



Amana Cooperative Insurance (ACI)

# **Nomination Procedures Policy for Members of the Board of Directors and its Subcommittees**

**Amana Cooperative Insurance Company  
(a Saudi joint stock company)**



## Amana Cooperative Insurance (ACI)

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### **Article One: Introduction:**

**This policy is subject to the provisions of the Company's Articles of Association and the Companies Law issued by Royal Decree No. (M/132) dated 12/01/1443 AH, the Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (05/08/2023) dated 06/25/1444 AH corresponding to 01/18/2023 AD, the Insurance Companies Governance Regulations issued by the Insurance Authority, and relevant regulations and instructions.**

### **Article Two: Objective of the Policy:**

**The policy for the nomination and appointment procedures of members of the Board of Directors and its committees aims to:**

- 1. Ensure that all members of the Board of Directors and its committees are appointed in accordance with regulatory requirements.**
- 2. Provide clarity and transparency with the company's shareholders.**
- 3. Ensuring the succession of Board members and members of its committees, and appointing any vacancies on the Board or its committees.**
- 4. Establishing requirements for qualifications, competencies, leadership standards, and independence when appointing Board members and Board committee members.**
- 5. Ensuring the independence of "independent" candidates for Board membership.**
- 6. Ensuring that there is no conflict of interest if any member of the Board of Directors or its committees is a member of the Board of Directors or a committee of another company's Board of Directors.**
- 7. Ensuring that there is no conflict of interest related to dealings with related parties.**

8. Ensuring that the principles of fairness, transparency, and equality are applied in the nomination and appointment processes for the Board of Directors and its committees.
9. Confirming the candidate/appointee's commitment to the Board of Directors and its committees to abide by all controls, provisions and obligations decided by the company and imposed by regulatory authorities.

#### **Article Three: Application:**

The regulations apply to all candidates for the Board of Directors of Amana Cooperative Insurance Company or for membership in the Board's committees (whether executive, non-executive, or independent).

#### **Article Four: Responsibility for Implementation and Follow-up:**

The Nominations and Remuneration Committee shall monitor the implementation of this policy, verify the integrity of the procedures taken, and conduct an annual review of the policy and make any amendments or updates thereto. It shall submit its recommendations to the Board of Directors on any matter that requires it.

#### **Article Five: Nomination and Appointment:**

1. The Nominations and Remuneration Committee shall determine the need to appoint members of the Board of Directors or members of the Board's committees in accordance with the Board's term stipulated in the Company's Articles of Association.

2. Receive nomination applications supported by all the qualifications required for membership in the Board of Directors and its committees, as follows:

##### **A. Board of Directors:**

- The candidate must hold a minimum of a bachelor's degree from a recognized university.
- Proficiency in spoken and written English.
- At least (10) years of experience.
- Good conduct and behavior.

- Ability to oversee internal control and risk management systems.

#### **B. Audit Committee:**

- The candidate must hold a minimum of a bachelor's degree from a recognized university in the field of accounting and financial management.
- Fluency in spoken and written English.
- At least (10) years of experience.
- Good conduct and behavior.
- Knowledge of financial rules and regulations, and basic financial statements.
- Knowledge of basic professional auditing standards.
- Knowledge of internal control systems.

#### **C. Other Board Committees:**

- The candidate must hold a bachelor's degree from a recognized university, as a minimum, in the field of accounting and financial management.
- Fluency in spoken and written English.
- At least (10) years of experience.
- Good conduct and behavior.
- Thorough knowledge of the committee to which he or she is nominated.

### **3. Application Procedures:**

**A. Candidates must submit an official application along with the following documents:**

- Academic qualifications and work experience.
- Summary of previous and current experience on boards of directors or board committees, if applicable.
- Completing the required regulatory forms (Capital Market Authority and Insurance Authority).
- A copy of the national ID or passport for non-Saudis.

b. Applications should be sent to the Nominations and Remuneration Committee.

C. The Nominations and Remuneration Committee reviews the applications and issues its recommendations regarding the candidates.

D. Following the Nominations and Remuneration Committee's recommendation, the Compliance Department reviews the forms and documents for formal suitability, ensures they meet the requirements, and submits the application for approval by the Insurance Authority for the candidates.

#### 4. Selection:

##### A. Board Membership:

- The Nominations and Remuneration Committee shall thoroughly review all applications received and evaluate them fairly.
- The Nominations and Remuneration Committee shall document the reasons for the selection or rejection of a candidate, supporting the reasons for rejection, to the Insurance Authority.
- The Nominations and Remuneration Committee shall ensure that there is a sufficient number of independent candidates for Board membership.

##### B. Board Committees:

1. The Nominations and Remuneration Committee must ensure that there is a sufficient number of candidates for membership in the Audit Committee, after conducting interviews with them, with no less than three members, to be submitted to the Board of Directors for approval.

2. The Nominations and Remuneration Committee must ensure, to the extent possible, the following:

- All members of the Audit Committee are independent, and the Chairman and members of the Committee are not elected for more than two consecutive terms.
- All board members are appointed by the General Assembly.

- Board members are elected by cumulative voting, with an additional number of independent members.
- The chairman of the Nominations and Remuneration Committee must be an independent member.
- The majority of the members of the Nominations and Remuneration Committee must be independent members.
- The Board of Directors selects a chairman from among the members appointed by the General Assembly. The Board also selects the chairpersons of the Board's committees after obtaining no-objection approval from the regulatory and oversight authorities.

#### **5. Appointment Procedures for the New Board Term:**

- A. Inviting candidates to submit their applications by announcing the opening of nominations on the Tadawul website and the company's website.**
- B. Recommending the names of the candidates to the Board of Directors by the Nominations and Remuneration Committee.**
- C. Obtaining the Insurance Authority's no-objection approval for the candidates.**
- D. Presenting the candidates to the General Assembly and obtaining its approval through cumulative voting.**
- e. The Board of Directors appoints the Chairman, Vice Chairman, Managing Director/Chief Executive Officer, and Secretary after obtaining the Insurance Authority's no-objection.**
- f. The Board of Directors forms its subordinate committees after obtaining the Insurance Authority's no-objection.**
- g. Replacement of Board Members During the Board Term:**
  - The Chairman of the Remuneration and Nominations Committee shall recommend the names of the candidates to the Board of Directors.
  - The Insurance Authority shall obtain no-objection for the candidates.

- The Board of Directors shall approve the nominations.
- Approval by the subsequent General Assembly of such change.

**H. Appointment or replacement of Board committee members from outside the Board:**

- Recommendation from the Nominations and Remuneration Committee.
- Board of Directors approval.
- Obtaining a no-objection letter from the Insurance Authority.
- Presenting the appointment to the Ordinary General Assembly at its first meeting.

**i. Appointment or replacement of board chairpersons:**

- Appointment by the Nominations and Remuneration Committee.
- Board approval.
- Obtaining a no-objection letter from the health insurance company.

**j. The communications officer will announce any emerging developments on the company's website. He will also manage compliance with the Capital Market Authority and the Specialized Insurance Authority's contributions and update the company's profile on the Capital Market Authority and Tadawul websites within five days, in addition to the company's website.**

**L. Updating the company's commercial register by the Ministry of Commerce.**

**6. Board and Committee Induction Procedures:**

**A. The Company Secretary of the Board of Directors is responsible for coordinating, guiding, and induction of new board members, including an induction meeting with the Head of the Legal and Governance Department and providing them with a full copy of the Corporate Governance Code.**

**B. The Secretary or Chair of the relevant committee is responsible for coordinating the orientation and induction of committee members.**



## **7. Re-nomination:**

Board members and their chairman may re-nominate themselves for the next term after their term has ended.

## **8. Removal:**

If the Nominations and Remuneration Committee recommends the removal of a member of the Board or its committees, it must clearly state the reasons for the recommendation, which must be in writing and in accordance with the removal conditions stipulated in the relevant regulations.

## **Article Six: Final Provisions:**

- 1. This policy, including any subsequent amendments, shall be reviewed and approved by the Board of Directors based on the recommendation of the Nominations and Remuneration Committee. Following its approval by the Board, it shall be presented to the General Assembly for approval.**
- 2. A copy of this policy shall be made available to members of the Board of Directors and members of its committees, as well as to the Company's shareholders.**
- 3. This policy complements the company's bylaws and internal governance regulations. Anything not specifically addressed herein shall be referred to the applicable laws, regulations, and decisions, or those to be issued in the future by the competent authorities in the Kingdom of Saudi Arabia.**
- 4. If this policy conflicts with other applicable laws, the matter shall be referred to the Nominations and Remuneration Committee for a decision.**