



**Attachments item 5**

**Policy of nomination criteria for Membership of the Board of  
Directors after the amendment**

**Al Sagr Cooperative Insurance**

**2020**





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### Nomination of the Board of Directors and Committees

The nomination of the Board of Directors and the committees is subject to the corporate governance regulations issued by the Capital Market Authority the insurance companies' governance regulations the companies system the company's articles of association the applicable rules regulations and instructions and the conditions set by the general assembly.

### Board of Directors:

The Company's Board of Directors consists of 9 members appointed by the Ordinary General Assembly for a period not exceeding three years without prejudice to the legal person's right to choose who to represent him in the meetings. Years starting from the date of issuance of the ministerial decision to establish the company.

The company shall obtain the approval of the Saudi Arabian Monetary Agency before appointing the members of the board of directors the members of its committees and the secretaries of the board and committees.

- The majority of the members of the Board of Directors are non-executive members.
- The number of independent members of the board of directors may not be less than two members or one third of the members of the board whichever is more.
- The board chooses a non-executive member to occupy the position of the chairman of the board and chooses a non-executive member as a vice chairman (after obtaining the approval of the Saudi Arabian Monetary Agency).
- The Chairman and Vice Chairman of the Board may not exercise any of the responsibilities of the Chief Executive Officer and the responsibilities shall be separated





The Board of Directors shall decide whether or not a member is independent assess his or her ability to judge matters and determine whether there are any relationships or circumstances that may affect or appear to affect his independence. The company shall consult with the Saudi Arabian Monetary Agency inform it and obtain its no-objection in writing before nominating any member of the Board of Directors appointing and terminating his membership.

### Qualifications Required for Board Members

Combined they shall have a combination of professional qualifications:

- Practical and administrative skills.
- Financial experience.
- Good reputation and high degree of competence.
- Integrity and ability to supervise.
- High level of knowledge.
- Experience and skill.
- Follow up and direct the company to achieve its strategic objectives.
- As well as the continuous desire to learn and develop.

The company's chairman and members of the board of directors shall be trustworthy and experienced in financial and insurance business so that they can carry out their duties in the best possible manner.

### Members qualifications shall include the following attributes:

- Leadership : The member shall have leadership and the ability to delegate authority motivate employees and encourage them to apply best effective management practices and adhere to professional values and ethics.
- Independence: The member's ability to remain neutral and objective in decision making without any undue influence from management or other external entities.
- Competence: This is reflected in the level of education training skills and desire to continue learning as well as the diversity of experience in different





- fields such as financial institutions insurance management economics and accounting.
- Direction: The ability to provide strategic direction long-term planning and a clear future vision.
- Financial literacy the ability to read and understand financial statements and reports as well as the ratios used to measure performance.
- Age : The member shall be in good health and able to carry out his duties.

The commitment of the members of the Board of Directors to the principles of honesty honesty loyalty and paying attention to the interests of the company is one of the most important requirements to achieve the principles of good governance especially the following:

- Honesty: The member's relationship with the company shall be professional and honest and he shall disclose - like any other employee - any relevant information before executing any transaction or concluding any contract with the company or its subsidiaries.
- Loyalty: members of the company's board of directors shall avoid transactions that involve a conflict of interest and they shall ensure that transactions are fair and that they are executed without giving any preference over similar transactions.
- Care: It includes the implementation of all duties and responsibilities specified in the company's articles of association and those determined by the supervisory and regulatory authorities and seeking to obtain all available information to ensure that all decisions are taken in the interest of the company.

The Nominations and Remunerations Committee shall annually review the above-mentioned requirements related to the appropriate skills for membership of the Board of Directors and its committees and the capabilities and qualifications required for such membership including monitoring the aforementioned standards and evaluating the suitability and suitability of Board members and members of its committees in accordance with the requirements of Article 23 of the Insurance





Companies Governance Regulations issued About the Saudi Arabian Monetary Agency: "The members of the board of directors members of its committees and members of the senior management shall have honesty integrity efficiency knowledge and experience necessary to perform their special tasks and they shall abide by all the rules regulations and instructions issued by the institution at all times" with immediate notification to the institution of any information or circumstances that may affect the assessment of the suitability and suitability of these persons within a period not exceeding three working days from the date of obtaining such information or from the occurrence of the change.

**Procedures for nomination and selection of members of the Board of Directors:**

The company may not without the prior written approval of the Saudi Arabian Monetary Agency nominate for membership of its board of directors:

- He held a similar position at Sfit Company.
- He was dismissed from a similar position in another company.

The nomination application shall be submitted in writing and include:

- The full name and date of birth of each proposed candidate.
- The name of the body for which the candidate is nominated (the board of directors).
- The name of the shareholder submitting the application.
- The number types and classes of shares owned by the applicant shareholder.
- Educational level including continuing professional education (indicating the name of the educational institution the date of completion of the certificate and the qualification obtained).
- Professional experience including positions held during the past ten years and management positions held by the candidate on the boards of directors of other legal entities during the past five years.





- A list of the legal entities in which the candidate participates or has an interest including the number of shares or shares owned in the paid-up capital of these legal entities.
- The people with whom the candidate is related and the basis for this connection.
- The candidate's relationship with the associated persons and the main counterparties of the company and a statement of the candidate's association with the company.
- A statement of any previous civil or criminal convictions or deprivation of administrative capacity.
- Details of the relationship with the current or proposed members of the Board of Directors the current employees of the company its subsidiaries and related parties.

The application shall be signed by the nominee/shareholder. The Nomination and Remuneration Committee reviews the submitted applications and decides whether the candidates are to be shortlisted for election to the Board of Directors. The committee's decision to accept or reject the inclusion of the candidate in the list of candidates shall be communicated to the candidate contributor as soon as practicable after the relevant decision has been taken. In case of refusal a full explanation of the reasons for refusal shall be provided. Candidates are included in the list of candidates except in the following cases:

- The candidate/contributor did not observe the specified timetable (if any).
- The candidate/shareholder does not meet the requirements of the documents published in the company announcement.
- The application does not meet the requirements of qualifications characteristics and good governance.

The Board of Directors candidate has the right to withdraw before being included in the list of candidates.

**Election:**





The general assembly appoints members of the board of directors for the period stipulated in the company's articles of association provided that this period does not exceed three years. Unless otherwise stipulated in the company's articles of association the members of the board of directors may be reappointed. The General Assembly elects the members of the Board of Directors by cumulative voting which gives each shareholder voting rights equal to the number of shares he owns.

The candidates who receive the largest number of votes are considered elected to the Board of Directors except when the number of elected independent members is less than the required number in which case the independent director will outperform the non-executive members who receive the largest number of votes. The term of the council shall be three years. The Chairman of the Council may not be elected for more than two consecutive terms although he may be re-elected for a third term in the event that at least two years have passed since his last term as Chairman. The newly nominated Board shall assume governance responsibilities as of the commencement date of the new term for a term of three years subject to election at the ordinary meeting of the General Assembly held in the second quarter of that year.

#### Secretaries:

The Board of Directors and the Committees appoint secretaries to the Board and the Committees for their term of office to arrange their work and provide support and assistance to the members of the Board and the Committees. Secretaries can be members of the board of directors/committees or be employees of the company.

#### Required qualifications for secretaries:

- The board and committee secretaries shall be Saudi citizens.
- The board and committee secretaries shall have sufficient experience and knowledge of the company's business and activities.
- Possess strong communication skills.
- Good knowledge of applicable laws and regulations and best practices in corporate governance.





- Have at least two years of relevant experience.
- The Secretary of the Audit Committee may not be the Secretary of the Board or any other committee.

#### **Audit Committee:**

The Board of Directors shall form an Audit Committee consisting of four members in addition to the executive and non-executive members appointed by the General Assembly provided that three of its members are not members of the Board of Directors and are completely independent from the company and as determined by the Saudi Arabian Monetary Agency, The Ministry of Industry and Trade and the Capital Market Authority.

Rules for appointing members of the Audit Committee and the procedures to be followed by the Committee:

**The following qualifications are required for members of the Audit Committee:**

- Academic qualifications.
- Professional experience in auditing and risk management.
- Familiarity with accounting standards.
- The ability to read financial reports and understand the relevant instructions and regulations issued by the competent authorities.

The Board of Directors shall ensure that the members of the Audit Committee are appropriately qualified to carry out their responsibilities. At least two members of the committee including the chair of the committee shall have recent and relevant experience or knowledge in accounting or financial management. The chairman of the committee may be an independent member of the board of directors.

The members of the Audit Committee shall be independent from the executive management which can be achieved by fulfilling the following:





- Not appointing the Chairman of the Board of Directors as a member of the Audit Committee.
- The absence of any relationship between the committee chairman and the executives or senior executives of the company that might affect his independence.
- After obtaining the Saudi Arabian Monetary Agency's no objection in writing the Board of Directors appoints the members of the Audit Committee for a period of three years and one of its independent members as Chairman of the Committee. The board of directors appoints a member of the committee as its chairman after obtaining the institution's no-objection in writing.
- The Board of Directors has the right to renew the term of the committee or any of its members after obtaining the Saudi Arabian Monetary Agency's no-objection in writing for another three years and for one time.
- The Board of Directors may appoint new members to the Audit Committee in the event of a new board being elected after obtaining the written no-objection of the Saudi Arabian Monetary Agency.
- The committee member shall not be a member of the board of directors or the audit committee of any other company operating in the insurance sector and he is not entitled to be one of the founders of any similar companies.
- No member of the audit committee may simultaneously serve on the audit committees of more than four public companies.
- The member of the audit committee shall not be an executive or non-executive member of the board of directors and the chairman of the board of directors shall not be a member or head of the audit committee.
- A member of the audit committee shall be familiar with financial matters accounting financial reporting and auditing the accounts of insurance companies and he shall review the relevant laws regulations and instructions.
- Each member of the audit committee is entitled to receive a bonus for every meeting of the committee he attends. The amount of this remuneration is determined in accordance with a policy approved by the Board of Directors





provided that this amount is reasonable in comparison with the remuneration of the members of the Board.

- A committee member is not entitled to have any direct or indirect interest in the company's business and contracts.
- A committee member is not entitled to participate in any business that may compete with the company or to trade in the company's activities. The company has the right to claim compensation or consider the transactions undertaken by the member for his personal benefit as part of the company's business.
- The audit committee may appoint a vice-chairman of the committee who will be an independent member based on the president's recommendation.

### Nomination and Remuneration Committee

The Board of Directors forms a committee called the Nomination and Remuneration Committee. The General Assembly upon the recommendation of the Board of Directors issues the rules for appointing the members of the Nomination and Remuneration Committee the duration of its work and the procedures to be followed by this committee.

Rules for appointing members of the Nomination and Remuneration Committee and the procedures to be followed by the Committee:

- The Nomination and Remuneration Committee shall consist of no less than 3 and no more than 5 members; Provided that two of them are independent members. The Chairman of the Board of Directors may not chair this committee. The Board of Directors is responsible for appointing removing and/or replacing members of the Committee. A member of the Nomination and Remuneration Committee may continue to serve on the Committee as long as he is a member of the Board of Directors. The company's articles of association specify the minimum and maximum remuneration for the chairman and members of the board of directors for their work in the committee. The remuneration of the members of the Board of Directors may





not be modified except by the extraordinary general assembly if any changes are required to be made to the articles of association and the ordinary general assembly if any changes to this policy are required. The Board of Directors proposes the remuneration package for the members of the Board of Directors stipulated in this policy based on the recommendations of the Nomination and Remuneration Committee in accordance with the applicable laws regulations and rules and on the conditions determined by the General Assembly and in accordance with the approval of the General Assembly. The company ensures that all written details of the proposed remuneration and remuneration are available to shareholders prior to the holding of the general assembly in which the remuneration and remuneration policy is voted on.

#### executive committee

The Board of Directors shall form an Executive Committee with no less than 3 members and no more than 5 The Executive Committee chooses the Chairman from among its members who is entrusted with chairing its meetings. In the absence of the chairman the committee chooses a temporary chairman from among the members present

- The Executive Committee consists of five members (Executive and Non-Executive). It may be chaired by the Chairman of the Board of Directors. The committee chair reports to the board of directors on any major issue.
- Committee members shall be appointed and replaced at the discretion of the Board of Directors provided that the members of the Board of Directors constitute at least three of them.

#### Investment Committee

- The Investment Committee shall be formed upon the approval of the Board of Directors from independent and accredited members of the Board of Directors and one of its members may be from outside the Board provided





that they collectively have sufficient experience to understand the important issues related to investment policy.

- The committee should also ensure that all individuals involved in implementing and monitoring investment activities have adequate levels of knowledge and experience.
- At least one member of the committee shall have a strong background in investments. The Board of Directors is responsible for appointing the members of the Investment Committee.
- The chairman of the board of directors may not be a chairman or a member of the investment committee. The term of membership of the Committee coincides with the term of membership of the Board of Directors.
- The Board of Directors is responsible for appointing the members of the Investment Committee.
- The Investment Committee shall consist of at least three members provided that they do not have any relationship that would conflict with his ability to issue an independent opinion.
- The Board of Directors also appoints the Chairman of the Investment Committee.

#### Risk Management Committee

- The Board of Directors is responsible for appointing the members of the committee.
- The committee shall consist of at least three members of the Board of Directors provided that the majority of them are non-executive members of the Board of Directors.
- Members shall have appropriate knowledge of finance and risk management.
- The Head of Risk Management should be a regular presence in the committee meetings.
- If the CEO/MD is not a member of the committee the committee chairperson shall decide jointly with the CEO the extent to which the CEO shall attend the meetings.





- - The Board of Directors appoints the Chairman of the Committee who is one of the non-executive members of the Board of Directors. In the absence of the Chairman of the Committee the remaining members present shall elect one of them to preside over the meeting from among those qualified to be appointed to that office by the Board.
- The term of membership of the committee coincides with the term of membership of the board of directors.

Responsibilities of the Secretary of the Board of Directors (Members of the Board of Directors and the Audit Committee)

Requirements for obtaining the Saudi Arabian Monetary Agency's no objection to the appointment of a member of the Board of Directors and a member of the Audit Committee

**Prior to appointment:**

- The Board of Directors of Al-Saqr Company gives priority to Saudi citizens in appointing independent members to the Board of Directors and the Audit Committee. In the case of appointing a non-Saudi to the board of directors or the audit committee the company shall prove the unavailability of qualified Saudis for this position and provide a time frame for appointing a qualified Saudi national for this position within the written no-objection request submitted to the Saudi Arabian Monetary Agency.
- The Board of Directors shall ensure that all appointments to membership of the Board of Directors and the Audit Committee are made only after evaluating the suitability of the candidate for the position of membership in accordance with these requirements and obtaining a written no-objection from the Saudi Arabian Monetary Agency.
- The company submits requests for a written no objection from the Saudi Arabian Monetary Agency accompanied by all required documents at least 30 days before the date of the general assembly during which the member of the board of directors will be elected.





- Candidates for membership of the Board of Directors and the Audit Committee shall not carry out the duties of their positions except after receiving a written no-objection from the Saudi Arabian Monetary Agency.

After appointment:

- After selecting the members of the Board of Directors the Board of Directors shall nominate a non-executive member of the Board of Directors for the position of Chairman of the Board of Directors and another non-executive member for the position of Vice Chairman of the Board of Directors and the company shall obtain a prior written no-objection from the Saudi Arabian Monetary Agency regarding these appointments. The company shall also obtain a prior written no-objection from the Saudi Arabian Monetary Agency regarding the appointments of chairmen and members of board committees.
- After obtaining a written no-objection from the Saudi Arabian Monetary Agency regarding the appointment to the Board of Directors and the Audit Committee the Nomination and Remuneration Committee shall annually evaluate the suitability of the members of the Board of Directors and members of the Audit Committee on an ongoing basis. In the event that such assessments lead to any negative information or results that may endanger the suitability of any of the members of the Board of Directors or members of the Audit Committee then the company shall immediately inform the Saudi Arabian Monetary Agency of such information and results.
- The Secretary of the Board of Directors shall notify the Saudi Arabian Monetary Agency in writing of the appointments to the Board of Directors and the Audit Committee within 5 working days from the date of appointment.
- The company shall notify the Saudi Arabian Monetary Agency in writing of the accepted resignations of the members of the Board of Directors and the Audit Committee or to stop continuing to work in the position within 5 working days from the date of the person leaving the position. The company shall also notify the Saudi Arabian Monetary Agency in writing of the





termination of the services of any member of the Board of Directors or the Audit Committee for any reason within 5 working days from the date of such termination.

- The Board of Directors of Al-Sager Company and its Nomination and Remuneration Committee are responsible for ensuring the suitability of candidates for positions of Board membership in accordance with the requirements of the Saudi Arabian Monetary Agency and this policy particularly the adoption of this policy for the nomination and election of members of the Board of Directors and the procedures stipulated in this policy to obtain a no-objection In writing from the Saudi Arabian Monetary Agency prior to their appointment by the General Assembly.
- All assessments shall conduct by the Board of Directors and Board Committees prior to a written no-objection request from the Saudi Arabian Monetary Agency as well as subsequent ongoing assessments shall be supported with relevant information and properly documented. The company shall verify the information provided by the Board of Directors and members of the Audit Committee from independent sources where permitted by law. The company is also required to ensure the confidentiality of the information they have collected and the assessments they have made.

