



البنك السعودي للاستثمار
The Saudi Investment Bank

Board Membership Selection Criteria Policy



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Introduction

1.1 Purpose of the Charter

The purpose of this charter is to provide the criteria and procedures for selecting the membership of the Board of Directors of the Saudi Investment Bank.

1.2 SAIB documents for use in tandem

- SAIB Governance Manual
- SAIB Articles of Association

1.3 Regulatory Documents for Reference

- SAMA governance guidelines for the banks operating in Saudi Arabia
- Corporate Governance Regulations issued by the Capital Market Authority
- Basel III Banking Governance Guide
- Banking Control Law
- SAMA's Fit and Proper Form
- Capital Market Authority Form No. 3

1.4 Ownership and Amendments

This Policy is owned by the Governance function which shall be responsible for updating it in co-ordination with the General Manager – Human Resources, as well as with the Nominations and Remuneration Committee.

2. Charter Body

2.1 Introduction

The Saudi Investment Bank shall be committed to the highest standards of nomination for the membership to the Board of Directors in line with the guidelines and procedures of the supervisory, controlling and regulatory bodies.

1. Board of Directors
2. Nominations and Remuneration Committee
3. General Assembly

This charter shall not be amended except by a decision of the Board of Directors and approval obtained by the General Assembly, unless mandatory amendments or additions to the charter are required by other law, charter or resolution of the Capital Market Authority, the Saudi Arabian Monetary Authority or a government authority.

2.2 Criteria for Membership on the Board of Directors

- 2.2.1 A Board member must have sufficient banking knowledge and working experience to carry out his duties suitably, and must be able to read and understand the Bank's financial statements, reports and ratios that are used to measure performance. In addition, he must have other personal qualities such as integrity, leadership, diligence, independence and attention to details.
- 2.2.2 He must be in good health condition and does not suffer from any health problem that would impede him from carrying out his duties suitably.

- 2.2.3 A member of the Board of Directors shall not act as a member of the Board of Directors of more than a bank. A member of the Board of Directors may act as a member in the Board of Directors of a maximum five listed companies other than banks, provided that then no conflict of interests in the event a Board member also acts as a Board member of such companies. The Board member shall be deemed resigned if he has been sentenced to bankruptcy or has been convicted of a moral offense.
- 2.2.4 No person who has held the same position in a dissolved company or has been dismissed from same position in another company may be nominated for membership of Board of Directors without a prior written consent of the Saudi Arabian Monetary Authority.

2.3 Required documents

- 2.3.1 The candidate Board member must submit the following documents:
- SAMA Fit and Proper Form, completed;
 - CMA Form No. (3) - candidate CV Form, completed;
 - A list of the companies that he represents or participates in its management and ownership;
 - To attach his CV that includes his educational qualifications and working experience;
 - To attach a clear copy of his ID card along with the application for the membership for the board.
- 2.3.2 A candidate who has previously served on the Board of Directors of the Bank shall submit a statement including the following:
- The number of meetings of the Board of Directors convened during each year of the board term, number of meetings attended by the member personally and the his attendance rate.

- The standing committees in which he participates and the number of meetings held by each committee during each year of the board term.
- Summary of financial results achieved by the Bank during each year of the board term.
- The Saudi Arabian Monetary Authority, as it deems necessary to protect investors, shall oblige the Bank to comply with such rules as it deems appropriate for the management of the Bank, whether with regard to the qualifications of the members of the Board of Directors, the eligibility, responsibilities or powers of any of them, or the decision-making procedures.

2.4 Skills and Qualifications

The Board member shall meet the following requirements:

- Hold appropriate level of qualifications, skills, knowledge and working experience to contribute to the protection of the Bank's interests and growth.
- Collective, skills and experience should be diversified in a balanced manner among the members so as to achieve efficiency and provide the Board with appropriate expertise. It is not necessary for each Member to have all the required skills.
- Members should have competencies such as leadership, strategic direction, efficiency, good management perception, good reputation, ability to manage and supervise, legal and financial skills, knowledge of the Bank's business and its activities in particular.

2.5 Required Criteria

2.5.1 Commitment

- The member shall devote sufficient time to carry out his duties and responsibilities, including preparation for, and attendance at, meetings of the Board and Standing and Provisional Committees.
- The member must keep abreast with everything that happens in the bank and in touch of all developments, and in constant contact with the executive management and any other reliable sources (such as external auditors).

2.5.2 Integrity

The member's relationship with the bank must be a sincere professional relationship that serves the general interest of the bank, not just the interests of any group he represents including those which voted in favor of his appointment to the Board of Directors, and therefore must declare any related party information prior to executing any transaction or contract with the bank or with a subsidiary.

2.5.3 Loyalty

- Inform the Board (without delay) of any potential conflict of interest and not to vote on any resolution that may affect in any way the interests of the Bank, its depositors and shareholders.
- Maintaining confidentiality of information, and avoid using it for personal interests.
- A member of the board shall not use the Bank's assets for personal interests.

2.5.4 Independence

The independent member of Board of Directors shall not be less than two members, or one-third of the members, whichever is greater.

The principle of independence in general aims to assist members in making their decisions, without having any economic or personal conflict of interest, if the rules of independence have not been strictly observed even if their decisions are not actually affected. The following cases shall constitute an infringement of the independence of a board member:

- a) The Board member currently or during the preceding two years, has been a senior executive of the Bank.
- b) The Board member holds 5% or more of the bank shares or of a subsidiary of the Bank.
- c) The Board member is a first-degree relative of any board member of the Bank or any board member of any other company within the Bank's group.
- d) The Board member is a first-degree relative of any senior executives of the Bank or of any other company within the Bank's group.
- e) Is a member of the Board of a company that has a credit relationship with the Bank, (directly or indirectly).
- f) If the Board member has a credit relationship of SR300,000 with the bank (credit cards, facilities, guarantees, etc.) in his name or in the name of a first-degree relative.
- g) A partner or employee of the external auditor of the Bank or an associated company within the last two years.

- h) The member is a representative of a legal person holding 5% or more of the shares of the bank or a subsidiary of the bank.
- i) The member receives compensations from the Bank exchanging any remuneration of the Board of Directors or any of its committees.
- j) Has been a member of the Board of Directors for more than consecutive or in aggregate 9 years.

* The Bank shall notify SAMA within (5) business days if the independence of any member has ceased for any reason.

In addition to the above, the independence of any member must not conflict with any independence guidelines or requirements of the prevailing regulations such as the Companies Law or any other governance guidelines to be enacted in the future by the Saudi Arabian Monetary Authority, the Ministry of Commerce and Investment or the Capital Market Authority.

- First-degree relatives are: father, mother, husband, wife, and children.

2.6 Selection of Board Members

2.6.1 Nomination

2.6.1.1 The Nomination and Remuneration Committee shall decide on the scheduling of the nomination for the election of a new Board of Directors.

2.6.1.2 The Nomination Committee shall announce the decision of the opening of the nomination.

2.6.1.3 The Nomination and Remuneration Committee shall oversee the receiving of the applications for the membership of the Board of Directors.

2.6.1.4 The Nomination and Remuneration Committee shall review and examine the nominations for the Board of Directors.

2.6.1.5 The Nomination and Remuneration Committee shall determine the independent members.

2.6.1.6 The Nomination and Remuneration Committee shall send nominations to the Capital Market Authority, the Saudi Arabian Monetary Authority and the Ministry of Commerce and Investment, provided that the candidate has previously obtained SAMA's no objection of the organization for his nomination.

2.6.1.7 The Nomination and Remuneration Committee shall submit the names of the members nominated for membership of the Board of Directors to the General Assembly for the purpose of electing them, after obtaining the necessary approvals.

2.6.1.8 The Committee is entitled to interview the candidates and to examine their qualifications.

2.6.1.9 The Saudi Arabian Monetary Authority shall have the right to request to interview a candidate to be elected to the Board of Directors

2.6.2 Election

2.6.2.1 The General Assembly shall elect the members of the Board of Directors from among the candidates, provided that sufficient information on the candidates has been made available well in advance of the Assembly meeting.

2.6.2.2 On the election, the independent members of the Board of Directors shall not be less than two members, or one-third of the members, whichever is greater

2.6.3 Notification

2.6.3.1 The Nomination and Remuneration Committee shall notify the members elected and provide them with their terms of reference, duties and remuneration, and all in force internal regulations of the Bank.

2.6.3.2 The Nomination and Remuneration Committee shall ensure that the new members of the Board receive the necessary orientations on the Bank's activities in particular the financial, legal and administrative aspects.

2.6.3.3 The Bank shall notify the Capital Market Authority of the names of the Board members and their membership roles and duties within (5) business days from the date of the commencement of the Board term or from the date of their appointment - whichever is earlier - and any changes to their membership within (5) business days from the date the changes made.

2.7 Duration and Terms of Membership

- 2.7.1 The members of the Board of Directors shall be appointed by the General Assembly of the shareholders for a maximum period of three years. All members of the Board, including the Chairman of the Board, may re-nominate themselves
- 2.7.2 The majority of the members of the Board of Directors shall be non-executive members, and the Chairman and Deputy Chairman shall be non-executive.
- 2.7.3 It is prohibited to conjoin the position of the Chairman or Deputy Chairman of the Board of Directors with any other executive position in the Bank (such as the Managing Director, Chief Executive Officer, General Manager or any other executive position of the bank).

2.8 Termination of membership of the Board of Directors and dismissal of the Board members

- 2.8.1 The membership of the Board of Directors shall end in the following cases:
- End of the term of membership

- Resignation of the member; and if he has comments on the performance of the bank, he shall submit a statement in this regard to the Chairman of the Board of Directors and such statement must be presented to the Board members.
- The member suffers from a health problem that impedes him carrying out his responsibilities.
- Death of the member
- If it has been proven to the Board of Directors that the member is in breach of his duties in a manner detrimental to the interests of the bank provided that the termination is subject to the approval of the General Assembly.
- If membership is terminated in accordance with any applicable instructions or regulations within the Kingdom of Saudi Arabia.
- The General Assembly may, on recommendation of the Board of Directors, terminate the membership of a member due to absence from attending more than three consecutive meetings per year without an acceptable excuse.
- The member has been sentenced to bankruptcy or insolvency or has submitted a request for settlement with his creditors or has ceased to pay his debts.
- If it is proven that he has committed an act of dishonesty, misconduct or was convicted of forgery.

2.8.2 At all times, the General Assembly may dismiss all or any of the members of the Board of Directors even though the Articles of Association provide otherwise, without prejudice to the right of the dismissed member to compensation if dismissal occurs for an unacceptable reason or at an inappropriate time.

2.8.3 On termination of membership of a board member in any of the ways of termination, the Bank shall promptly notify the Capital Market Authority, the Saudi Stock Exchange (Tadawul), and the Saudi Arabian Monetary Authority, and shall specify the reasons for

such termination, as well as to consult with and obtain SAMA's no written objection prior to dismissal of a board member.

- 2.8.4 Should any of the membership to the board become vacant, the Board of Directors may appoint a temporary member in the vacant position, provided that such appointment shall be presented to the General Assembly at its first meeting for approval and the new member shall complete the term of his predecessor after formal approvals of the relevant supervisory and controlling bodies are obtained.
- 2.8.5 If the number of the Board members becomes less than five (the quorum required for the meeting of the Board), the General Assembly shall convene as soon as possible to appoint the required number of members.