1.2 The Board must from time to time review the composition of the Committee to ensure that membership of the Committee rotates amongst the Company's non-executive directors.
- 1.3 The Board shall appoint one of the members of the Committee as a chairman of the Committee. In the absence of the chairman of the Committee, the remaining members present shall elect one of the members attending the meeting to chair the meeting.
- 1.4 In addition to the remuneration that each member is entitled to in his capacity as a Board member, each member of the Committee will be paid SR 2,000 for each meeting of the Committee attended by him.

2. Secretary

The Secretary of the Board shall also act as the secretary of the Committee.

3. Quorum

The quorum for meetings of the Committee is two of its members.

4. Attendance at Meetings

No one other than a Committee member is entitled to attend meetings of the Committee but others may attend by invitation by the Committee.

5. Frequency and Conduct of Meetings

- 5.1 Meetings of the Committee are to be held not less than twice a year. Any of the Committee members may request a meeting of the Committee if he or she considers it necessary, to be arranged by the secretary. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be sent by the chairman of the Committee to each Committee member and any other person invited to attend, no fewer than seven working days prior to the

date of the meeting. Supporting papers shall be sent by the chairman of the Committee to Committee members and other attendees as appropriate, at the same time.

- 5.2 A resolution of the Committee shall be passed when approved by a majority of members present at the meeting in which the said resolution was passed.
- 5.3 Meeting of the Committee shall be held at the Company's head office.
- 5.4 Meetings of the Committee may be held through the medium of conference telephone, video telecommunications or similar form of communication equipment if all members of the Committee participating at the meeting are able to hear and speak to each other throughout the meeting. A member of the Committee participating in this way is deemed to be present in person at the meeting and is counted in a quorum and entitled to vote. All resolutions and decision adopted in a meeting of the Committee conducted by medium of conference telephone, video telecommunications or similar form of communication equipment shall be set forth in writing by the secretary of the Committee and circulated for signature to each member present at the meeting.
- 5.5 The minutes of all meetings and all of resolutions adopted by the Committee shall be entered into and recorded in a special register. All members of the Committee present at the meeting shall sign such minutes and resolutions.

6. Authority

- 6.1 The Committee is authorised by the Board:

- 6.1.1 to investigate remuneration paid to directors of other companies of a similar size in a comparable industry sector in Saudi Arabia;
- 6.1.2 to obtain such legal or other independent professional advice as it deems necessary to fulfil its responsibilities;
- 6.1.3 to secure the attendance of other persons at its meetings if it considers this necessary;
- 6.1.4 to obtain the advice and assistance of any of the Company's executives provided their role in providing such advice and assistance is clearly separated from their role within the business; and
- 6.1.5 to secure attendance of any person with relevant experience and expertise at Committee meetings if it considers this appropriate.

7. Duties and Responsibilities

The duties of the Committee are as follows:

7.1 Nomination

- 7.1.1 to review regularly the structure, size and composition of the Board (with particular regard to the balance of executive and non-executive directors, and to make recommendations to the Board with regard to any adjustments that the Committee considers necessary;

- 7.1.2 to put in place plans for the orderly succession of appointments to the Board and to senior management, taking into account the challenges and opportunities facing the company and the skills and experience needed within the Company and on the Board;
- 7.1.3 to identify and nominate candidates to fill Board vacancies as and when they arise. In identifying suitable candidates, the Committee shall consider candidates on merit and against objective criteria, taking care that candidates have sufficient time to devote to the particular appointment;
- 7.1.4 the Committee shall ensure that no person who has been previously convicted of any offense affecting honour or honesty is nominated to the Board;
- 7.1.5 to evaluate the balance of skills, knowledge and experience on the Board and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment;
- 7.1.6 to ensure, in conjunction with the chairman of the Board, that new directors receive a full, formal and tailored induction;
- 7.1.7 to make recommendations to the Board concerning the appointment of any director to executive or other office, the recommendation for which would be considered at a meeting of the full Board;
- 7.1.8 to make recommendations to the Board on the membership of the Audit Committee, in consultation with the chairman of the Audit Committee;
- 7.1.9 to review annually the time required from members of the Board. Performance evaluation should be used to assess whether the members of the Board are spending enough time to fulfil their duties;
- 7.1.10 to keep under review its own performance, constitution and terms of reference;
- 7.1.11 to ensure annually the independence of the independent members of the Board and ensure that there is no conflict of interest of any member of the Board who is also a member of the board of directors of another company; and
- 7.1.12 to consider other matters as referred to the Committee by the Board in respect of the nomination function of the Committee.

7.2 Remuneration

- 7.2.1 to put in place clear policies in respect of the remuneration of the Board, executive directors, the company secretary and other senior executives and its cost. In preparing the policies, the Committee must ensure that such policies do not contradict the Company's by-laws and the relevant laws and regulations¹;
- 7.2.2 to review the ongoing appropriateness and relevance of the remuneration policy;

- 7.2.3 to recommend to the Board specific remuneration packages for the chairman of the Board, the Managing Director and any member of the Board who is providing any services to the Company (other than in his capacity as member of the Board);
- 7.2.4 to recommend to the Board the terms and conditions of any service agreement to be entered into with any member of the Board or senior executive.;
- 7.2.5 to recommend and monitor the level and structure of remuneration to senior management;
- 7.2.6 to agree the policy for authorising claims for expenses from the senior management;
- 7.2.7 to recommend to the Board any schemes of performance related remuneration;
- 7.2.8 to consider where to position the Company relative to other companies in term of remuneration of the Company's employees and to be aware what comparable companies are paying, taking account of relative performance and using such comparisons with caution and provide annual report to the Board of the Committee's finding in this regard;
- 7.2.9 to be sensitive to the wider scene, including pay and employment conditions elsewhere in the Company, especially when determining annual salary increases;
- 7.2.10 to be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee, and to obtain reliable, up-to-date information about remuneration in other companies;
- 7.2.11 to keep under review its own performance, constitution and terms of reference; and
- 7.2.12 to consider other matters as referred to the Committee by the Board in respect of the remuneration function of the Committee.

8. **Reporting Procedures**

- 8.1 The Committee shall make a statement in the Company's annual report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used.
- 8.2 The chairman of the Committee should attend the Company's annual general meeting to be available to answer shareholders' questions on the activities of the Committee.
- 8.3 The Committee should make available this Charter, explaining its role and the authorities delegated to it by the Board.