



Appendix 4 - NOMINATION AND REMUNERATION COMMITTEE - TERMS OF REFERENCE

1. Constitution

1.1 The Nomination and Remuneration Committee (the “Committee” or “Nomination and Remuneration Committee”) was constituted at a full meeting of the Board of Directors.

2. Duties and terms of reference

2.1. General

2.1.1. The Committee shall:

- A. continuously ensure that independent Directors (as defined in the Code of Corporate Governance) remain independent throughout the term of their office;
- B. formulation and annual review of policies on granting remunerations, benefits, incentives and salaries to Board members and employees of the Company and the Committee shall verify that remunerations and benefits granted to the senior Executive and Senior Management teams of the Company are reasonable and in line with the Company's performance;
- C. identify the Company's needs for employees at the top level of Executive Management team as well as other management staff and determine their selection criteria;
- D. review and make recommendations on material conflicts of interest which are referred to it by the Board or management on a case by case basis;
- E. develop, recommend and review annually the Company's human resources and training policies and monitor the implementation of the same; and
- F. organise and follow up procedures of nomination of Directors pursuant to applicable law and regulations and the provisions of the Code of Corporate Governance.

2.2. Ensuring the independence of independent Directors

2.2.1 If the Committee discovers that the condition of independence is not fulfilled by any Director who claims to be independent, it shall refer such matter to the Board of Directors, which in turn shall notify the affected Director by a letter to be sent by registered mail to the Director's registered address recorded in the Company's files, of the apparent reasons for their lack of independence. The Director shall provide

clarification to the Board on the matter of his/her independence within fifteen days from the date of the notification.

- 2.2.2 The Board of Directors at its earliest meeting following the Director's response or the expiry of the fifteen day period referred to above, shall make a decision confirming whether the member is considered independent or not.
- 2.2.3. Notwithstanding the fact that the Director's loss of independence does not impact on the Company's satisfaction of the requirement for a minimum number of independent Directors on the Board of the Company, the same must be taken into account when establishing Board Committees.
- 2.2.4. Without prejudice to the provisions of Article (102) of the Commercial Companies Law, if a decision taken by the Board which holds that a Director is no longer independent is to impact on the requirements for a minimum number of independent Directors, the Board shall appoint a new independent Director to replace such Director, and such appointment shall be reviewed at the earliest general assembly of the Company in order to give effect to the decision of the Board.

Remuneration function

2.3. Remuneration policy

- 2.3.1. The Committee shall determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chairman, Chief Executive Officer, members of the Executive Management and Senior Management Teams, the executive Directors, the Company Secretary and such other senior employees as it is designated to consider. The remuneration of non-executive Directors shall be a matter for the Chairman and the members of the Board. No Director or manager shall be involved in any decisions as to their own remuneration.
- 2.3.2. In determining that framework or policy, the Committee shall take into account all factors which it deems necessary. The objective shall be to ensure that members of the Executive Management team of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for the Company's overall performance and their individual contributions to the success of the Company.
- 2.3.3. The CEO Remuneration, Performance and Evaluation Policy in Section G, of this Manual, hereto details the formal process for the annual review of the remuneration of the Chief Executive Officer of the Company and related performance evaluation.
- 2.3.4. The Committee shall keep under review the ongoing appropriateness and relevance of the remuneration policy in the light of market and economic conditions.
- 2.3.5. Within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive Officer as appropriate, the Committee shall determine the total individual remuneration package of each executive Director and members of the

Senior Management Group including bonuses, incentive payments and long term incentive plans.

- 2.3.6. In determining such packages and arrangements, the Committee shall give due regard to any relevant legal requirements and the recommendations issued by Ministerial Resolution from time to time (if any) as well as market and economic conditions.

2.4 Performance requirements

- 2.4.1 The Committee shall approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes.

2.5 Incentive plans and pensions

- 2.5.1 The Committee shall review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, the Committee shall determine each year whether awards will be made and, if so, the overall amount of such awards, the individual awards to executive Directors and other senior executives and the performance targets to be used.
- 2.5.2 Where applicable, and subject to, the UAE Laws with regards to pensions for UAE Nationals, the Committee shall determine the policy for, and scope of, pension arrangements for each applicable executive Director and members of the Executive and Senior Management teams.

2.6 Severance pay

- 2.6.1. The Committee shall ensure that contractual terms on termination, and any payments made to the executive Directors, Chief Executive Officer and members of the Senior Management Group, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

2.7 Adjustments and Clawbacks

- 2.7.1 In respect of adjustments and clawbacks, the Committee has discretion in very exceptional circumstances to make a proposal to the Board that a remuneration paid to members of the Executive and Senior Management Teams should or may be subject to delayed payment or even recovered. Such circumstances (which will constitute a material event) may include a material restatement of the Company's financial statements, the discovery of endemic problems in financial reporting or where, as a result of financial losses, a material breach of regulatory guidelines (e.g. in relation to capital holdings or liquidity) or significant failure in risk management at Company or business unit level.

Other remuneration-related issues

- 2.8 The Committee shall:

- A. review and note annually the remuneration trends across the Company against market and economic conditions;
- B. oversee any major changes in employee benefits structures throughout the Company;
- C. agree the policy for authorising claims for expenses from the Chief Executive Officer and Chairman;
- D. ensure that all provisions regarding disclosure of remuneration are fulfilled;
- E. 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
- F. obtain reliable, up-to-date information about remuneration in other companies in the telecommunications sector (both on the international and domestic levels) and market and economic conditions. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

2.9 Board Memberships of the Executive Management

- 2.9.1. The Executive Management Teams wishing to join the Board of any other Company shall first notify the Committee, the Chairman of the Board/CEO and the Company Secretary before joining the Board. The Committee with the Company Secretary shall review the proposed board membership to ensure compliance with applicable laws and policies. Potential conflicts of interest, if any, shall be referred to the Audit Committee for review.

Nomination function

2.10. Board structure

2.10.1 The Committee shall:

- A. regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
- B. give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;
- C. be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- D. before appointment is made by the Board, evaluate the balance of skills, knowledge and experience on the Board, and, in the light of this evaluation,

prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:

1. use open advertising or the services of external advisers to facilitate the search;
 2. consider candidates from a wide range of backgrounds; and
 3. consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
- E. keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- F. review annually the time required from non-executive Directors. Performance evaluation shall be used to assess whether the non-executive Directors are spending enough time to fulfil their duties; and
- G. ensure that on appointment to the Board, non-executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service and involvement outside Board meetings.

2.11 Professional conduct

2.11.1 The Committee shall:

- A. monitor the Company's adherence to professional conduct rules; and
- B. ensure that the rules relating to such tasks and powers as are assigned to the Committee by the Board of Directors are properly applied.

2.12. Other nomination-related issues

2.12.1 The Committee shall also make recommendations to the Board concerning:

- A. formulating plans for succession for both executive and non-executive Directors and in particular for the key roles of Chairman and Chief Executive Officer;
- B. suitable candidates for the role of independent Director;
- C. membership of the Audit, the Remuneration & Nomination and Investment Committees, in consultation with the Chairmen of those Committees;
- D. the re-appointment of any non-executive Director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- E. any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an executive Director as

an employee of the Company subject to the provisions of the law and their service contract; and

F. the appointment of any Director to executive or other office.

2.13. Miscellaneous

2.13.1. The Committee shall consider such other matters as may be requested by the Board of Directors.

3. Authority

3.1. The Committee is authorised by the Board of Directors to examine any activity within its terms of reference and is authorised to have unrestricted access to the Company's external auditors and to obtain, at the Company's expense, professional advice on any matter within its terms of reference. The Committee is authorised to seek any information it requires from any employee or Director, and all employees and Directors will be directed to co-operate with any request made by the Committee.

3.2 The Committee shall:

- A. Have access to adequate resources in order perform their duties, including authorization to seek the help of experts, including the expertise and support of the Company Secretary, for assistance, whenever necessary;
- B. Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- C. oversee any investigation of activities which are within its terms of reference and act as a forum of last resort in relation to the investigation of those activities; and
- D. at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

4. Membership

4.1. The members of the Committee shall be appointed by the Board of Directors. All of the members of the Committee shall be non-executive Directors and the majority of its members should be independent.

4.2. The Committee shall consist of at least three (3) non-executive Board members, of whom at least two (2) members shall be independent members and shall be chaired by either of the two (2) independent members.

4.3. The Chairman of the Board of Directors may not be a member of the Committee. Further, the Board of Directors may select non-executive Board members to sit on more than one Committee.

- 4.4. The members of the Committee will be appointed by a resolution of the Board of Directors.
- 4.5. A majority of the members of the Committee shall constitute a quorum at any meeting.
- 4.6. Appointments to the Committee shall be for renewal periods of one (1) year. Unless a member of the Committee is removed by the Board of Directors, his appointment shall be renewed automatically.

Committee meetings

5. Attendance

- 5.1 The Committee will meet at least once every six months. The Committee may meet at other times during the year as agreed between the members.
- 5.2 Other Directors, members of the Executive and Senior Management teams or external advisers may be invited to attend all or part of any meeting of the Committee.
- 5.3 The Company Secretary (or a person nominated by him/her) shall be the secretary of the Committee.

1. Notice

- 6.1 Meetings of the Committee shall be convened by the Chairman of the Committee. Meetings can also be convened at the request of any of the members of the Committee or at the request of the external or internal auditors if they consider it necessary.
- 6.2 Unless otherwise agreed by its members, notice of each meeting confirming the venue, time and date together with an agenda of the matters to be discussed at the meeting shall be forwarded to each member and any other person required to attend no later than 14 days before the date of the meeting. Any supporting papers shall be sent to each member of the Committee (as appropriate) at the same time.

2. Voting

- 7.1 Each member shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.
- 7.2 If a matter under consideration is one in which any of its members, either directly or indirectly, has a personal interest, that member shall not be permitted to vote at the meeting.
- 7.3 All matters shall be decided by a majority of the members present and entitled to vote at a Committee meeting.

- 7.4 The Committee may, if it deems necessary and expedient, pass its resolutions by circulation.

3. Minutes

- 8.1 Draft minutes of each meeting will be signed by all attending members prior to final approval. In case a member refuses to sign, his/her objections shall, together with the causes of objection, if revealed, be reflected in the minutes of the meeting.
- 8.2 On finalisation and signature by the chairman, the minutes of each meeting will be submitted to the Board of Directors as a formal record of the decisions and recommendations of the Committee.

4. General matters

- 9.1. The Committee shall regularly make a report, in writing, to the Board of Directors setting forth the procedures, results and recommendations that the Committee reaches. The Board of Directors shall follow up the operations of the Committee to verify their adherence to the stated Committee operations / Terms of Reference.
- 9.2. Approved minutes of the meetings of the Committee will also be circulated to the members of the Board of Directors as part of the Board papers for each full meeting of the Board of Directors.
- 9.3. Members of the Committee shall make themselves available at each Annual General Assembly to answer any questions concerning the Committee's work during the preceding year.
- 9.4. Recommendations of the Committee, as contained in the minutes of Committee meetings, must be approved by the Board of Directors before they can be implemented.