



QATAR ELECTRONIC SYSTEMS COMPANY

NOMINATION AND REMUNERATION COMMITTEE CHARTER

MAY 2024



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1 Introduction

- The Nomination and Remuneration Committee (“**NRC**” or the “**Committee**”) of Qatar Electronic Systems Company (“**TechnoQ**” or the “**Company**”) is established to address specific matters delegated to it by the Board of Directors (“**BoD**” or the “**Board**”), make recommendations relating to these and make decisions based on the authority specifically delegated by the Board, as set out in this Committee Charter (the “**Charter**”).
- The Committee will identify, select, and recommend Board members’ appointments and renomination for election by the General Assembly. The Committee will also regularly review the structure, size, and composition (including the skills, knowledge, and experience) required of the Board and Board committees compared to its current position and make recommendations to the Board with regard to any changes.
- The Committee will also assist the Board in establishing a clear relationship between performance and remuneration. The Committee will regularly review the compensation plan and make recommendations to the Board with regard to any changes.
- This Charter constitutes the Committee's corporate values and includes internal policies and procedures which are binding upon the Committee members, and sets out the membership, responsibilities, principles, and operation of the Committee. This Charter will be read in conjunction with other governance documents.
- The Charter is drafted to comply with the provisions of the Company's Articles of Association (“**AoA**”). The provisions of the Charter are complementary to the provisions governing the relationship between the Board and the Committee, as contained in the Board charter and the provisions of the governance code for companies and legal entities listed on the main market (the “**Code**”) issued by the Qatar Financial Markets Authority (“**QFMA**” or the “**Authority**”).

2 Committee Composition

- **General composition:** The Board will ensure the following with respect to the general composition of the committee:
 - ✓ The Committee will comprise of at least three Board members including the Committee chairman;
 - ✓ The Committee will comprise of executive, non-executive, and independent Board members, of which majority members will be independent;
 - ✓ Chairman of the Board and chairman of the Audit and Risk committee will not be members of the Committee;
 - ✓ Chairman of the Committee will be an independent member; and
 - ✓ Chairman of the Committee will not chair any other committee composed by the Board.
- **Appointment, re-appointment, and removal of members:** The Board will appoint the Committee members for a term of three years. The appointment will be coterminous with the director's term of appointment. Before recommending a member of the Committee for reappointment, the Board must carefully consider his/her past performance on the Committee. The Board may appoint such additional directors to the Committee or remove and replace members of the Committee by resolution. Members may withdraw from membership by written notification to the Board. If a member is removed from the Board, he/she will be deemed removed from the Committee. A three months’ notice needs to be presented to the chairman of the Committee prior to resignation from the Committee.



- **Chairman and secretary:** The Committee members can elect one of their members as chair. The Board secretary can act as the secretary to the Committee. The duties and responsibilities of the Board secretary are specified in the Board charter. The Committee members can also appoint a secretary for the Committee, who is reasonably qualified and has had prior experience in managing secretarial and administrative affairs.

3 Committee Meetings

- **Frequency:** The Committee will meet as often as necessary and will be determined by the Committee Chairman, or upon the request of any two of its members. There should be a minimum of two - three meetings in a financial year, or as and when deemed necessary by the Committee members, either quarterly/bi-annual/annual.
- **Venue:** Committee meetings will be generally held at the offices of the Company; however, they may also take place elsewhere at a place agreed by the Committee members. In addition, meetings of the Committee may be held by conference call, video conference or by any other means of communication, provided all participants can effectively attend and communicate with each other simultaneously.
- **Invitation and agenda:** Meetings of the Committee will be called by the Committee chairman, upon the request of at least two of its members. The invitation for a meeting, accompanied by the agenda, will be sent to all Committee members at least one week before the meeting. An invitation can be sent by fax, first class post or e-mail (subject to satisfactory evidence of receipt). An agenda may include the following topics:
 - ✓ Date, time, and place of the meeting;
 - ✓ Call to order (attendance check, review/approval of last meeting's minutes);
 - ✓ Committee reports;
 - ✓ Periodic/interim reports; and
 - ✓ Conclusions (open discussions, suggestions for next meeting).
- **Attendance:** Majority of members including Committee chairman will be required to be present for the Committee meetings. The admission to a meeting of persons other than Committee members, the Chief Executive Officer ("CEO") and (if invited) other directors, shall be decided by majority vote of the Committee members present at the meeting. An absent member may, by documented request, delegate any other Committee member to represent them in attendance and voting. A Committee member cannot represent more than one member. A Committee member shall be deemed as resigned from post if the member is absent from attending three consecutive meetings or four non-consecutive meetings without an excuse acceptable to the Committee. Attendance through virtual modes for the Committee meetings will be considered as acceptable and valid.
- **Quorum and decision making:** Each Committee member has the right to cast one vote. A Committee meeting will be deemed valid if attended by majority of the members, provided that the Committee chairman attends the meeting. The Committee will pass its decisions by majority vote of attendees and representatives. In the event of a tie, the chairman of the Committee has the deciding vote. The Committee, if necessary or urgent, may issue resolutions by circulation. Resolutions will be passed based on approval obtained from majority of the Committee members. In case of a tie, the Committee chairman will have the authority to cast the deciding vote. The resolution in question will be ratified in the next Committee meeting and its content will be included in the minutes of meeting.



- **Minutes of the meeting:** Minutes will be drawn up for every Committee meeting and for every resolution adopted in a meeting, and then circulated within ten working days after the meeting, for comments and approval by the members. The minutes will be signed by the Committee chairman and the secretary, then added to the Company's records. If there is any member, who does not agree on any decision taken by the Board, he/she may prove his/her objection in the meeting minutes. The minutes of meetings shall include the names of the attending and absent members, as well as the meeting discussions and the vote details for each resolution. The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. All minutes of the Committee meetings will be available at all times for inspection by any director.

4 Committee Responsibilities and Duties

- The Committee members shall act in good faith, exercise diligence and care, speak out and be loyal to the Company. The key responsibility of the Committee is to identify, select and recommend nominees for appointments and re-nomination to the Board for election by the General Assembly and nominating those whom it deems fit to fill any job of the senior executive management.
- **Nomination responsibilities:** The key tasks of the Committee with respect to nomination will include the following but not limited to:
 - ✓ Prepare for and attending meetings of the Committee regularly, and not withdrawing from the Committee except when scheduled;
 - ✓ Prioritize the interest of the Company, shareholders, and all stakeholders over their own interest;
 - ✓ Utilize their diversified skills and experience, with diversified specialties and qualifications to ensure the effective and productive management of the Company, and working to achieve the interests of the Company, partners, shareholders, and other stakeholders;
 - ✓ Refrain from providing any statements, data, or information without prior documented permission from the chairman;
 - ✓ Make recommendations to the Board as it deems appropriate, on any area within its remit, where action or improvement is needed;
 - ✓ Develop formal, robust, and transparent procedures used by the General Assembly members to elect the fittest among the candidates for Board membership.
 - ✓ Receive candidacy requests for the Board membership, identify and nominate candidates to fill Board vacancies for approval of the Board. This will then be submitted for approval to the General Assembly. The Committee shall send each candidate's curriculum vitae and original copies of candidacy requirements to the Authority at least two weeks before the date specified for election;
 - ✓ Ensure that nominations shall consider, inter-alia, the candidates' sufficient availability to perform their duties as Board members, in addition to their skills, knowledge and experience, as well as professional, technical, academic qualifications and personality, for nomination of Board members, and maintain evidence of the process;
 - ✓ Ensure that candidates shall be considered on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
 - ✓ Ensure that, upon appointment to the Board, directors receive a formal 'Director's Letter of Appointment' clearly outlining what is expected of them in terms of time commitment, committee service (if appropriate) and involvement outside Board meetings;



- ✓ Conduct periodic review of the structure, size, and composition (including the skills, knowledge, and experience) required of the Board and Board committees compared to its current position, and make recommendations to the Board with respect of any changes;
 - ✓ Carefully consider past performance of a member on the Board, before recommending a particular member of the Board for reappointment;
 - ✓ Ensure that a nomination or recommendation to the General Assembly for a candidate for the Board states:
 - Candidate's age;
 - His/her profession;
 - Amount and nature of any shares held in the Company;
 - Any convictions for any crimes involving dishonesty, fraud, or breach of trust;
 - Positions he/she holds, or has held in the past 5 years (including memberships on any Board of directors or executive committees);
 - Any other information relevant to assess his/her suitability as a member of the Board; and
 - State the reasons for the nomination or recommendation.
 - ✓ Nominate a representative of the Company, for the Board of another company, if requested by the Board;
 - ✓ Nominate whom it deems fit to fill any job of the senior executive management;
 - ✓ Actively liaise with the relevant departments of the Company to study the requirement for executive management personnel, and produce a written document in relation to this;
 - ✓ Conduct a wide-ranging search for candidates for the positions of employees within the Company, and other external sources;
 - ✓ Compile the professional, academic qualifications, professional titles, detailed work experience and all concurrently held positions of the candidates as a written document;
 - ✓ Convene a meeting of the Committee to examine the qualifications of the candidates on the basis of the conditions for appointment of employees;
 - ✓ Submit the recommendations of, and relevant information on, the relevant candidate(s) to the Committee and the Board before the selection of employees;
 - ✓ Carry out other follow-up tasks based on the decisions of, and feedback from, the Committee and the Board;
 - ✓ Review the structure and composition of the Board, on an annual basis at least, and make recommendations to the Board to complement its corporate strategy;
 - ✓ Assess the independence of independent non-executive directors, on an annual basis at least, by taking into account the interests disclosed by each director and other relevant information; and
 - ✓ Develop a draft of succession plan and make recommendations to the Board regarding plans for succession of directors and executive management, considering the challenges and opportunities facing the Company, and the skills and expertise that are needed in the future. This plan will be reviewed on a periodic basis.
- **Remuneration responsibilities:** The Committee's duties with respect to remuneration shall include the following but not limited to:
 - ✓ Set the foundation for identifying the remuneration to be paid to the chairman and other executive, non-executive, and independent Board members;
 - ✓ Identify the granting of allowances and incentives in the Company, including issuance of incentive shares for its employees, if applicable, and recommend to the Board the remuneration payable to the senior executive management;



- ✓ Consider the compensation payable to directors and senior management in connection with any loss or termination of office and the compensation arrangements relating to dismissal or removal of directors, e.g., for misconduct;
- ✓ Ensure that remuneration packages are set at levels that attract and retain talent, taking into account the responsibilities and scope of the functions of the Board members and the executive management, as well as the long-term performance of the Company. The Committee might use the services of external consultants for salaries surveys; and
- ✓ Ensure that no director or any of his/her associates are involved in deciding his/her own remuneration;
- The Committee will annually prepare a remuneration report detailing out the activities of the past year and an overview of the planned activities for the next financial year and subsequent years. The annual remuneration report will differentiate between executive and non-executive remuneration. If a Board member or former Board member is paid special compensation during any financial year, an explanation of this compensation will be included in the remuneration report.
- The remuneration report will detail and explain any compensation paid or promised as severance pay to a Board member. The Board member's annual remuneration will not exceed 5% of the Company's net profit after deduction of reserves, legal deductions, and distribution of the dividends (in cash and in kind) to shareholders.
- **Board performance evaluation:** The performance evaluation process of the Board as well as the Board committees will be led by the Committee, supported by the Board secretary, who will report the results to the Board. The Committee's key tasks with respect to the Board and the committee's performance evaluation will include the following but not limited to:
 - ✓ Develop a process for evaluating the performance of the Board, its committees, and the senior executive management;
 - ✓ Conduct an annual assessment of the Board and committees' performance to identify the strengths and weaknesses; and
 - ✓ Submit an annual report to the Board, including a comprehensive analysis of the Board performance.
- **Annual Committee reporting:** The activities and memberships of the Committee, number of Committee meetings held and attendance over the course of the year and any updates to the Charter shall be disclosed in the annual report to be submitted by the Committee to the Board. The annual report will include the following, but not limited to:
 - ✓ The names and qualifications of all members of the Committee during the period;
 - ✓ The number of Committee meetings and the attendance record of each of the members;
 - ✓ A brief review report on the manner in which the Committee has discharged its responsibilities; and
 - ✓ The findings, recommendations and actions initiated by the committee during the year.
- The Committee members, at the Company's expense, may request an opinion of an independent external consultant in issues relating to any of the Committee's affairs.
- At least once a year, the Committee shall discuss its own activities and those of its individual members, the effectiveness of such activities, the composition and competence of the Committee.
- The Committee has the right to invite any of the Company's employees to attend its meetings, without having voting rights. It also has the right to communicate directly with any of the executive



persons in the Company, to obtain any information that it deems necessary to fulfill its responsibility in this regard.

- The Committee also has the right to seek the advice of experts and consultants, whether from the Company's employees or others in order to achieve its goals and has discretionary authority to determine the appropriate compensation for such services.
- In the event of any dispute related to the interpretation of the provisions of the present Charter or their application thereof, such dispute will be referred to the Committee's chairman. The Chairman's decision in this respect will be final and immediately enforceable.

5 Other Provisions

- **Access to information:** The Committee will have unrestricted access to relevant management, employees, and information, and investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company. The Committee will have access to adequate internal and external resources, on any matters within its Charter.
- **Responsibility of the Board:** The Board remains collectively responsible for the decisions and actions taken by any of the Committees. A Committee may only perform the tasks delegated to it by the Board and may not exceed the authority or powers of the Board as a whole. Decisions that, by law, must be made by the Board may not be delegated to a committee.
- **Confidentiality:** Unless required to do so by law, no Committee member shall, during his/her membership of the Committee or afterwards, disclose any information of a confidential nature regarding the business of the Company and/or any companies in which it holds a stake, that came to his/her knowledge in the capacity of his/her work for the Company and which he/she knows, or shall know, to be of, a confidential nature.
- A Committee member may disclose such information to fellow Committee members, as well as co-staff members of the Company and companies in which the Company holds a stake who, in view of their activities for the Company and companies in which the Company holds a stake, shall be informed of the information. A Committee member shall not use such confidential information for his/her personal benefit.
- At the end of each Committee member's term of office, he/she shall return all confidential documents in his/her possession to the Company or guarantee their disposal in a manner that ensures confidentiality is preserved.

6 Amendment, Adoption, and Publication

- **Charter amendment:** The Committee will be responsible to ensure periodic review of this Charter and update it, as and when deemed necessary, at least on an annual basis, in order to reflect any regulatory changes as well as to comply with any legal requirements, applicable in the State of Qatar. The Committee may delegate this task to any of the Committee member(s) to ensure that this Charter is relevant and up to date.
- **Charter adoption:** The present Charter has been adopted by the Board during the meeting held on *[date to be determined at a later stage]*.
- **Charter publication:** The Committee will ensure that this Charter is published on the Company's corporate website.