



**البنك السعودي للاستثمار**  
**The Saudi Investment Bank**

**Board Nomination and  
Remuneration Committee Charter**

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## 1. Introduction

### 1.1 Charter Purpose

The purpose of this charter is to provide guidance to effectively operate and manage the Board Nomination and Remuneration Committee of The Saudi Investment Bank

### 1.2 SAIB documents for use in tandem

- SAIB Governance Manual
- Board Governance Sub-Committee Charter
- Risk Policy Guide (RPG)
- Board Assessment Policy
- Board Performance Evaluation form
- Executive Committee Evaluation form
- Risk Committee Evaluation form
- Audit Committee Evaluation form
- Nomination and Remuneration Committee Evaluation form
- Individual Director Evaluation form – Board of Directors
- Individual Director Evaluation form – Executive Committee
- Individual Director Evaluation form – Audit Committee
- Individual Director Evaluation form – Risk Committee
- Individual Director Evaluation form – Nomination and Remuneration Committee
- Board Member Succession Policy
- Executive Management Succession Policy
- CMA Director Nomination form
- Senior Management Alternate Plan
- SAIB Business Partners Investment Policy
- SAIB Human Resource Policy

### 1.3 Regulatory Documents for Reference

- SAMA Fit and Proper form
- SAMA Corporate Governance Guidelines
- CMA Corporate Governance Regulations
- Basel Corporate Governance Guidelines
- SAMA rules on compensation practices
- FSB Principles on Compensation Practices
- CMA form No.3

### 1.4 Ownership and Amendments

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

## 2. Charter Body

### 2.1 Committee Introduction

- 2.1.1 Recommend to the Board the nomination of candidates for the role of: Board Member, External Audit Committee Member, and the CEO.
- 2.1.2 Approves the appointment and remuneration of senior executives directly reporting to the CEO excluding the Chief Internal Auditor.
- 2.1.3 Review and supervise the implementation of succession planning, ongoing development, and training of the bank's Board members, the CEO, and CEO direct reports
- 2.1.4 Reviews, and recommends, to the Board of Directors the organization structure of the bank.
- 2.1.5 Oversee the human capital elements including:
  - Performance management design
  - Remuneration system and its operation
  - Talent development and retention
  - Adherence to any legal or regulatory requirements.

2.1.6 Authorize the initiation of the annual assessment of Board, its committees and members.

## 2.2 Composition

### 2.2.1 Requirements

- 2.2.1.1 The formation of the Board Nomination and Remuneration Committee shall be approved by the Board of Directors
- 2.2.1.2 Based on a recommendation by the Board of Directors, the shareholders' general assembly shall approve the committee's charter as well as the remuneration of its members
- 2.2.1.3 The committee shall be comprised of a minimum of three and maximum of five members with no less than two of them being independent, as per the definition of independence provided by SAMA and the CMA
- 2.2.1.4 Members of the committee should have wide experience and deep knowledge in the field of local and international business / or the banking industry
- 2.2.1.5 Committee members must adhere to the local legal and regulatory requirements for Board members stipulated in the various documents listed in section 1.3, particularly those issued by SAMA and the CMA, and those listed in the SAIB Corporate Governance Manual

### 2.2.2 Members

- 2.2.2.1 The Board Nomination and Remuneration Committee comprises of the following members
  - 1. Board Member
  - 2. Board Member
  - 3. Board Member
  - 4. Board Member
  - 5. Board Member
  - 6. Management Member (*secretary*)

2.2.2.2 The Committee shall have the right to invite any staff within the organization to attend the Committee meeting(s), as deemed necessary, subject to the approval of its Chairman

### 2.2.3 Chairman, Vice Chairman and Secretary

2.2.3.1 The Chairman of the Committee:

- Must be independent member
- Must not be the Chairman of the Board
- Must be selected by the Board
- Must be Approved by SAMA

2.2.3.2 The Vice Chairman of the Committee will be:

- In the absence of the Chairman, his designee becomes the Chairman of the session

2.2.3.3 The Secretary of the Committee will be:

- Recommended by the CEO
- Approved by the Board Nomination and Remuneration Committee.

## 2.3 Roles and Responsibilities

### 2.3.1 Nomination and Assessment Responsibilities

2.3.1.1 Review the structure and composition of the Board of Directors and recommend changes

2.3.1.2 In coordination with SAIB's Corporate Governance, carry out an annual review of the capabilities of Board members to confirm the availability of the required suitable skills as per the requirements of; SAMA, the CMA, international bodies, and bank requirements, including, inter alia, a time that a Board member should reserve for the activities of the Board

2.3.1.3 Maintain a permanent record containing information on the qualifications and skills of the Board members, in order to keep track of the additional skills that are required for the Board to fulfil its duties

2.3.1.4 Ensure the conduction of regular training programs for all Board

- members that are relevant to identified developmental needs, and that are aligned with the business of the Bank
- 2.3.1.5 Obtain regular feedback from Board Members on the quality of training, its relevance, and additional areas that must be addressed in the future
  - 2.3.1.6 Ensure, in co-ordination with the Board Governance Sub-Committee, the proper independence of independent members of the Board and its committees on an annual basis, as per the guidelines issued by SAMA and the CMA for independent Board members
  - 2.3.1.7 Confirm that there are no conflicts of interest on an annual basis, for all Board members, with particular attention to those who sit on the Boards of additional public and private companies
  - 2.3.1.8 Review the Board (and Board member), Board Committee (and committee member), evaluation policies and process, and ensure proper execution of such a process
  - 2.3.1.9 Perform appropriate accountability measures if a Board or Committee member failed to accomplish his/her duties, and recommend to the Board actions to be taken in this regard.
  - 2.3.1.10 Arrange meetings with senior members of the Bank including the CEO, those directly reporting to the CEO, and others who hand in their resignation notices, if the committee deems it important
  - 2.3.1.11 Prepare, approve and supervise the execution of succession policies for Board members, the CEO, and for CEO direct reports
  - 2.3.1.12 Prepare, approve and supervise the execution of the alternate plan for Board members, the CEO, and CEO direct reports
  - 2.3.1.13 Ensure the effectiveness of the bank's employees performance management
  - 2.3.1.14 Review annually the performance of the CEO and submit to the Board its recommendation for approving it.
  - 2.3.1.15 Co-ordinate, with the Human Resources Department activities related to training and succession planning

## 2.3.2 Remuneration Responsibilities

- 2.3.2.1 Oversee the design and operation of the Bank's remuneration system on behalf of the Board of Directors
- 2.3.2.2 Ensure that the bank has clear policies for the compensation and remuneration of all employees in line with the performance criteria taking into consideration the management of risk. The proposed policies shall be subject the guidelines in the Bank's Articles of Association, and those issued by other legal and regulatory requirements including SAMA, the CMA, the Kingdom of Saudi Arabia Ministry of Commerce and Investment and the Financial Stability Board (FSB)
- 2.3.2.3 Work closely with the Board Risk committee with regards to the remuneration and incentives that have been recommended to ensure alignment with the bank's risk profile, and with the guidance issued by regulatory agencies
- 2.3.2.4 Confirm, that the remuneration system has been designed so that the remuneration of employees in control functions are determined independently of any business line overseen
- 2.3.2.5 Ensure, in the design of the remuneration system, that no senior bank member including the CEO, his direct reports, or general managers (or any other member of the bank considered a senior manager) is actively involved in recommending and deciding their own remuneration
- 2.3.2.6 Ensure the disclosure of details of the Bank's system of financial compensation in the Annual Report of the Board of Directors in compliance with the CMA & SAMA guidelines
- 2.3.2.7 Ensure that the Board discloses remuneration details of the following
  - The Chairman and members of the Board of Directors
  - The Top Five executives who have received the highest compensation and remuneration from the company. The CEO and the chief finance officer shall be included if they are not

within the top five

- 2.3.2.8 Disclosure of the remuneration details of the 12 highest paid SAIB Executives to SAMA, half yearly.
- 2.3.2.9 Recommend to the Board the level of compensations to be paid to the Board members, its committees' members, to the external members and the CEO.
- 2.3.2.10 Approve the compensations of the direct reports of the CEO.
- 2.3.2.11 Consider the payment of additional remunerations to any of the board members in exchange for their additional efforts, provided the committee makes recommendations to the board for approval of such remunerations, taking into account that these remunerations must not exceed those stipulated in the Bank's Articles of Association, and other legal and regulatory requirements from SAMA, the CMA, and the Kingdom of Saudi Arabia Ministry of Commerce and Investment
- 2.3.2.12 Determine the various bonus pools based on the bank's risk adjusted profile, the performance of the bank, and the performance of each department. The pool must be recommended to the Board for their review and approval
- 2.3.2.13 Ensure the completion of an independent annual review of the remuneration system (internally through internal audit and externally through a certified audit office), present the review report to SAMA
- 2.3.2.14 Review, on an annual basis, or upon a request from the Board of Directors, the Bank's remuneration system and the associated policies, and ensure their adequate alignment to the Bank's short and long term Risk Appetite Framework (RAF), and make suitable recommendations to the Board on modification, update and approval of new plans and policies

### **2.3.3 Business Associates and Subsidiary Responsibilities**

- 2.3.3.1 Approve, based on recommendations by the CEO, appointment

of SAIB Directors on the Board of Directors of Business Associates and Subsidiaries

#### **2.3.4 Report Review Responsibilities**

2.3.4.1 Review and provide feedback on reports submitted to the committee as outlined in the Risk Management Policy Guide including:

- Report on compliance with the SAMA rules on compensation (Semi-annual);
- Presentation on Saudization, Female ratio and regrettable staff turnover ratio and a review of HR practices (Semi-annual)
- Review of Compensation Practices by External Auditor (Annual)

2.3.4.2 Review and provide feedback to the Human Resources Department on the following documents

- Board Assessment Policy
- Board Succession Policy
- Executive Management Succession Policy
- Board Member evaluation form
- Committee Member evaluation form
- Board Performance evaluation form
- Committee Performance evaluation form
- Alternate Plan

#### **2.3.5 Corporate Governance Responsibilities**

2.3.5.1 Oversee the Corporate Governance function and Board Governance Sub-Committee to ensure that they are carrying out their duties

2.3.5.2 Review, from the Board Corporate Governance Sub-Committee, reports detailing the adherence to sound corporate governance practices, identified gaps, and the corrective actions that have been taken

2.3.5.3 Confirm the completion of an annual evaluation of Corporate

Governance mechanics and effectiveness at the Bank

- 2.3.5.4 Confirm, in co-ordination with the Board Corporate Governance Sub-Committee, the presence of an ongoing Corporate Governance training plan for all members of the Board, and the bank
- 2.3.5.5 Provide support and resources to the Corporate Governance function, through the Board Corporate Governance Sub-Committee, to enable it to effectively carry out its duties

## **2.4 Meetings**

- 2.4.1 The Committee shall convene at least twice a year and when deemed necessary
- 2.4.2 At least no less than 50% of the members must be present.
- 2.4.3 A member is not allowed to deputize to another member or act on his behalf on the committee – no voting by proxy shall be permitted.
- 2.4.4 A member may also attend any of the committee's meetings by way of videoconference call or any other similar means provided all other meeting members were able to hear and talk with each other clearly during the meeting. A member participating in the meeting in this way will be deemed to be attending the meeting in his name, and therefore he will be considered for the quorum and may vote as well The result of the meeting will only be accounted for if the minutes are signed by participating members in line with these rules
- 2.4.5 The Committee shall make decisions by a majority vote of members participating in the meeting
- 2.4.6 In case of a tie, the Chairman of the committee will have a casting vote
- 2.4.7 The dissenting members can register their disagreement mentioning the reasons for their dissent

## **2.5 Term**

- 2.5.1 The Committee's term is 3 years, or until the end of the term of the present Board, whichever comes first

2.5.2 The term of the Board member elected should also be linked to his membership term in the Board of Directors

2.5.3 The committee can be reappointed after the election of the new Board at the beginning of each Board term

## **2.6 Reporting Provisions**

2.6.1 The committee shall report to the Board of Directors and make available its minutes of meetings to the Board of Directors. The Chairman of the committee shall brief the Board on any significant matters arising.