
**THE POLICIES AND STANDARDS FOR
MEMBERSHIP PROCEDURES ON THE BOARD OF
DIRECTORS OF ARABIA INSURANCE
COOPERATIVE COMPANY**

Approved by the Ordinary General Assembly on 29/01/2026

Article One: Definitions:

- **Company:** Arabia Insurance Cooperative Company.
- **Bylaws:** The bylaws of the company.
- **Policy:** Policies and standards for membership procedures on the Board of Directors of the company.
- **Board of Directors or Board:** The Board of Directors of the company.
- **Committee:** The Nominations and Remuneration Committee.
- **Candidate:** The nominee for membership on the Board of Directors of the company.

Article Two: Purpose:

This policy aims to establish an organized and transparent framework that ensures the selection of Board members who possess the necessary competence and experience, thereby enhancing the Board's ability to perform its roles, duties, and responsibilities efficiently and effectively, while ensuring the sustainability and effectiveness of the Board's operations.

Additionally, this policy aims to establish and define the necessary mechanisms to regulate and organize the rules and controls for nomination and appointment to the Board of Directors, specify the qualifications and conditions required for members, ensure compliance by candidates with the requirements of regulatory authorities and related laws and regulations, and achieve a balance of specializations and experiences within the Board, in a manner that serves the interests of the company, policyholders, and shareholders alike.

Article Three: Scope of Application:

This policy applies to all members of the company's Board of Directors and candidates for its membership.

Article Four: Formation of the Board of Directors:

1. The company's bylaws shall specify the number of Board members, which shall not be less than three.
2. Each shareholder has the right to nominate themselves or another person or more than one among the shareholders or others for Board membership.
3. The composition of the Board must reflect an appropriate representation of independent members. In all cases, the number of independent members on the Board shall not be less than two members or one-third of the total Board members.
4. The majority of the Board members must be non-executive members.
5. The Board should generally possess diversity in terms of qualifications, knowledge, experience, and skills across various fields of the company's activities.

Article Five: Publication of the Nomination Announcement:

The company must publish the nomination announcement on its website, the market's website, and any other means specified by the authority or any other regulatory body to invite individuals interested in nominating themselves for Board membership, with the nomination period remaining open for at least one month from the date of the announcement.

Article Six: Conditions and Criteria for Membership on the Board of Directors and Nomination Requirements.

a) General Conditions and Criteria:

1. Each member must possess an appropriate level of qualifications, knowledge, experience, skills, integrity, and independence to effectively perform their role and responsibilities.
2. It should be ensured that members generally demonstrate competence, due diligence, a strategic perspective, good managerial insight, the ability to manage and supervise, awareness of legal and financial aspects, and familiarity with the company's operations and activities in particular.
3. A member of the Board must possess leadership skills that enable them to delegate authority to enhance performance and apply best practices in effective management while adhering to values and professional ethics.
4. A member of the Board must not have any health impediment that prevents them from performing their duties and responsibilities.

b) Specific Conditions and Criteria:

1. A Board member shall not serve on the Board of more than five publicly listed joint-stock companies simultaneously.
2. A member of the company's Board may not serve on the Board of another local insurance and/or reinsurance company or any of its subsidiaries, nor hold any leadership position in those companies.
3. Only with prior written approval from the Insurance Authority may someone be nominated for Board membership if they previously held the same position in a dissolved company or were dismissed from the same position in another company.

4. The committee shall undertake due diligence to ensure that the approved criteria are met by current and/or new members.

c) Nomination Requirements and Conditions

First: Conditions Required for the Candidate:

1. A candidate for Board membership must be at least 32 years old and not more than 70 years old at the time of nomination. The committee may exempt the candidate from either age limit if they possess the competence, qualifications, and experience that justify such an exemption.
2. The candidate must hold a minimum of a bachelor's degree.
3. The candidate must have at least 10 years of practical experience in areas related to the company's business, financial companies, or joint-stock companies. The committee may exempt candidates from the minimum experience requirement or its type if they possess higher academic qualifications or distinguished quality experiences that would add value to the company's operations and the Board.
4. It is preferred that the candidate has held leadership positions or memberships on Boards of Directors or committees in joint-stock companies or financial or insurance entities.
5. The candidate must have a good professional reputation and a record free of any violations or rulings affecting integrity, honesty, or professional conduct. The committee has the right to request a certificate of good conduct from one or more candidates if deemed necessary to verify this, through the relevant authorities. The committee may exclude the candidate if they do not respond or fail to provide the required report within the specified timeframe.
6. The candidate must have financial solvency and must not have been subject to a final ruling of bankruptcy, insolvency, or any financial crime. The committee may request a credit report from one or more candidates from licensed credit rating companies in the Kingdom or their actual place of residence to verify their financial status. The committee may exclude the candidate if they do not respond or fail to provide the required report within the specified timeframe.

Second: Required Documents:

The candidate must submit the following documents in both Arabic and English, where applicable:

1. Complete the nomination form approved by the committee and attach a copy of the curriculum vitae, academic qualifications, professional qualifications, experience certificates, and copies of the national ID/residency permit and passport.
2. Provide a statement detailing the number and duration of previous and current memberships in joint-stock companies.
3. Provide a declaration stating that there is no conflict of interest or competition with the company, and that no ruling or decision has been issued against them for a crime related to integrity or honor.
4. The committee may request any additional documents or clarifications from the candidates, if deemed necessary to complete the application review.
5. Complete the CV form No. (3) specific to the Capital Market Authority and form No. (1).
6. Complete the suitability form specific to the Insurance Authority.

Article Seven: Procedures for Determining the Selection of Board Members:

First: Reviewing, Examining, and Sorting Nomination Applications:

1. The committee shall review and sort the candidates' applications and then determine and select the nominees according to these standards, the provisions of the Corporate Governance Regulations for

Insurance Companies, and the Corporate Governance Regulations, as well as any requirements set forth by the Insurance Authority and the Capital Market Authority, along with related laws, regulations, and instructions.

2. The committee may request any additional documents, information, or clarifications from the candidate that it deems necessary to verify their compliance with the approved conditions and criteria.
3. The committee may, at its discretion, conduct personal interviews with the candidates or some of them to evaluate their competence and independence, and it may exclude any candidate who refuses or fails to attend the interview.
4. After completing the evaluation, the committee submits its recommendations to the Board of Directors with the names of the candidates who meet the regulatory requirements and approved criteria, as well as those excluded and the reasons for their exclusion. Subsequently, consent from the Insurance Authority must be obtained before presenting the candidates to the General Assembly for appointment approval.

Second: Election of Board Members:

1. The company shall announce on the market's website information about the candidates for Board membership when publishing or directing the invitation for convening the General Assembly. This information must include a description of the candidates' experiences, qualifications, current positions, and past and present memberships. The company must also provide a copy of this information at its headquarters and on its website.
2. The number of candidates nominated for the Board must exceed the number of available seats to give the General Assembly the opportunity to choose from among the nominees. The Board may utilize the services of an independent external specialist to identify additional candidates for Board membership if there are not enough nominees.
3. The General Assembly elects the members of the Board of Directors for the term specified in the company's bylaws, and they may always be re-elected unless otherwise stipulated in the bylaws.
4. Cumulative voting must be used in the election of the Board of Directors.
5. Voting in the General Assembly is restricted to the candidates for Board membership for whom the company has announced information in accordance with paragraph (1) of the second clause of this article.
6. The Capital Market Authority and the Insurance Authority must be notified of the names of the Board members and their membership status within five working days from the commencement date of the Board's term or from their appointment date—whichever is closer—and of any changes to their membership within five working days of the occurrence of such changes.
7. After their appointment, Board members shall undergo an induction program and each member should be provided with an appointment letter outlining their duties and responsibilities, as well as comprehensive information about the company's operations, strategic plans, and relevant regulations and bylaws.
8. Following their appointment, Board members should ensure they are informed of the latest regulatory developments and participate in training programs organized by the company as needed.

Article Eight: Termination of Board Membership:

- a) Membership in the Board of Directors terminates upon the conclusion of the Board's term, resignation, death, absence from three consecutive meetings or five separate meetings during their

term without a valid excuse accepted by the Board, or if the Board determines that the member has breached their duties in a manner that harms the company's interests, provided that this is accompanied by the approval of the ordinary General Assembly. It also terminates if their membership ends in accordance with any applicable laws or regulations in the Kingdom of Saudi Arabia, or if they are declared bankrupt or insolvent, or if they submit a request for a settlement with their creditors, or if they cease to pay their debts, or if they suffer from a mental illness or physical disability that may prevent them from effectively carrying out their role, or if they are found to have committed acts inconsistent with integrity and ethics, or if they are convicted of forgery by a final ruling.

- b) The ordinary General Assembly may, at any time, dismiss all or some members of the Board of Directors. In this case, the ordinary General Assembly has the right to elect a new Board of Directors or appoint a replacement for the dismissed member, as applicable, in accordance with the provisions of the Companies Law and its executive regulations.
- c) If a Board member resigns and has comments on the company's performance, they must submit a written statement to the Chairman of the Board, and this statement must be presented to the members of the Board.
- d) The Insurance Authority must be notified when any member of the Board resigns or has their membership terminated for any reason other than the conclusion of the Board's term, within five (5) working days from the date of departure, while adhering to relevant disclosure requirements.

Article Nine: Termination of the Board's Term or Resignation of Its Members or Vacancy in Membership:

1. Before the expiration of its term, the Board of Directors must convene the ordinary General Assembly to elect a new Board of Directors for the next term. If the election cannot be held and the current term of the Board expires, its members shall continue to perform their duties until a new Board is elected, provided that the duration of continued service by the members of the outgoing Board does not exceed the period specified by the executive regulations of the Companies Law.
2. If the Chairman and members of the Board resign, they must convene the ordinary General Assembly to elect a new Board of Directors. The resignation shall not take effect until the new Board is elected, and the duration of the resigning Board's continued service shall not exceed the period specified by the executive regulations of the Companies Law.
3. A member of the Board of Directors may resign from Board membership by providing written notice to the Chairman of the Board. If the Chairman of the Board resigns, the notice must be addressed to the other Board members and the Secretary of the Board. The resignation shall be effective— in both cases— from the date specified in the notice.
4. If a position on the Board of Directors becomes vacant due to the death of any member or resignation, and this vacancy does not lead to a violation of the conditions necessary for a valid Board meeting due to a lack of members below the minimum required, the Board may appoint (temporarily) someone with the necessary experience and competence to fill the vacant position after obtaining the consent of the Insurance Authority. The commercial registry and the Capital Market Authority must be notified of this appointment if the company is listed on the financial market within fifteen (15) days of the appointment

date, and the appointment must be presented to the ordinary General Assembly at its first meeting. The appointed member shall complete the term of their predecessor

Article Ten: General Provisions:

1. The committee may amend the nomination forms or required documents whenever necessary, in accordance with the regulatory requirements issued by the relevant authorities.
2. Except as stated in paragraph (1) of this article, no modifications, deletions, or additions to this policy shall be made except by a proposal from the Board of Directors and the approval of the company's General Assembly.
3. This policy shall come into effect from the date of approval by the General Assembly and shall replace the policies and standards for membership procedures on the Board of Directors approved by the ordinary General Assembly on June 4, 2017.