



Controls, standards and Procedures of Nomination to the Membership of the Board of Directors

Article (1): Purpose

As part of its keenness to increase governance effectiveness, and achieve a high level of transparency and fulfill the Bank's objectives, the Bank's has adopted standards of nomination to the Board of Directors. The nomination should be based on the standards and controls stipulated in the Companies Law and relevant regulations issued by supervisory authorities as well as on competence, expertise, knowledge and the ability to represent the Board, which would finally contribute to raising the operational efficiency of the Bank.

Article (2): Scope of Application

These controls apply to nominees for the membership of the Board of Directors.

Article (3): Members of the Board of Directors Selection Conditions

It is required that a member should possess professional competence and necessary experience, knowledge, skill and independence that enable him to exercise his duties efficiently and skillfully. Upon the election of Directors, the General Assembly should consider the recommendations of the Nomination and Remuneration Committee and the availability of personal and professional capabilities that enable Directors to perform their duties effectively. In particular, Directors should possess the following:

3.1 Academic qualifications, appropriate professional and personal skills, training, relevant work experience, management, economics, accounting, law or governance knowledge, in addition to the desire in learning and training.

3.2 Leadership skills that qualify them to grant powers in a way that would lead to motivate performance, apply the best practices in the field of effective management, compliance with professional values and ethics, the ability to effective communication, long-term strategic thinking and planning and clear future vision.

3.3 Ability to read and comprehend financial reports and statements as well as rates used to measure performance.

3.4 Technical and leadership/administrative capabilities, speed decision-making and understanding the technical requirements related to work flow.

3.5 The nominee should not have health impediment that may hinder the performance of duties and responsibilities.

3.6 The nominee should not be insolvent or unfit for membership of the Board in accordance with any law or instructions applicable in the Kingdom of Saudi Arabia.

3.7 The nominee shall not hold membership on the Board of Directors of more than five (5) joint stock companies listed in the Saudi financial market at the same time, and shall not be a member of the Board of Directors of any other bank within the Kingdom of Saudi Arabia.

3.8 The nominee should not be an employee in a competitive bank or any of its subsidiaries.

3.9 The nominee should not have previously been terminated or dismissed from the membership of the Board of Directors of any joint stock company or the management of any entity due to negligence, mismanagement or poor attendance.

3.10 The nominee should abide by the principles of honesty, loyalty, care and concern for the interests of the Bank and shareholders, and prioritize them over his personal interest.

3.11 The relationship of the nominee with the Bank is a sincere professional one, and he should disclosure any influential information before concluding any transaction or contract with the Bank or any of its subsidiaries.

3.12 No independence impediments provided for in the Corporate Governance Charter issued by the CMA and the Key Principles of Governance issued by SAMA shall apply to any person to be nominated as an independent Director.

3.13 Compliance with sound governance practices, in terms of academic qualifications and practical experience, and giving priority in candidacy for the Board membership to individuals with the appropriate skills.

Article (4): Disclosure by the Nominee of Conflict of Interest

Individuals interested in nomination to the membership of the Board should disclose conflict of interest cases to the Bank in accordance with CMA procedures, namely:

4.1 Any direct or indirect interest in the businesses and contracts executed for the benefit of the Bank.

4.2 Any engagement in a business where he competes with the Bank or Conducts a business in any of the Bank's activities.

4.3 Any first-degree kinship (father, mother, children, husband and wife) with any of the senior executives of the Bank or any of its subsidiaries.

Article (5): Nomination Procedures

5.1 Announcement of Nomination Opening:

The Bank shall announce on “Tadawul” and on its website and through any other means specified by the CMA the opening of nomination for the membership of the Board of Directors for its new session for at least one (1) month to invite those persons interested in nomination for the membership of its Board of Directors from among those who fulfill the membership requirements and qualifications in accordance with the terms, conditions and controls of the authorities regulating and supervising the banking sector in the Kingdom.

5.2 Nomination Requirements

5.2.1 The announcement shall specify the start and end dates of the nomination term as well as nomination requirements and procedures, which may include the following:

5.2.2 Submission of a written request stating the nominee’s wish to be nominated for the Board of Directors of Alinma Bank (the Board Secretary), accompanied by his CV, qualifications and experience in the business of the Company.

5.2.3 A statement Specifying details of memberships in the boards of directors of other joint stock companies and committees that he has assumed, including the following:

- Nomination starts date and membership expiry date.
- Number of Board meetings held during each year of the Board session, actual number of meetings attended by the Director in person and the percentage of attendance out of the total meetings held.
- Number of standing committees’ meetings in which the Directors participated, the number of meetings held by each committee during each year of the Board session, the actual number of meetings attended and the percentage of attendance out of the total meetings held.

Identification of membership capacity/type (executive/non-executive/independent).

5.2.4 The shareholder may recommend the nomination of a director by submitting a written request to the Board’s Secretariat during the nomination period and in accordance with rules and regulations issued by regulatory authorities.

5.2.5 Filling out the nomination forms and attach them with the nomination requests. Nomination forms may include:

- A clear copy of the ID card, family record and passport;

- CV, academic qualifications and contact details;
- SAMA Fit and Proper form;
- Form No. (3) issued by the CMA;
- Nomination form;
- Independence Form and other forms and information, which may be requested by the Bank.
- Consent to authorizing the Bank to inquire about the security record of the nominee.

(Forms could be obtained from the websites of the relevant authorities)

5.3 The Nomination and Remuneration Committee shall review and examine the applications and attachments of the documents necessary for nomination in accordance with these controls and recommend to the Board of Directors of the Directors who meet the nomination requirements and membership criteria, The Committee shall document all relevant observations and recommendations.

5.4 At its discretion, the Nomination and Remuneration Committee may meet the nominees and assess their qualifications and skills.

5.5 The Bank shall have the right to reject the request if the nominee does not fulfill the necessary requirements as stipulated in these controls, including inability to provide the information needed within the required deadline.

5.6 The Nomination and Remuneration Committee shall recommend nominees to the Board after ensuring fulfillment of necessary requirements.

5.7 In case the nominee fulfills the necessary requirements as provided for in these controls, the Board Secretariat after obtaining the approval of SAMA and other regulatory authorities shall announce on Tadawul website the information of the persons nominated for membership of the Board of Directors at least 21 days before the date of the General Assembly meeting. The information shall include a description of the nominee's experience, qualifications, skills, functions, previous and current membership. A copy of this information shall be available at the head office of the Bank and its website.

Article (6): Directors Appointment

6.1 Directors

6.1.1 The shareholders of Alinma Bank shall elect Directors in the meeting of the General Assembly based on the nomination of the Board and the recommendation of the Nomination and Remuneration Committee and SAMA's non-objection.

6.1.2 The number of nominees whose name will be presented before the General Assembly should be more than the number of available seats, so that the General Assembly shall have the opportunity to select from amongst the nominees.

6.1.3 The cumulative voting method shall be adopted for electing Directors.

Article (7): Membership Term

7.1 Membership of the Board of Directors

7.1.1 Membership term shall be as provided for in the Article of Association of the Bank.

7.1.2 Directors shall have the right of reelection in line with the provisions of the Article of Association and policies of the Bank and the rules and regulations issued by regulatory authorities.