

Malath Cooperative Insurance Company

Board of Directors Nomination and Appointment Policy

The composition of the Board of Directors:

- 1-The composition of the Board of Directors shall ensure appropriate representation of independent members. The number of independent Board members shall be no fewer than two or one-third of the total Board members, whichever is greater.
- 2-The Board shall consist of no more than 9 members, with the majority being non-executive members.
- 3-The General Assembly shall elect the Board members for the term stipulated in the company's AoA, provided that it does not exceed three years. With the possibility of reelection unless the company's AoA stipulates otherwise.
- 4-A member of the company's Board of Directors shall not concurrently serve as a Board member or hold a leadership position in another local insurance and/or reinsurance company or its sub-committees
- 5-Additionally, a Board member shall not hold membership in the Board of more than five publicly listed joint-stock companies at the same time.
- 6-The company shall notify CMA of the names and positions of Board members within five business days from the start of the Board's term or their appointment, whichever is earlier, and report any changes within five business days of their occurrence.
- 7-The nomination procedures for Board members shall include the following:
 - A-Allow ample time for submitting nominations for Board membership.
 - B-The Nominations and Remuneration Committee shall review all nomination applications, documenting relevant observations and recommendations.
 - C-Obtain written non-objection from SAMA before electing any Board member.
 - D-Provide shareholders with comprehensive information about the candidates, their qualifications, and their relationships with the company prior to voting.
 - E-Adopt cumulative voting in the General Assembly for appointing Board members.
- 8-Inform SAMA when any nomination requests for Board membership are rejected, specifying the reasons.
- 9-Ensure the number of candidates exceeds the number of available seats, providing the General Assembly with a choice. If insufficient candidates are available, the Board may engage an independent third party to identify additional candidates.

10-In the event of a vacancy in the position of a Board member, the Board of Directors may, after obtaining a prior written non-objection from SAMA, appoint a new member to the vacant position for the remainder of the term of the previous member. This appointment shall be approved in the first General Assembly.

11-New Board members shall undergo an induction program and receive an appointment letter outlining their duties and responsibilities, along with comprehensive information about the company's business, strategic plans, and relevant laws and regulations.

12-The Board should have diverse qualifications, knowledge, experience, and skills relevant to the company's business. Each member should possess the appropriate qualifications, knowledge, experience, skills, integrity, leadership, financial acumen, and suitability to fulfill their role effectively.

13-Not accepting membership in the Board of Directors of a company or facility competing with the company or its group, or assuming the management of a competing sole proprietorship, regardless of its form, with the exception of the company's affiliates.

Conditions for membership in the Board of Directors:

A Board member shall possess the professional competence, experience, knowledge, skill, and independence necessary to perform their duties effectively. The following conditions shall be taken into account:

1.Leadership ability: The member shall have leadership skills that qualify them to delegate authority, enhance performance, apply best practices in effective management, and adhere to professional values and ethics.

2.Efficiency: The member shall have appropriate academic qualifications, professional and personal skills, training, and practical experience related to the company's current and future activities, or fields such as management, economics, accounting, law, or governance. They shall also demonstrate a desire for continuous learning and training.

3.Guidance ability: The member shall possess technical, leadership, and administrative capabilities, demonstrate decisiveness, understand technical requirements related to workflow, provide strategic guidance and planning, and have a clear vision for the future.

4.Financial knowledge: The member shall be able to read and understand financial statements and reports.

5. Physical fitness: The member shall not have any health impediment that hinders them from performing their duties and responsibilities.

When electing members of the Board, the General Assembly shall take into account the recommendations of the Nominations Committee and the availability of the personal and professional qualifications necessary to perform their duties effectively in accordance with this article.

Electing BoD Members:

1. The company shall announce on the Saudi Stock Exchange (Tadawul) website information about the candidates for membership on the Board of Directors when publishing or directing an invitation to convene the General Assembly. This information shall include a description of the candidates' experiences, qualifications, skills, current and previous positions, and memberships. Additionally, a copy of this information shall be available at the company's headquarters and on its website.

2. Cumulative voting shall be used to elect Board members, with a share's voting right being utilized only once.

3. Voting in the General Assembly shall be limited to candidates for Board membership whose information has been announced by the company in accordance with Paragraph (1) of this Article.

Procedures for nominating members of the Board:

The procedures for nominating members to the Board of Directors shall take into account the following:

A. Allow sufficient time for the submission of applications for membership in the Board of Directors, ensuring the nomination period remains open for at least one month from the date of the announcement.

- B. The Nominations and Remuneration Committee shall review nomination applications for membership in the Board of Directors, and document all relevant observations and recommendations.
- C. Obtain written non-objection from SAMA before electing any Board members.
- D. Provide shareholders with comprehensive information about the candidates, their qualifications, and their relationships with the company prior to voting. A copy of this information shall be made available at the company's main office and on its website.
- E. Adopt the cumulative voting method when voting in the General Assembly on appointing members of the Board.
- F. Inform SAMA when any of its nomination requests for Board membership are rejected, specifying the reasons for the rejection.
- G. Ensure that the number of candidates for the Board of Directors whose names are presented to the General Assembly exceeds the number of available seats. This ensures that the General Assembly has the opportunity to choose from among the candidates, and limits voting in the General Assembly to those candidates whose information has been announced by the company.
- H. In the event of a vacancy in the position of a Board member, the Board of Directors may, after obtaining a prior written non-objection from SAMA, appoint a new member to the vacant position for the remainder of the term of the previous member. This appointment shall be approved in the first General Assembly.