



Policies and procedural standards for
membership in the Board of Directors
and its subcommittees.

United Cooperative Assurance
Company

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Policies and Procedural Standards for Board Membership

Introduction

Good governance principles require that every company strives to have board members who are qualified to carry out the tasks and responsibilities entrusted to them, and that the board members individually and collectively possess the necessary skills and abilities to make sound decisions.

As the United Cooperative Insurance Company is a Saudi company licensed to practice insurance business in the Kingdom, and a Public Listed company, it is committed to complying with the requirements and conditions issued by the supervisory authorities, which are included in the systems, regulations, and rules regulating the work of listed companies in general and insurance companies in the Kingdom in particular.

The provisions of the Saudi Companies Law, the implementing regulations, and the Corporate Governance Regulations issued by the Saudi Capital Market Authority included a number of general requirements that must be met when the company nominates, selects, and appoints members of its board of directors.

The Insurance Companies Governance Regulation, the application of the provisions of the Insurance Companies Monitoring System, as well as the requirements for appointment to leadership positions in financial institutions subject to the supervision of the Saudi Central Bank (SAMA) and the instructions issued by it, required insurance companies operating in the Kingdom of Saudi Arabia to comply with them. This ensures that candidates for membership in the boards of directors of insurance companies possess the appropriate technical, practical, administrative, and financial expertise that enables them to fulfill the tasks and responsibilities assigned to them.

The supervisory requirements issued by the supervisory authorities stipulated that a general policy should be set defining the criteria and justifications for membership, selection, and appointment of the company's board members.

In line with these supervisory requirements, this policy and the procedural standards prepared were approved by the Board of Directors of the United Cooperative Insurance Company at its meeting held on Wednesday, 28 Sha'ban 1444 AH, corresponding to March 20, 2023 AD, and are to be implemented after their approval by the General Assembly. They serve as a general guide for the Nomination and Remuneration Committee, the Board of Directors, and the company in determining the criteria for selecting candidates for board membership from executives and non-executives, and members of the committees formed from it.

Section 1: Definitions

The words and phrases used in this policy shall have the meanings set forth below unless the context of the text requires otherwise:

Company: United Cooperative Insurance Company.

Board of Directors: The Board of Directors of the United Cooperative Insurance Company, comprising all members representing principal shareholders and independent members.

Board Committees: These are the subsidiary committees emanating from the Board of Directors of the Company, which are formed and governed by the rules and methods of their operation and the selection of their members through decisions from the Board or the General Assembly. The committees include members from the Board and outside of it, to assist in carrying out its tasks and functions. The scope of work of these committees is determined according to their rules and regulations. The Company's Board of Directors has formed the following subsidiary committees:

- Executive Committee
- Risk Committee
- Audit Committee
- Nominations and Remuneration Committee
- Investment Committee

Board Member: An individual who has been elected and chosen by the Company's General Assembly or appointed to participate with other board members in managing the Company's affairs, regardless of their membership classification (Executive Board Member, Non-Executive Board Member, or Independent Board Member).

Major Shareholders: Natural or legal persons who directly or indirectly control, alone or in conjunction with others, five percent or more of the company's capital.

Executive Board Member: A board member of the company who is a member of the executive management, participates in the daily management of various company affairs, and receives a monthly salary for this work.

Non-Executive Board Member: A board member of the company who provides technical opinion and advice but does not participate in any way in managing the company and monitoring its daily operations and does not receive a monthly or annual salary from the company in return for this.

Independent Board Member: A board member of the company who is completely independent of the management and the company and is capable of exercising their duties and expressing their opinions and voting objectively and impartially. Independence implies the ability to judge matters after taking into account all relevant information without any influence from the company's management or any other external party.

The independence of a member shall not be achieved in the event of:-

1. Owning 5% or more of the shares of the company or another company within its group, or being related to someone who owns this percentage.
2. Representing a legal person owning 5% or more of the shares of the company or another company within its group.
3. Having a family relationship with any of the board members in the company or another company within its group.
4. Having a family relationship with any of the top executives in the company or another company within its group.
5. Being a board member of another company within the group of the company nominated for board membership.
6. Working or having worked as an employee within the past two years for the company, any party dealing with it, or another company within its group, such as auditors and major suppliers, or being a partner or owner of controlling stakes in any of those parties within the past two years.
7. Receiving financial amounts from the company in addition to the board membership remuneration or any of its committees exceeding SAR 200,000 or 50% of the remuneration received in the previous year for board membership or any of its committees, whichever is lower.
8. Participating in activities that compete with the company or engaging in any business sector in which the company operates.
9. Having served more than nine consecutive or separate years as a member of the company's board of directors.

A committee member from outside the board: A natural person who is selected to serve on any of the board's committees or independent committees to benefit from their scientific and practical expertise for the interest of the company and enjoys full independence.

Relatives: The term "family relationship/relatives" means and includes the following:

- Parents, grandparents, and great-grandparents.
- Children and their descendants.
- Siblings (full, half, or step) and their children.
- Spouses.

Senior management (company management): Includes the managing director and/or CEO, general manager and their deputies, the financial manager, directors of the main departments, those responsible for risk management, internal audit, and compliance functions, and their equivalents, and those occupying any other positions determined by the Saudi Central Bank (SAMA).

Authorities and responsibilities of board members: These are the authorities specified in the principles and governance regulations for insurance companies issued by the Saudi Central Bank (SAMA) and the Capital Market Authority, which addressed the general responsibilities that a board member in the company must fulfill.

Corporate Governance: Rules for leading and directing a company that includes mechanisms for regulating various relationships between the board of directors, executive directors, shareholders, and stakeholders, by establishing rules and procedures to facilitate decision-making, ensuring transparency and credibility to protect the rights of shareholders and stakeholders, and achieving fairness, competitiveness, and transparency in the market and business environment.

Corporate Governance Regulation: The document of principles and regulations issued by the Saudi Central Bank (SAMA) and the Capital Market Authority, addressing the framework of corporate governance principles for companies and insurance companies listed on the Saudi Stock Exchange, including identifying aspects of shareholder rights, disclosure requirements, composition and responsibilities of boards of directors, board committees, and addressing conflicts of interest.

Appointment requirements for leadership positions in financial institutions subject to supervision by the Saudi Central Bank (SAMA): These are the requirements contained in circulars issued by the Saudi Central Bank (SAMA) and included the necessary requirements and justifications when selecting and appointing board members, committees, and senior executives in financial institutions operating in the Kingdom after completing their suitability assessment.

Companies Law: The law issued in 2022 to regulate the requirements related to the establishment and operation of companies in the Kingdom of Saudi Arabia and any related amendments.

Capital Market Law: The Capital Market Law issued by Royal Decree No. M/33 dated 2/6/1424 AH and its amendments.

Supervisory Authorities: Refers to regulatory bodies including the Saudi Central Bank (SAMA), Capital Market Authority, and Ministry of Commerce.

United Cooperative Insurance Company Governance Document: The document containing the company's policy in compliance with good governance requirements, which was initially approved by the company's board of directors and the general assembly on October 19, 2022, and is amended and updated from time to time to comply with supervisory guidelines.

Succession Policy: Succession refers to the process of planning to fill a potentially vacant position, ensuring the continuity of effective performance through continuous leadership. The succession process for a board member or committee member involves planning to fill a potential position by identifying a suitable and prepared candidate who has the necessary personal attributes, leadership skills, and readiness.

Disclosure: The process related to revealing all necessary information about the company that interests relevant parties and the investment community, making it accessible to those

parties in a timely and fair manner so they can make appropriate decisions based on accurate and correct information.

Disclosure Policy: The written policy approved by the company's board of directors in line with supervisory requirements to regulate the process and mechanisms for disclosing financial and non-financial information to the investment community.

Investment Community: Current shareholders, whether institutions or individuals, as well as potential investors in the company.

Shareholders' Association: An association formed by the company's shareholders in accordance with the provisions of the Companies Law and the Basic Company System.

Stakeholders: Anyone who has an interest in the company, such as employees, creditors, customers, suppliers, and the community.

Remuneration: Amounts, allowances, profits, and the like, as well as periodic or annual performance-related rewards, short-term or long-term incentive plans, and any other material benefits, excluding reasonable actual expenses and costs incurred by the company on behalf of a board member for the purpose of performing their work.

Cumulative Voting: A voting method and approach to select board members, whereby each shareholder is granted voting power based on the number of shares they own, allowing them to vote for one candidate or to distribute their votes among their chosen candidates without duplication.

Related Parties:

- a) Major shareholders in the company
- b) Members of the company's board of directors or any of its subsidiaries and their relatives.
- c) Senior executives in the company or any of its subsidiaries and their relatives.
- d) Board members and senior executives of major shareholders in the company
- e) Non-corporate establishments owned by a board member, senior executive, or their relatives.
- f) Companies in which any board member, senior executive, or their relatives are partners.
- g) Companies in which any board member, senior executive, or their relatives are members of the board of directors or senior executives.
- h) Joint-stock companies in which any board member, senior executive, or their relatives own 5% or more.
- i) Companies in which any board member, senior executive, or their relatives have influence over decisions, even through advice or guidance.
- j) Any person whose advice and guidance have an impact on the company's decisions and its board members and senior executives.
- k) Holding companies or subsidiaries of the company.

Section Two: General Policy

2.1 Purpose of the Policy

The purpose of preparing this policy is to serve as procedural rules and a guide that defines the general and specific standards for selecting and appointing candidates for membership on the board of directors of the United Cooperative Insurance Company, both executive and non-executive, as well as members of board committees or from outside parties who should have appropriate knowledge, skills, and experience, contributing to the effectiveness of the board's work, and providing suitable leadership that contributes to the success of the company and its business.

As a general principle, it should be taken into consideration that the members of the company's board of directors or its committees should be qualified to carry out the tasks assigned to them and have a clear understanding of the role required of them. They should also have the ability to exercise sound and objective judgment in all affairs of the company, its business, and its activities.

To achieve the elements of integration in building and forming the company's board of directors and its committees, and the extent of their effectiveness in performing their tasks, the members of the board and its committees, both collectively and individually, should have the appropriate professional, managerial, operational, financial experience, and distinguished personal qualities.

As a primary requirement, it should be taken into consideration that each member of the company's board of directors and committee members should be individuals with a distinguished reputation, integrity, high competence, and the ability to take responsibility. The members should have influential leadership qualities and serve as role models. In doing so, they should be able to supervise, follow up, and guide the company's affairs to achieve its strategic goals and commit to all regulations, laws, and instructions issued by the Saudi Central Bank (SAMA) and other regulatory authorities.

2.2 Jurisdiction of the Nomination and Remuneration Committee

In accordance with the supervisory instructions, rules, and regulations of work approved by the company's board of directors and the general assembly, the nomination and remuneration committee, emanating from the company's board of directors, is responsible for evaluating the suitability of candidates and recommending names to the board of directors for membership on the board and its committees in accordance with this policy and regulatory rules issued by the approved supervisory authorities in this regard.

In accordance with its bylaws and regulatory rules, the nomination and remuneration committee has been entrusted with conducting the annual review of the needs and skills required for the membership of the board of directors and the members of the committees. The committee is also responsible for preparing a description of the capabilities and

qualifications, including determining the time allocated by a board member for the work of the board and committees. Furthermore, the committee is tasked with reviewing the structure of the board of directors and its committees and submitting recommendations to the board, in addition to identifying weaknesses and strengths in the board of directors and providing necessary suggestions to address them, in a manner that achieves the general and specific interests of the company.

Section 3: Procedural Standards in the Selection and Appointment of Board Members

3.1 The Company's Board of Directors

As stipulated in the company's Articles of Association, the United Cooperative Insurance Company's Board of Directors consists of seven (7) members who assume the responsibility of managing the company for a period not exceeding three (3) years. They are selected, elected, and appointed by the company's General Assembly in accordance with the cumulative voting method.

The committees emanating from the Board of Directors are formed in accordance with the company's Articles of Association and its governance document, including the Executive Committee, the Audit Committee, the Nominations and Remuneration Committee, the Risk Committee, and the Investment Committee. According to its regulations, the board is allowed to create other independent committees that report organizationally to it.

These committees consist of members from the Board of Directors and members from outside the board, taking into consideration their composition and the scope of their work in accordance with the supervisory requirements contained in this policy, as well as the instructions issued by the supervisory authorities and the rules and regulations of these committees' work.

3.2 Nomination for Membership

The Nominations and Remuneration Committee is responsible for evaluating and recommending candidates for membership in the Board of Directors and its committees.

Each person wishing to nominate themselves for membership in the company's Board of Directors or its committees must provide the Nominations and Remuneration Committee with the approved nomination forms from the following authorities through the board's secretariat:

- **Saudi Central Bank (SAMA):** by completing and signing the designated suitability form.

- **The Capital Market Authority:** by completing and signing the specific form designated for the candidate's CV for membership in the board of directors of a listed joint-stock company in the Saudi financial market.

The board's secretariat/company secretary, under the supervision of the Nominations and Remuneration Committee, must ensure the provision of the aforementioned forms to those who wish to nominate themselves during the nomination period through the available means and guarantee the completion and inclusion of nomination requests for the legal justifications, taking into account the following requirements:

- The candidate for membership must personally complete and sign the nomination forms. The board's secretariat must provide these forms and make them available to candidates through various media channels.
- The candidate must attach a clear copy of their personal and family identification (National ID card, family card, residence card, passport) to their nomination request.
- The candidate must attach a statement of their personal biography, qualifications, and experience in the field of insurance companies' work and activities (if any), to be submitted to the company before a sufficient time prior to the general assembly meeting, according to the company's announcements.
- If the candidate has previously held a board membership in a joint-stock company, they must attach a statement containing the details of the names of the joint-stock companies whose boards they have been a member of, and the dates of their membership.
- If the candidate has previously been a member of the board of directors of the United Cooperative Insurance Company, they must submit a statement from the company's management for the last term they served, including the following information:
 - The number of board meetings held during their membership years.
 - The number of meetings the member attended in person and their attendance rate for all meetings.
 - The standing committees the member participated in, the number of meetings held by each committee, and their attendance rate for these meetings.
 - A summary of the financial results achieved by the company during each year of their membership.
 - The number of candidates for the board of directors whose names are presented to the general assembly should exceed the number of available seats, giving the general assembly the opportunity to choose among the candidates.

The board of directors may, in the absence of a sufficient number of candidates, resort to the services of an independent external specialized party to identify additional candidates for the board membership.

It is recommended that the company publish the information of the candidates for the board membership or its subcommittees in the market or on its website when publishing or directing the invitation to hold the general assembly meeting, including a description of the candidates' experiences, qualifications, and expertise.

3.3 Board and Committee Member Qualifications

As a general and principal rule, every candidate for membership in the company's board of directors and committees should have an adequate level of education, skills, experience, knowledge, and a continuous desire to learn.

The Nominations and Remunerations Committee should consider the candidate's qualifications and evaluate their leadership capacity, ability to exercise independent judgment, and knowledge of accounting and financial aspects to assess their readiness to fulfill their duties if chosen. In addition, the company must consult and inform the Saudi Central Bank (SAMA) and obtain its non-objection before nominating, appointing, and terminating the membership of any board member or senior management staff.

The candidate must meet the following criteria:

- 1) **Leadership:** The candidate should have a strong leadership personality capable of delegating authority, motivating employees, and encouraging them to apply the best practices for effective management.
- 2) **Independence:** The ability of the candidate for membership to make objective and unbiased decisions without any influence from any party.
- 3) **Competence:** The level of education, training, skills, and experience in financial, accounting, and administrative aspects, with a minimum of 5 years of experience in various fields, including financial institutions and banks.
- 4) **Guidance:** The candidate's ability to provide strategic guidance, long-term planning, and a clear future vision.
- 5) **Financial knowledge:** The ability to read and understand financial data and reports, and estimate ratios related to measuring performance levels.
- 6) **Age:** The candidate should be physically fit and able to perform their duties and responsibilities.

3.4 Evaluation and Selection

The Nominations and Remuneration Committee should receive and study the CVs of the candidates for the membership of the Board of Directors and committees, and disclose these CVs to the investors upon election, enabling the shareholder investors to judge the competence and adequacy of the candidates for membership of the Board.

Among the responsibilities of the Committee when studying the nomination applications, the Committee may interview the candidates and evaluate their qualifications and skills, and the Committee shall keep a record containing information about the candidates based on their qualifications and skills.

The Committee shall submit its recommendations to the Board of Directors regarding the candidates for membership, after completing the suitability assessment process, which appoints them after obtaining the necessary approvals.

3.5 General Requirements

When considering nomination documents and interviewing candidates, the Nominations and Remuneration Committee must comply with the general requirements for each candidate, as follows:

- Do not accept the nomination of any person who has been previously convicted by a judicial ruling or a crime contrary to honor and honesty, or whose bankruptcy has been declared, or any institution he owns or participates in inside or outside the Kingdom.
- Do not accept the nomination of any person who previously held a leadership position or membership of the Board of Directors of any financial, insurance or banking institution that was liquidated, declared bankrupt, or damaged its reputation as a result of regulatory or regulatory violations.
- Do not accept any nomination from any person who has been dismissed or removed from the membership of any financial, insurance or banking institution or whose services have been terminated for regulatory or regulatory reasons.
- Do not accept the nomination of any person who holds at the same time membership of the Board of Directors of an insurance company licensed in the Kingdom.
- Do not accept the nomination of any candidate who is at the same time a member of the Boards of Directors of five companies listed in the Saudi stock market, provided that conflicts of interest are avoided.
- The candidate must have full knowledge and understanding of local, international, economic and political dimensions.
- The candidate must have an acceptable reputation and must not have been previously convicted in any cases related to honor and honesty.
- The candidate must have the desire to accept his responsibilities as a member of the Board of Directors and must be committed to his duties towards the Board of Directors.
- The candidate must have at least a bachelor's degree.

In line with the provisions of the Corporate Governance Regulations, anyone wishing to nominate himself for membership of the Board of Directors must disclose to the Board of Directors and the General Assembly any cases of conflict of interest - according to the procedures established by the Authority - including:

- Having a direct or indirect interest in the business and contracts made on behalf of the company for which he wishes to nominate himself to its Board of Directors.
- Participating in work that would compete with the company, or compete with it in one of the fields of activity it carries out.

3.6 Requirements related to the formation of the Board of Directors and its committees

When the Nominations and Remuneration Committee evaluates the structure of the Board of Directors and its committees, it should take into account the necessary supervisory requirements stipulated in the Corporate Governance Regulations issued by the Capital Market Authority and the main principles contained in the Governance Regulations for Insurance Companies issued by the Saudi Central Bank (SAMA), which include:

3.6.1 Requirements related to the Company's Board of Directors:

When considering candidates, the Nominations and Remuneration Committee should balance the following requirements:

- The majority of the Board members should be non-executive and independent members.
- The number of independent members should not be less than two or one-third, whichever is greater. Since the Board of Directors of the United Cooperative Insurance Company consists of (7) members, the number of independent members should not be less than (3) members at any time, taking into account the limits and scope of independence determinants according to the supervisory rules.
- The number of executive members on the Board of Directors should not exceed two members.
- The Chairman of the Board of Directors and his Deputy shall be non-executive members (and the approval of the Saudi Central Bank (SAMA) shall be obtained for their appointment).
- The independence and separation of the positions of Chairman of the Board of Directors and his Deputy from the Chief Executive Officer (Managing Director) of the company.
- The Board of Directors shall have diversity in terms of qualifications, knowledge, experience and skills in various business fields and sectors of the company's business.
- Each member shall have an appropriate level of qualifications, knowledge, experience, skill and integrity to effectively perform his role and responsibilities.
- No member of the Company's Board of Directors shall be a member of the Board of Directors of another insurance company licensed in the Kingdom or one of its committees or hold one of the leadership positions in any of them.

3.6.2 Requirements related to the Audit Committee:

In line with the requirements contained in the supervisory rules issued by the Saudi Central Bank (SAMA), as well as what was stipulated in the Corporate Governance Regulations regarding the formation of the Audit Committee, or any other supervisory directives, the following requirements are taken into account:

- The committee shall consist of at least (3) members.

- The Audit Committee shall be chaired by an independent member of the Board of Directors.
- The Chairman of the Board of Directors of the Company shall not be the Chairman of the Committee.
- The majority of the Committee members shall be from outside the Board.
- At least two members of the Committee, including the Chairman of the Committee, shall have recent and relevant experience in one or more of financial, accounting, risk management and accounting standards matters.

- The membership of the Committee members shall not continue for a period exceeding (3) years, and its members may be renewed for two other terms at most.
- Taking into account not appointing any of the company's executive employees, clients or current advisors as members of the committee.
- A member of the committee shall not also be a member of the board of directors or audit committee of any other insurance company licensed to operate in the Kingdom of Saudi Arabia, or be a member of more than (5) listed joint stock companies at the same time.
- The member of the Board of Directors nominated for committee membership must be independent.
- The member shall not serve simultaneously on the audit committees of more than four public companies.
- A member of the Committee shall not be one of the members of the boards of directors or directors or employees or advisors or affiliates or representatives of any of the parties related to the Company, including for example but not limited to:
 - a) Major shareholders or founders
 - b) External auditors
 - c) Suppliers
 - d) The company's clients
 - e) Legal persons who have a financial, commercial or kinship relationship of the first degree with the Board of Directors of the Company or executive employees in the Company

3.6.3 Requirements related to the Nominations and Remuneration Committee:

The supervisory requirements contained in the Compensation and Remuneration Controls and the main principles of the Governance Regulations for Insurance Companies issued by the Saudi Central Bank (SAMA), as well as what was stipulated in the Corporate Governance Regulations in the Kingdom of Saudi Arabia issued by the Capital Market Authority regarding the formation of the Nominations and Remuneration Committee, or any other supervisory directives, shall be taken into account as follows:

- The committee shall consist of at least (3) members, provided that two independent members are appointed among the appointed members.
- The members of the Committee shall be non-executive.

- An independent member shall chair the Committee, taking into account the limits of independence contained in the Compensation Controls issued by the Saudi Central Bank (SAMA).
- The Chairman of the Board of Directors of the Company shall not be the Chairman of the Committee.

3.6.4 Requirements related to the Executive Committee:

The requirements stipulated in the Company's Bylaws, as well as the main principles of the Governance Regulations for Insurance Companies issued by the Saudi Central Bank (SAMA), should be taken into account, including:

- The committee shall not exceed (5) members.
- The availability of expertise and skills in financial aspects and business scope in the committee members.
- The committee members shall be from among the members of the Board.

3.6.5 Requirements related to the Risk Committee:

The general requirements should be taken into account, including:

- The Committee shall consist of at least (3) members chaired by a non-executive member.
- The Committee members shall be from among the non-executive members of the Board, and members from outside may be selected.

3.7 Specific requirements for Board membership

When the Nominations and Remuneration Committee studies and evaluates Board membership applications or interviews, it should take into account the availability of the following requirements:

- The availability of the necessary general skills, knowledge and experience for the candidate to contribute to achieving the company's strategic objectives.
- The availability of appropriate skills, knowledge and experience for the candidate in the field of finance, insurance, experience in board and subcommittee work, financial and accounting professional skills, and the ability to understand strategies and how to implement them.
- The availability of appropriate personal qualities for the candidate such as leadership ability, independence, self-initiative, competence and orientation.
- The candidate for membership should have a constant and continuing desire to learn and self-develop.
- The candidate must be medically fit, without any health impediments preventing the candidate from exercising his responsibilities as a member of the Company's Board of Directors.
- The candidate must be one of the shareholders of the company in his personal or representative capacity for a legal person.

3.8 Approval of the Saudi Central Bank (SAMA) and notification of supervisory authorities

The candidate for membership of the Company's Board of Directors or subcommittees must obtain the non-objection of the Saudi Central Bank (SAMA) to his selection before nominating him to the Company's General Assembly or appointing him.

The Board Secretariat, under the direction of the Nominations and Remuneration Committee and the Board, shall provide each of the following with sufficient notice before holding the meeting of the Company's General Assembly designated to select and elect members of the Board of Directors for a new term, or during the Board's term in the event that any membership position becomes vacant:

- Saudi Central Bank (SAMA): The suitability form, which includes the questionnaire, data and confirmations for each candidate's request (in addition to the results of the suitability assessment for each candidate and the justifications for nomination).
- The Capital Market Authority with the curriculum vitae form for each candidate designated for the curriculum vitae of the candidate for membership of the Board of Directors of a public listed company in the Saudi Stock Exchange Market.

These supervisory authorities shall be provided with the necessary documents after completing and signing them within the specified period and in accordance with the supervisory instructions.

In accordance with the supervisory directives, the Board of Directors, after its election, shall select a chairman and deputy from among the non-executive members, and the company shall obtain the non-objection of the Saudi Central Bank (SAMA) to them.

The company should also obtain the non-objection of the Saudi Central Bank (SAMA) when forming committees emanating from the Board and naming their chairmen.

3.9 Appointment of members of the Board of Directors

In accordance with the provisions of the Company's Articles of Association and Governance Document, the members of the Board of Directors are elected by the General Assembly of the Company and selected according to the cumulative voting method. The members of the Board of Directors of the Company are appointed after obtaining the approval of the supervisory authorities for an initial period of three calendar years.

Any of the members or all of them may run again for membership several times, and it is preferable that a member's service on the Board or its committees does not exceed (12) consecutive years.

If the position of one of the members of the Board becomes vacant during the Board's term for any of the reasons for termination of membership mentioned below, the Board of Directors may, upon the recommendation of the Nomination and Remuneration Committee, fill this position after fulfilling the supervisory requirements, provided that this appointment is submitted to the following General Assembly for approval.

The Ordinary General Assembly may at any time dismiss all or some members of the Board. The membership of a member of the Board of Directors or subcommittees shall terminate in the event of:

1. Expiration of its statutory term.
2. The resignation of the member.
3. If the member becomes ineligible for membership in accordance with the provisions of any regulations in force in the Kingdom of Saudi Arabia.
4. The dismissal of the member by a resolution of the General Assembly issued by a two-thirds majority, if the dismissal is not at the request of the Board of Directors, and by a simple majority if the dismissal is at the request of the Board of Directors.
5. If the member's mental abilities or health become unsound.
6. A conviction against the member for an offense inconsistent with honesty or diminishing honor, or resulting in fraud or forgery.
7. A bankruptcy ruling against the member or reached arrangements or settlement with creditors.
8. Absent from attending (3) meetings during one year without an acceptable legitimate excuse.
9. Violation by a Board member of his duties in a manner harming the Company's interest, provided that this is accompanied by the approval of the Ordinary General Assembly.

In the event that the position of one of the members of the Board or subcommittees becomes vacant during the term of the committee for any reason, the Board shall appoint another member to replace him, provided that the rules for appointment stipulated in the bylaws and rules of procedure of the committees are observed.

3.10 Familiarizing the members of the Board of Directors and committees with the Company's affairs:

In accordance with the United Cooperative Insurance Company's Governance Document, new members of the Board of Directors and its committees must acquire the appropriate skills and knowledge after their appointment, through a comprehensive program prepared by the Company's Secretariat, which includes the following:

- Meeting with company officials and executive management.
- Providing new members upon appointment, or with each new round of the Council, with all the regulations and regulations governing the work of insurance and the company's activities, its overall strategies and any updates to them.
- The new members of the Board of Directors should be provided with a document defining their tasks, responsibilities and contractual obligations governing their relationship with the company.

- Providing members with adequate information about the company, including (its various activities, business sectors, products, administrative organization, key processes and procedures, financial conditions, key risks, key performance indicators, and constraints, regulations and regulatory systems).
- Providing members with information about stakeholders and the policies governing their relationship.
- Participating in introductory and educational programs to keep abreast of the latest developments and develop their skills to enable them to effectively participate in the work of the Board.

3.11 Training of Board of Directors and Committees members

The company pays due attention to training and qualifying the members of the Board of Directors, committees and executive management, and develops the necessary programs for that, taking into account the following:

1. Developing programs for newly appointed members of the Board of Directors, committees and executive management to introduce them to the company's workflow and activities, especially the following:
 - a) The company's strategy and objectives.
 - b) The financial and operational aspects of the company's activities.
 - c) The obligations, tasks, responsibilities and rights of members of the Board of Directors.
 - d) The tasks and powers of the company's committees.
2. Developing the necessary mechanisms for each of the members of the Board of Directors and the executive management to obtain training programs and courses on an ongoing basis in order to develop their skills and knowledge in areas related to the company's activities.

3.12 Remuneration of Board members and committees

The remuneration and allowances of non-executive members of the Board of Directors and members of committees emanating from the Board from outside and their attendance fees for meetings of the Board and committees shall be determined in accordance with the policy of the United Cooperative Insurance Company for rewards and compensation approved by the Board of Directors and the General Assembly, in line with the regulations and guidelines issued by the supervisory and regulatory authorities.

3.13 Evaluation of the Board and Committee Work

The Board of Directors of the Company should ensure that it conducts a self-evaluation of its performance, the performance of its members and the committees emanating from it,

and that this is done regularly. Evaluation processes should rely on indicators of competence, knowledge, contribution and effectiveness.

The evaluation process can be assigned to the Nominations and Remuneration Committee or with the participation of independent members of the Board. External specialized consultants can also be used to assist in the evaluation process. The results of this can be presented and aspects of weakness, strength and treatment discussed in a manner consistent with the interest of the company.

The company coordinates with the Board of Directors to conduct an annual evaluation of the independence of the independent member and ensure that there are no relationships or circumstances that affect or may affect his membership status.

The company may also adopt evaluation criteria in accordance with the best local or international practices, taking into account that they include the following elements:

(A) Criteria for evaluating the Board as a whole and committees, taking into account the inclusion of the evaluation process for the following:

- The effectiveness of the Board in fulfilling its responsibilities.
- The effectiveness of the relationship with management, stakeholders such as shareholders, and other relevant parties.
- The effectiveness of the Board or Committee in managing the business including the quality of meetings.
- The effectiveness of the leadership style of the Chairman or Committee.

(B) Criteria for evaluating Board members, taking into account the inclusion of the evaluation process for the following:

- The overall contribution to the work of the Board and its committees in the company.
- Commitment to time, especially in attending meetings of the Board and its committees, and the ability to effectively participate in the work.
- Good dealing with members and management.
- The desire to develop self-skills and knowledge.
- The ability to communicate and coordinate effectively with the Board, external and regulatory bodies, and in particular shareholders.

The company also takes into account conducting periodic evaluations under the supervision of the Nominations and Remuneration Committee to assess the suitability of the members of the Board of Directors and its sub-committees and senior executives to ensure that they are properly suited to the regulatory requirements contained in the Corporate Governance Regulations for Insurance Companies.

Section Four: The Main Duties of the Members of the Board of Directors

According to the provisions and contents of the Company's Articles of Association, the members of the Board of Directors of the Company shall exercise the necessary powers, responsibilities and authorities to manage the Company. Their exercise of their duties and responsibilities shall be governed by the duties of trust, loyalty and giving priority to the interests of the Company and its shareholders, and ensuring full compliance in letter and spirit with all systems regulating financial and insurance work.

The Board of Directors shall supervise the Company's business, including approving and supervising the implementation of strategic objectives, approving and implementing the strategy, approving risk acceptance policy, as well as approving governance aspects and principles of professional conduct. The Board of Directors is also responsible for overseeing the operations of the Company's senior management and overseeing risk aspects.

A member of the Board of Directors in the Company represents all shareholders. He shall exercise due care and loyalty in managing the Company and everything that aims to safeguard its interests, develop and maximize its value. He shall also be committed to doing what serves the interest of the Company in general, not what serves his personal interests or the interests of the group he represents, or the group that voted to appoint him to the Board of Directors.

In general, the Board of Directors of the Company shall be responsible for its business even if it delegates committees, bodies or individuals to exercise some of its powers. In all cases, the Board of Directors may not issue a general or indefinite proxy to any individual or entity.

The Board of Directors of the Company shall perform the following functions:

1. Developing the plans, policies, strategies and main objectives of the Company, supervising their implementation and reviewing them periodically, and ensuring the availability of the necessary human and financial resources to achieve them, including:
 - Developing the overall strategy of the Company, key business plans, risk management policies, procedures, reviewing and directing them.
 - Determining the optimal capital structure of the Company, its strategies and financial objectives, and approving the budget estimates.
 - Overseeing the major capital expenditures of the Company, acquiring assets and disposing of them.
 - Setting performance objectives, monitoring implementation and overall performance in the Company.
 - Conducting regular reviews of organizational and functional structures in the Company and approving them.
 - Ensuring the availability of the necessary human and financial resources to achieve the Company's objectives and plans.

2. Developing systems and controls for internal control and providing general supervision, including:
 - Developing a written policy to address actual and potential conflicts of interest for members of the Board of Directors, executive management and shareholders, including misuse of the Company's assets and facilities, and mismanagement resulting from transactions with related parties.
 - Ensure the integrity of financial and accounting systems, including systems related to the preparation of financial reports.
 - Ensure the application of appropriate control systems to measure and manage risks by developing a general perception of the risks facing the Company, establishing an environment familiar with risk management culture at the company level, and transparently discussing them with stakeholders and parties related to the Company.
 - Organizing the disclosure process for members of the Board of Directors and executive management by establishing a special record of disclosures and updating it periodically, in accordance with the disclosures required under the Companies Law and the Capital Market Law and their implementing regulations. The Board shall provide shareholders with access to the record free of charge.
 - Annual review of the effectiveness of internal control procedures in the Company.
3. Develop clear and specific policies, standards, procedures and criteria for Board membership, and implement them after approval by the General Assembly.
4. Develop a written policy governing relations with stakeholders.
5. Develop policies and procedures that ensure the Company's compliance with laws, regulations and its commitment to disclose material information to shareholders and stakeholders, and ensure the compliance of the executive management.
6. Oversee the Company's financial management, cash flows, financial and credit relationships with third parties.
7. Propose to the Extraordinary General Assembly what it deems appropriate regarding the following:
 - Increase or decrease the capital of the Company.
 - Dissolve the Company before the deadline specified in the Company's Articles of Association or decide to continue it.
8. Propose to the Ordinary General Assembly what it deems appropriate regarding the following:
 - Using the optional reserve of the Company in case it is formed by the Extraordinary General Assembly and is not allocated for a specific purpose.
 - Forming additional reserves or financial provisions for the Company.
 - The method of distributing the net profits of the Company.
9. Prepare and approve the initial and annual financial statements of the Company before publishing them.

10. Prepare and approve the Board of Directors' report before publishing it.
11. Ensure the accuracy and integrity of the information that must be disclosed according to the disclosure and transparency policies and work systems.
12. Establish effective communication channels that allow shareholders to continuously and periodically review the various activities of the Company and any material developments.
13. Forming specialized subcommittees emanating from the Council by decisions that determine the duration of the committee, its powers and responsibilities, and how the Council supervises it, provided that the formation decision includes naming the members, defining their tasks, rights and duties, with an evaluation of the performance and work of these committees and their members.
14. Determining the types of rewards granted to employees in the company, such as fixed rewards, performance-related rewards, and share-based rewards, in a manner that does not conflict with regulatory controls and procedures.
15. Developing the values and standards governing work in the company.
16. Providing the necessary mechanisms and methodology for risk management in order to protect the interests of investment account holders and depositors through accounts based on profit and loss sharing.

Distribution of Responsibilities and Tasks

The organizational structure of the company should take into account the definition of responsibilities and the distribution of tasks between the board of directors and the executive management in a manner consistent with best corporate governance practices and improving the efficiency of the company's decision-making process, while achieving a balance of powers and authorities between them. In this regard, the board of directors should consider:

- Adopting internal policies related to the company's operations and development, including defining tasks, responsibilities, and delegations to different organizational levels.
- Adopting a written and detailed policy specifying the delegated authorities to the executive management and a schedule illustrating these authorities, the method of implementation, and the duration of the delegation. The board of directors may request periodic reports from the executive management regarding the exercise of the delegated authorities.
- Identifying the matters that the board retains the authority to decide on.
- Clearly and in writing defining the responsibilities and jurisdictions of the chairman of the board of directors, the deputy chairman, the chief executive officer, and their responsibilities.

Supervision of Executive Management

The board of directors is responsible for forming the company's executive management, organizing its operations, overseeing and supervising it, and verifying its performance in the tasks delegated to it. In this regard, the board should:

- Develop the necessary administrative and financial policies.
- Verify that the executive management operates according to the policies approved by the board.
- Select and appoint the chief executive officer, and supervise their work.
- Appoint the director of the internal audit unit or department, or the internal auditor, determine their remuneration, and, if necessary, dismiss them.
- Hold regular meetings with the executive management to discuss the progress of work, any obstacles and problems, and review and discuss important information about the company's activities.
- Establish performance standards for the executive management that are aligned with the company's objectives and strategy.
- Review and evaluate the performance of the executive management.
- Develop succession plans for the company's management.

Board members should carry out their assigned tasks and responsibilities by ensuring the existence of effective policies and procedures, enabling the achievement of supervision and control over the company's performance to fulfill its purpose. In addition to this, the responsibilities of board members that should be considered include the following:

4.1 Commitment to dedicating time

The work of the company's board of directors and its committees require board members to dedicate sufficient time to fulfill their duties and responsibilities. This includes attending and not being absent from board and committee meetings, their work, and the company's general assembly meeting.

It is important for each board member, especially non-executives, to arrange with the chairman before accepting any additional commitments that may affect the time they have dedicated and may limit their effectiveness.

4.2 Conflict of interests

As a general rule, and in accordance with the "Conflict of Interest Policy" approved by United Cooperative Assurance Company's Board of Directors, each board and committee member is expected to exercise their role with honesty and integrity, always prioritizing the company's interests over their personal interests, not exploiting the company's assets, and avoiding any potential conflicts or clashes of interests to achieve personal objectives.

Each member must take all necessary precautions to avoid potential conflicts of interests within the board or among its members, disclose external work activities of the members, and have them approved by the board if deemed significant, following the rules and regulations of the systems, their derivatives, or as adopted by the board.

A board member must inform the board (without delay) of any potential conflicts of interests and refrain from voting on decisions that may affect the interests of the company and shareholders.

The board is responsible for managing and handling any potential conflicts of interests among its members and other parties, and informing the general assembly when convened about business or contracts in which any board member has a personal interest, and presenting it in the annual board report.

As the company's policy for addressing potential conflicts of interests for the company's board members stipulates, each board member must provide a written and annual confirmation to the board and the nomination and remuneration committee, asserting that they exercise their role with honesty and integrity, always prioritizing the company's interests over their personal interests and avoiding any potential conflicts or clashes of interests to achieve personal objectives. A confirmation form should be obtained for this purpose.

4.3 Privacy and Confidentiality of Information and Dealing System

All members of the Board and its committees recognize that all information acquired or accessed during the course of their duties and responsibilities is confidential and private, and is owned solely by the company. Members must avoid any action that discloses any information about the company, its clients, or its activities to any party or for personal gain, without prior approval from the Chairman of the Board.

As stipulated in the governance document of the United Cooperative Insurance Company, each member of the Company's Board of Directors and committees must provide an annual written confirmation to the Board and the Nomination and Remuneration Committee of their commitment to adhere to the requirements and scope of the dealing system.

4.4 Confirmation of Independence Aspects

An independent member of the Board of Directors is a person classified as an independent member in accordance with the independence criteria set forth in the regulations and main principles of governance, and who has no material relationship with the company (either directly, or as a shareholder, partner, or employee in an institution with significant relations with the company).

As stipulated in the company's governance document, members classified as independent members of the company's Board of Directors must provide an annual written confirmation to the Board and the Nomination and Remuneration Committee of their independence.

Independent board members are expected to actively participate in the following tasks:

1. Providing an independent opinion on strategic matters, company policies, performance, and appointment of executive management members.
2. Ensuring the consideration of the interests of the company and its shareholders and addressing any conflicts of interest.
3. Supervising the development of the company's governance rules and monitoring their implementation by executive management.

4.5 Attendance at Board Meetings and its Committees

As stipulated in the company's basic system and governance document, the Board holds at least four meetings per year, with one meeting every three months. Each member is expected to attend these meetings and actively participate in their activities.

As a general framework, a member of the Board of Directors should:

- Act with utmost honesty in the best interest of the company.
- Raise relevant questions and discuss the company's executive management.
- Ensure that important and major topics are included in the board's agenda.
- Attend board meetings, committee meetings, and general assemblies, and not be absent without a valid excuse.
- Ensure the company's compliance with the implementation of all regulations and instructions.
- Continuously supervise and monitor the company's management.
- Provide the board with any information or data when requested.

Each member of the Board of Directors and its subcommittees should attend at least 75 percent of the company's board meetings and/or committees meetings each year. If a member fails to attend three meetings in a year without a legitimate and acceptable excuse, a replacement will be appointed.

Section Five: Succession Policy

5.1 Succession Policy

The Nominations and Remuneration Committee, formed by the Board of Directors, is responsible for reviewing the components of the succession policy, which aims to ensure a smooth transition among board and committee members and guarantee that the membership is filled in a harmonious rotation, taking into account the requirements for the necessary skills to fill positions in the board and its committees.

The succession policy adopted by United Cooperative Assurance Company for the Board of Directors membership, as well as the membership of the committees formed by the board, includes the Nominations and Remuneration Committee, the Audit Committee, the Executive Committee, the Risk Committee, and the Investment Committee.

As the Nominations Committee is responsible for evaluating the structure of the board and its committees, reviewing the strengths and weaknesses, and submitting any relevant proposals to the board, it is important to consider the following requirements, which form the core of the company's succession policy:

- Board composition and setting minimum and maximum limits for the number of board members and committees
- Required board committees and the effectiveness of their members in participating in their work and meetings
- Composition requirements based on the number of executive, non-executive, and independent members
- Requirements for specific necessary skills

As the Nominations and Remuneration Committee is responsible for evaluating the board's status and the need for injecting specific individuals and skills, it is important for the success of the succession policy to develop a plan that includes Board of Directors members, their service duration, the end of their current membership term, and the required skills for the positions on the board's committees.

Another fundamental aspect of a successful succession process is to regularly and openly discuss the personal plans and intentions of board members, which may be considered for annual reaffirmation of their commitment.

5.2 Implementing the Succession Policy

The implementation of the company's succession policy involves the following elements:

- Identifying the members for whom a successor will be determined, through:

- Identifying the current member's competencies, role, and participation in the board committees' work
- Identifying the required and available expertise and responsibilities
- Identifying the personal qualities, skills, and judgment capabilities needed by the board
- Identifying the required and available leadership skills
- Identifying the high-potential candidates who can participate in the succession, considering:
- Identifying the gap between the current high-potential individuals and what they should be doing
- Creating a development plan for each high-potential member to prepare them for the potential position
- Implementing developmental activities with each high-potential member
- Interviewing and evaluating potential members for the position
- Assessing succession efforts and making changes according to a specific program aimed at attracting the candidate and implementing the succession.