MOBILE TELECOMMUNICATIONS COMPANY (ZAIN)

REMUNERATION POLICY

NOVEMBER 2023

Documentation Authorization Control Sheet

Document Type	Policy
Custodian	Corporate Governance
Version	1.2

Version	Date	Author	Approved By	Comments
1	2016	CG	Board of Directors	Establish policy with EY
1.1	2019	CG	Board of Directors	Reviewed and updated based on recommendations by PWC
1.2	2023	CG	Board of Directors	Updated based on CMA Executive bylaws and regulations

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Glossary

Term	Definition
the Company	Mobile Telecommunications Company (Zain Group)
AGM	Annual General Assembly
BOD or the Board	Board of Directors
BNRC	Board Nomination & Remuneration Committee
BRC	Board Risk Committee
CEO	Chief Executive Officer
The Policy	Remuneration Policy
KPIs	Key Performance Indicators
Executive management	CEO, C-level management and any other member with a direct reporting line to the CEO.

1. Introduction

Mobile Telecommunications Policy (Zain) (hereafter referred to as “Zain” or “the Company”) is committed to the highest standards of good governance, transparency, honesty, integrity and accountability. The remuneration policy of the Company sets out the basis for the remuneration of Board of Directors and the Executive Management and its alignment to the local laws and regulations in addition to the company’s long term performance and risk.

This policy is considered as part of the overall Corporate Governance framework of the company.

1.1 Purpose

This policy provides the framework that governs the remuneration of the Board of Directors and Executive Management considering the overall entity level performance, risk indicators, and value proposition to stakeholders. The policy is designed to be adequate and proportionate to Zain’s culture, type of business and strategic direction.

1.2 Scope

This Policy applies to the Board of Directors and the Executive Management of the company.

Wherever the provisions of this Policy document differ with any of the local statutory or regulatory requirements, the local statutory and regulatory requirements will take precedence over the provisions of this policy until the policy is properly updated.

1.3 Responsibility for Implementing the Policy

The Board Nomination & Remuneration Committee is responsible for monitoring the implementation of this Policy.

1.4 Confidentiality

The contents of this Policy are confidential and are intended for internal use only.

The Policy should always be kept in a safe place and must not be copied or revealed to third parties (i.e. persons not employed by the Company) without the express written permission of the BNRC.

1.5 Policy Revisions

Board Nomination & Remuneration Committee is Responsible for reviewing the policy on an annual basis and when needed, taking into account the extent of compliance with laws and regulations issued by the relevant regulatory body (CMA) and others regulatory entities, in addition to the need to amend the policy approved by the Board of Directors. The committee will submit its proposals for amendment on the policy to the Board of Directors for approvals. Once the changes are incorporated in the Policy, the relevant page (or pages) will be updated by the version and the date.

2. Key Principles

Zain's remuneration system is informed by the following principles:

- Performance-based remuneration based on the achievement of prudent and responsible risk bearing.
- Attract and retain the best professionals.
- Ensure fairness and transparency in the Company and competitiveness in the market.
- Benchmarking to market best practice.
- Ensure that remuneration is in line with the Company's strategy as well as short-term and long-term objectives.
- To fit the experiences and qualifications of the company's employees at different job levels

3. Key Definitions

- **Material Risk takers:**

  Material Risk Takers are defined as the staff whose activities have a material impact on the risk profile of the Company. The Company has identified the material risk takers of the Company this includes Board members and Executive Management.

- **Employees Reward System:**

  A system or scale adopted by the Company to reward employees for their performance and employment with the Company, the system includes various types of remuneration granted to employees (fixed, variable, etc.).

4. Roles and Responsibilities

Board of Directors

- The BOD has the full responsibility for the overall design and operation of the Remuneration policy, this responsibility should not be at any time delegated to the senior management.
- The entire BOD shall be fully accountable for promoting effective governance and sound practices of the remuneration system of the Company.
- The BOD, through the Nomination and Remuneration Committee, is responsible for drafting/updating the remuneration policy consistent with the Company's risk strategy.
- The BOD shall oversee the Remuneration system's design and operation, monitor and reviews the Remuneration system to ensure that it operates as intended.

Board Nomination & Remuneration Committee (BNRC)

- The responsibilities of the BNRC include recommending the acceptance of nominations and renominations of members of the Board of Directors and executive management.
- The BNRC supports the Board in preparing/reviewing and developing the remuneration policy on a timely basis. The committee assists the BOD through providing timely reports on the implementation of remuneration policy and provides recommendations to the board on key components and structure of the Company remuneration related to the Company employees and Executive Management.
- The Committee is responsible also for monitoring the implementation of the remuneration system and ensuring that there are no significant deviations from the policy and the system of rewards. The committee shall provide reasons for the deviations that occurred and report to the Board of Directors in accordance with related regulatory requirements.
- The role of BNRC is more detailed in the committee charter approved by the BOD.
- The Committee is also responsible for the adaption of employees' remuneration system.
- The BNRC meets regularly and takes minutes of its meetings (please refer to the BNRC Charter).

Executive Management

The executive management is responsible for the design of an employee reward system to ensure that it is in line with the approved policy, this can be conducted internally or through contracting with a specialized consultant. The Executive Management is also responsible for following-up on the implementation of the rewards system.

The Company

The Company shall maintain a special register that includes all data relating to remuneration, salaries, incentives and other financial benefits granted directly or indirectly by the Company or its affiliates.

All shareholders of the company shall have the right to access this register during the company's normal working hours without any fee or consideration, and the company shall be committed to updating the data of this register periodically to reflect the reality of the related parties' conditions.

5. Remuneration Governance

The overall strategy of the Company is set and approved by the BOD and is translated into Key Performance Indicators (KPIs). These are then documented and communicated to ensure alignment of the management activities to the strategy applied by the executive management. The KPIs are monitored and reported to the Board on a regular basis.

The remuneration is determined based on the achievement of KPIs toward the overall Company’s strategy. This includes financial and non- financial criteria and Key Risk Indicators (KRIs) at the Company level.

The Company’s Risk Appetite is reviewed by the BRC and approved by the Board. Risk limits are then cascaded from the approved Risk Appetite to the material risk takers through the BNRC.

6. Board Membership Remuneration

- The Board and Board Committee remuneration should be calculated in line with the applicable rules and regulations.
- The total remuneration should not exceeds 10% of the net profit of the Company (post the deduction of depreciation, reserves, shareholders dividends of not less than 5% of the Company's capital or any higher percentage as stipulated in the Company's Articles of Association).
- ESG performance indicators are included in the evaluation of the performance of the Board of Directors and Executive Management (as the case may be) and are considered in the calculation of remuneration for the said positions.
- The total remuneration amounts should be approved by the General Assembly through its annual meeting based on a recommendation by the BNRC to the Board and a recommendation by the Board to the General Assembly.
- The independent board member may be exempted, based on the approval of the Ordinary General Assembly, from the maximum limit of remuneration stipulated in this section.
- The Board shall present a remuneration report during the AGM for approval, the report shall specifically include details of amount and benefits awarded to the Board and Executive Management regardless of its title of nature.
- The total annual remuneration of each board member shall be determined and approved annually and shall comprise of the following:

  - **Board Membership**
    Each Board member will be entitled with an annual membership remuneration amount, the total amount should be determined annually and to be reviewed by the BNRC. The decided remuneration amount shall be in compliance with Kuwait laws and regulations.

  - **Committees membership**
    The Board member will be entitled remuneration for being member of board committees; the remuneration for each committee membership shall be granted based on the member's ability to attend the minimum number of meetings required as per laws and regulations as well as internal charters.
  - **Performance Bonus:**
    This type of remuneration will be paid based on results of performance evaluation. All board members who met the performance requirements,

as per internal policies and charters in addition to Kuwait laws and regulations, will be eligible for performance bonus.

7. Executive Management Remuneration

The Executive Management remuneration is structured taking into account the environment in which it operates and the results it achieves. It includes the following key components:

Fixed remuneration

- The fixed remuneration in the Company is established taking into account the level of responsibility and the professional path of the employee within the Company. A wage benchmark is established for each function, reflecting its value to the organization (refer to the Human Resources manual).
- Fixed Remuneration is reviewed by the Nomination and Remuneration Committee, in coordination with concerned departments if required (i.e. Human Resources) on an annual basis to reassess the total reward package, market conditions and individual, divisional and companywide Performance.
- Fixed Remuneration including salaries, allowances and benefits (including end of service benefits) is granted according to the Company's salary and grading structure approved by the BOD, applicable laws and regulations, approved Human Resources Manual and employees' contractual agreements.

Variable remuneration

- The Variable annual remuneration is linked to the achievement of previously established targets.
- Compensation designed to motivate and reward the Executive Management. Variable remuneration awards are allocated to individuals depending upon individual and companywide performance.
- The variable remuneration can be provided as cash bonus or equity shares or any other type of long-term incentives if applicable. This is determined annually by the BNRC before it is approved by the BOD.
- Variable remuneration in Zain can comprise of two elements: annual variable remuneration (variable remuneration granted to employees on an

annual basis) and multi-annual variable remuneration (variable remuneration granted to employees over multiple years indicating that the BOD focuses on short and long term objectives, i.e. shares granted to employees over a number of years according to a share-based incentive scheme).

- There are two kinds of annual targets: financial indicators (i.e. financial targets to be achieved by the Company and functions during the financial year) and non-financial indicators (i.e. non- financial operational targets to be achieved by the company through its activities and operations such as introducing a specific product, entering a specific investment, etc.).

Balance between fixed and variable remuneration

The Company ensures that there is an appropriate balance between fixed and variable remuneration to allow for the possibility of reducing variable remuneration in the case of weak or adverse financial performance. The percentage of fixed and variable remuneration is reviewed and determined annually by the BOD based on BNRC recommendation.

8. Remuneration Reporting and Disclosures

A detailed Remuneration Report shall be prepared by the BNRC on an annual basis stipulating all remuneration granted to BOD members and Executive Management and managers, in the form of monetary amounts or benefits, regardless of its type directly or indirectly through the company or its subsidiaries (according to the form available from the CMA within the executive bylaws of Law 7/2010) as a total figure. The report shall be presented in the General Assembly meeting for approval. The report shall include at minimum:

- Remuneration system adopted by the Company, especially that related to the BOD and Executive Management
- Details of remuneration granted to BOD and Executive Management (benefits, amounts and incentives)
- Values of remuneration granted to the CEO and Executive Management receiving the highest amounts from the Company, in addition to the CFO or the equivalent if not included.
- Any other direct or indirect given remuneration and rewards from the company to its subsidiary

- Any significant deviations from the approved remuneration policy by the Board of Directors.

The remuneration disclosures are subject to the terms stated in the approved disclosure policy of the company and in accordance with the applicable laws and regulations.