



## **Board Governance, Nomination and Remuneration Committee Mandate**

Gulf International Bank KSA

## Governance, Nomination and Remuneration Committee Mandate

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## Governance, Nomination and Remuneration Committee Mandate

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### 1. Introduction

This is the mandate ("Mandate") for the Governance, Nomination and Remuneration Committee ("Committee") of the Board of Directors ("Board") of Gulf International Bank KSA ("Bank"). This is the formal charter which states the duties of the Committee and outlines the procedures and guidelines in relation to the Corporate Governance, remuneration of the directors; nomination and remuneration of the Chief Executive Officer ("CEO") and other Senior Executives who are responsible for significant business or operating units or have major managerial responsibilities (collectively "Senior Management" or "Senior Executives" and individually "Senior Executive") of the Bank.

#### 1.1 Review of the Mandate

- 1.1.1 The Board will, in consultation with the Committee, conduct an annual review of the Mandate to ensure that the Mandate continues to reflect the current processes and guidance utilised. The Board will need to endorse any amendments to the Mandate that stem from the review and these will need to be approved by the Shareholders at the next general assembly.
- 1.1.2 The Committee Secretary or the Head of Governance may recommend as and when required any changes to be incorporated in this Mandate due to change in regulations, or as the Head of Legal and Governance may deem appropriate as a measure of good governance.

#### 1.2 Disclosure of the Mandate

- 1.2.1 The membership of the Committee, description of its duties and activities and attendance during the year is disclosed in the Annual Report and to the Shareholders.

#### 1.3 Annual Performance Evaluation

The Committee shall conduct, with the Board, an annual performance evaluation of the Committee, which shall compare the Committee's performance with the requirements and shall recommend to the Board any improvements deemed necessary or desirable to the Committee's Mandate, such as the effectiveness of its own controls, work procedures, structure, together with identifying weak points and necessary changes whenever the need arises. The report must be in the form of a written report made at any regularly scheduled board meeting.

## 2 Delegation of Power

The Committee has been established pursuant to the Saudi Central Bank's ("SAMA") Corporate Governance Principles and Article 27 of the Bank's bylaws ("Bylaws") and the Board has delegated certain powers to the Committee.

## 3 Composition

3.1 The Committee shall consist of no less than three and no more than five members, including at least two independent members. It shall be chaired by an independent member, and shall not be chaired by Chairman of the Board.

3.2 The Committee will appoint one of its independent members as the chair of the Committee.

3.3 The members of the Committee shall be appointed by the Board for a period of three years.

## 4 Removal or Resignation

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If a member of the committee retires, is removed or resigns from the Committee, that member ceases to be a member of the Committee. The Board will appoint a successor.

### **5 Invitees**

- 5.1. The Committee may invite any Senior Executive or any other individual to attend a meeting of the Committee, as they consider appropriate.
- 5.2. The CEO will be invited to attend meetings when the Committee considers appropriate. However, he will not be entitled to attend or participate in any decision or vote in relation to his/her remuneration or bonus.
- 5.3. The invitees cannot be present at any discussion in relation to their appointment, remuneration and termination or any other matter relating to them unless the Committee has invited them to discuss these issues with them. None of the invitees shall be considered members of the Committee nor shall they participate in any decision or vote of the Committee.

### **6 Secretary**

The Head of Human Resources KSA ("HHR") will act as the secretary to the Committee who will take the minutes of the meeting, Prepare and submit committee reports to the Board and retain the same, communicate the annual schedule of the committee meetings in advance or when require any change to the meeting

The HHR will only be present in an administrative capacity and will only participate in the discussions of the Committee if he/she is invited to participate in such discussions. The secretary will not participate in any decision or vote of the Committee.

The Secretary shall ensure, on an annual basis, the disclosure of non-Board Committee Members of any related party involvement, outside interests and activities (in line with the requirements of SAMA) and communicate such disclosures to the Governance Unit at GIB- KSA

### **7 Meetings**

#### **7.1 Frequency**

- 7.1.1 The Committee will meet as frequently as required but not less than twice a year. Any Committee member or the Committee secretary may call for a Committee meeting. The meetings of the Committee should be timed to enable the Committee to review the Bank's variable remuneration proposals and undertake its regulatory requirements and responsibilities.

#### **7.2 Calling Meetings and Notice**

- 7.2.1 A notice of each meeting confirming the date, time, venue and agenda must be forwarded to each member of the Committee at least five working days before the date of the meeting. The notice for members will include relevant supporting papers for the agenda items to be discussed.
- 7.2.2 Participation in Meetings via teleconference or any electronic or virtual means of communication that permits all Committee members present to be heard by all others present, is regarded as attendance and may be recorded as such. The Chairman may consider, for purposes of determining a quorum, that any Member participating by telephonic or electronic means is present during the entire meeting.

#### **7.3 Quorum and Voting**

- 7.3.1 A quorum will comprise the majority of the Committee members. In the absence of the Committee

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chair, the Chairman of the Committee will elect one of the members to chair that meeting, if the Chairman and the delegate cannot attend then the members shall elect a chair for such a meeting.

7.3.2 Resolutions are passed by majority of attending members' votes. Ties shall be decided by the vote of the Committee Chairman (or any member of the Committee replacing him in his absence). Committee Members may not cast their votes by proxy.

7.3.3 Resolutions by Circulation - When necessary, the Committee may make resolutions by way of consultation through letters and such decisions taken in this manner, unless a member has requested in writing that the Committee be convened to deliberate on such resolutions, shall be recorded in the minutes of the subsequent meeting of the Committee. Notwithstanding that, a decision will be deemed to be approved, if a decision of the majority of the members of the Committee (entitled to vote) has been received.

### **7.4 Situations of Conflict of Interests**

In circumstances where a conflict of interest arises, the conflicted member shall be excused and recused from attending (either physically or virtually) the discussions/deliberations in regards. The conflicted member shall not vote on a decision by the Committee relating to such conflicting matter

### **7.5 Minutes**

Minutes of meeting and resolutions of Committee meetings will be kept by the secretary. Minutes will be distributed to all Committee members within three (3) business days of being approved by the Committee chairman. All attending Committee members shall be required to sign the minutes. Minutes, agenda and supporting papers will be made available to any Board Member (other than the members of the Committee) upon request to the secretary, providing no conflict of interest exists.

## **8 Responsibilities**

The provisions of this Mandate as applicable to Senior Management will not apply to the appointment, remuneration and termination of the chief internal auditor (as this is within the purview of the Audit Committee).

### **8.1 Nomination Matters**

#### **8.1.1 General**

The GNRC Shall:

8.1.1.1 Review the assessment of the skills and competencies required by the Board, Board Committees, and Senior Management and the extent to which the required skills are represented by them;

8.1.1.2 Oversee processes for the review of the performance of the Senior Executive and Senior Management as a whole.

8.1.1.4 Establish a record of qualifications and skills of the Board and Board Committees to identify the skills required to activate the role and to ensure its implementation of its tasks and responsibilities.

8.1.1.5 Oversee the processes for identification of suitable candidates for Senior Management and ratifying the recommended individuals qualified to become members of Senior Management.

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- 8.1.1.6 Oversee the process for the succession planning of the Senior Management to ensure maintenance of appropriate balance of skills and experience within the Bank.
- 8.1.1.7 Oversee the implementation of policies relating to retention, performance measurement and separation of the CEO and Senior Management;
- 8.1.1.8 Assess and oversee the evaluation of the Board/ Board Committees' performance, nominate new candidates, reviewing the curriculum vitae and evaluation of nominated members of the Board/ Board Committees;
- 8.1.1.9 Assess and oversee the evaluation and performance of the Senior Management per SAMA Remuneration Rules;
- 8.1.1.10 Work with the bank's Risk Management Committee and/or the Chief Risk Officer in the evaluation of the incentives created by GIB's remuneration system;
- 8.1.1.11 Shall review the implementation of GIB's relevant remuneration policy at-least on a half-yearly basis to ensure achievement of its stated objectives; and,
- 8.1.1.12 Review and monitor the remuneration for highest paid staff to verify compliance with the Remuneration Policy, and to avoid misuse.
- 8.1.1.13 Identify and recommend candidates for selection as members of the Board/Board Committees and Senior Management.
- 8.1.1.14 Ensure that the Bank conduct an annual fitness and propriety assessment of the Board/Board Committees members and senior Management as per SAMA Requirement for Appointment of Senior Management.
- 8.1.1.15 Save as expressly covered in the Audit Committee Mandate, Board Risk Committee Mandate and Sharia Committee Mandate, , the GNRC shall ensure that the individual key performance indicators (KPIs) and the divisional score cards for the remaining Executive Management are reviewed and approved by the Chief Executive Officer.

### **8.1.2 Appointment of Senior Management**

The Committee shall:

- 8.1.2.1 Ensure that the search for Senior Management candidates is conducted and appointments made, on merit, against objective criteria and with due regard to applicable regulatory requirements.
- 8.1.2.2 Receive and consider positions/titles recommended by the CEO, which are to be identified as Senior Management positions in line with the qualifications and experience defined in the recruitment procedure.
- 8.1.2.3 Review and ratify the procedures in place to ensure that all new Senior Executive appointees are adequately qualified and experienced, and that proper recruitment procedures are followed.
- 8.1.2.4 Be in charge of identifying and approving the appointment of senior management.

### **8.1.3 Succession Planning of the Board & Senior Management**

- 8.1.3.1 The Committee should set an appropriate succession policy for replacement of its Board/ Board Committees in accordance with the Bank's Corporate Governance policy to ensure continuity and graduation in the process of replacement. The Policy is to be submitted to the Board for approval.
- 8.1.3.2 The Committee should, in with Human Resources Department, set an appropriate succession policy for replacement of its Senior Management in accordance with the Bank's to ensure continuity and graduation in the process of replacement. The Policy is to be submitted to the Board for approval.
- 8.1.3.3. The Committee, in conjunction with Senior Management, should oversee the succession planning

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process for the orderly succession for appointments to Senior Management, to maintain the appropriate balance of skills and experience within the Bank.

### 8.2 Remuneration Matters

#### 8.2.1 General

8.2.1.1 Oversee the remuneration system's design and operation on behalf of the Board of Directors;

8.2.1.2 Oversee the implementation of the Board/ Board Committees Remuneration Policy and the Senior Executives and employees Remuneration Policy (Collectively referred to as "the Remuneration Policies") endorse it to the Board to seek the Shareholders' approval;

8.2.1.3 Review the implementation of the Remuneration Policies on its own or when advised by the Board, and make recommendations to the Board for amending/updating these Policies;

8.2.1.4 Evaluate the adequacy and effectiveness of the Remuneration Policies to ensure that their stated objectives are achieved;

8.2.1.5 Evaluate practices by which Remuneration is paid for potential future revenues whose timing and likelihood remain uncertain;

8.2.1.6 Recommend to the Board on the level and composition of variable remuneration for key senior management executives in the bank.;

8.2.1.7 Determine of bonus pool based on risk-adjusted profit of the bank for payment of performance bonus;

8.2.1.8 Review compliance of the Remuneration policies with the applicable SAMA Rules and regulations;

8.2.1.9 Ensure that an annual remuneration review (internally through Internal Audit or externally commissioned by a recognized firm) is conducted independently of management and submitted to SAMA. Such a review should assess the bank's compliance with the SAMA's "Banks Remuneration Rules.". The Board should take into account the findings of such a review in deciding remuneration related matters.

8.2.1.10 Perform any other related tasks to comply with the regulatory requirements.

8.2.1.11 Oversee the remuneration system to ensure the system operates as intended and includes effective controls, including back testing and stress testing of the Remuneration Policies. The system should be regularly reviewed for compliance with regulations, internal policies and bank procedures. In addition, remuneration outcomes, risk measurements, and risk outcomes should be reviewed for consistency with the Board's approved risk appetite;

8.2.1.12 ~~Review the amounts for each approved person and material risk taker, as well as total variable remuneration to be distributed, taking account of total remuneration including salaries, fees, expenses, bonuses and other employee benefits;~~ Ensure that the variable remuneration amounts for each approved person and material risk-taker are appropriately subject to the deferral, vesting, malus, and clawback requirements as stipulated in the Variable Remuneration Policy.

8.2.1.13 Ensure that for material risk takers, the variable remuneration forms a considerable part of their total remuneration;

8.2.1.14 Ensure that for approved persons in risk management, internal audit, operations, financial controls, AML

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and compliance functions, the mix of fixed and variable remuneration is weighted in favor of fixed remuneration;

8.2.1.15 Review the stress testing and back testing results before approving the total variable remuneration to be distributed taking account of total remuneration including salaries, fees, expenses, bonuses and other employee benefits;

8.2.1.16 Evaluate practices by which remuneration is paid for potential future revenues whose timing and likelihood remain uncertain. The Committee shall question pay-outs for income that cannot be realized or whose likelihood of realization remains uncertain at the time of payment;

~~8.2.1.16 Ensure that for approved persons in risk management, internal audit, operations, financial controls, AML and compliance functions, the mix of fixed and variable remuneration is weighted in favor of fixed remuneration;~~

8.2.1.17 Ensure appropriate compliance mechanisms are in place to ensure that employees commit themselves not to use personal hedging strategies or remuneration-and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

8.2.1.18 The GNRC shall, following the recommendation of the Audit Committee, endorse the total remuneration granted to the Chief Internal Audit Officer & Chief Compliance Officer and subsequently submit it to the Board for approval.

8.2.1.19 The GNRC shall recommend the variable remuneration pool for the Internal Audit and Compliance units to the Audit Committee to approve variable remuneration for the Internal Audit Unit staff and Compliance Unit staff.

8.2.1.20 The GNRC shall review and recommend the ~~total~~ remuneration for all senior management "C-Level" and share it with the Board of Directors for approval.

### 8.2.2 Remuneration Policy

To fulfil its responsibilities to the Board, the Committee will:

8.2.2.1 Ensure all persons are remunerated fairly and responsibly and the CEO and Senior Management are not primarily controlling the remuneration system.

8.2.2.2 Ensure that the remuneration amount is consistent with the regulatory requirements and remuneration systems.

8.2.2.3 Oversee and maintain the variable remuneration policy of the Bank and ensure the Bank's remuneration policies and practices are designed to reduce employees' incentives to take excessive and undue risk and that the policy is consistent with the corporate values and strategy of the Bank.

8.2.2.4 Review and make recommendations to the Board regarding the Bank's policy for determining executive remuneration including, but not limited to, retirement benefits and compensation payments, and any amendments to that policy proposed from time to time by Senior Management. The recommendation may include:

a) Review the Bank's remuneration policies in relation to Board Members, senior management and the employees of the Bank; and

b) Review the on-going appropriateness and relevance of the executive remuneration policy and

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other executive benefit programs;

8.2.2.5 Recommend to the Board the Remuneration policies and amounts to covered persons, taking account of total remuneration including salaries, fees, expenses and employee benefits;

8.2.2.6 Review and approve the Incentive Scheme Policy and share it with the Board of Directors for annual ratification.

8.2.2.7 Oversee the salary review mechanism to be followed by Senior Management.

8.2.2.8 The Committee shall recommend the annual Remuneration granted to the Board and Non-Board/Board Committee members for shareholders' approval once the Board endorsement is secured.

### 8.2.3 Standard for all Remuneration

When reviewing and determining the remuneration policy and remuneration of the Board Members and employees, the Committee should apply following criteria:

8.2.3.1 The remuneration structure of employees working in control functions such as risk management, compliance, internal control, financial control, internal audit etc. should be designed to ensure objectivity and independence of these functions. In this regard, it should be ensured that performance measurement and determination of remuneration of such employees are not dealt with by any person working in/associated with the business areas monitored by them;

8.2.3.2 Unless stated otherwise in this Mandate, the determination of bonus pool should take into account the overall performance of the bank whereas its distribution to individual employees should be based on performance of the employee as well as that of the business unit or division in which he is working. There should, however, be no guaranteed minimum bonuses and similar other payments, other than an employee's salary, that are not based on performance;

8.2.3.3 The Bank may, as a part of their senior executives remuneration Policy, provide for deferment of a reasonable proportion of performance bonus with a minimum vesting period of not less than three years. The proportion of bonus to be deferred and the vesting period should be determined based on the nature of the business, its risks and the activities of the concerned employee;

8.2.3.4 Where the senior and employees' remuneration Policy provides for payment of a part of the remuneration in shares, it should also lay down the criteria to be used for determining the value for allocation of shares. Furthermore, the pay-outs in shares should be subject to an appropriate share retention policy.

8.2.3.5 Level of remuneration should be sufficient to attract, retain and motivate persons of the quality needed to run the Bank successfully and commensurate with market rates. The Committee should ensure that the remuneration is consistent with the Bank's culture and long-term objectives;

8.2.3.6 The Committee should judge where to position the Bank relative to other banks. However, they should use such comparisons with caution in view of the risk of an upward ratchet of remuneration levels with no corresponding improvement in performance;

8.2.3.7 Remuneration of Senior Executives should be structured so that a significant portion of the total remuneration is linked to Bank's and individual performance and aligns their interests with the interests of the shareholders. Such rewards may include grants of bonuses, and pension benefits which are not based on salary.

8.2.3.8 The Committee will consider and make recommendations to the Board on the remuneration package of the CEO (including base pay, incentive payments, retirement rights, service contracts, separation

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payments) having regard to the executive remuneration policy.

8.2.3.9 The Committee will consider and ratify, the remuneration package of the other Senior Executives (including pay, incentive payments, retirement rights, service contracts).

8.2.3.10 The Committee will review and evaluate the CEO's and other Senior Executives' performance in light of corporate goals, agreed strategy and business plans and may consider the Bank's performance and shareholder return to comparable companies, the value of awards to CEO and Senior Executives at comparable banks, and awards received by the CEO and other Senior Executives in the past years.

8.2.3.11 The Committee in coordination with the Management team is responsible for identification of candidates for Senior Executives, as defined by SAMA.

### 8.2.4 Disclosure of Remuneration

8.2.4.1 The aggregate quantitative information on remuneration paid to various categories of employees and their number with breakup of fixed and variable components and the forms of payment. The categorization of employees will include key executives whose appointment is subject to no objection by SAMA, employees engaged in control functions, outsourced, etc. Information pertaining to the 5 top paid executives (which must include the CEO and CFO) should be part of the Board's Annual Report to the shareholders in an aggregate figure.

8.2.4.2 The salient features of its Remuneration Policies and its implications for the bank's risk profile as well as the composition and the mandate of the Committee. Such disclosure should also provide information on the overall design of remuneration system and the manner of its implementation, description of the manner of risk adjustment, linkage of remuneration with actual performance, deferral policy and vesting criteria, parameters for allocating cash versus other forms of remuneration, and achievement of the stated policy objectives.

8.2.4.3 The amounts paid to the Board and Board committee's members during a financial year

### 8.3 Corporate Governance Matters

#### 8.3.1 General

8.3.1.1 Maintain an awareness of current global corporate governance standards and oversee the development of the corporate governance educational activities of the Board.

8.3.1.2 Review classification of each Board Member at least annually in light of interest disclosed by them.

8.3.1.3 Once the Board Members are appointed by the shareholders, the Bank will provide the letter of appointment and relevant documents/declarations for their confirmation.

8.3.1.4 Receive and review the annual performance evaluations of the Board and self-evaluation.

8.3.1.5 The Committee should periodically review the Board profile and recommend to the Board the ideal mix of skills necessary to discharge the Board's duties, having regard to the strategic direction of the Bank, and report the outcome of that assessment to the Board and the Board may communicate the same to the shareholders as it deems appropriate.

8.3.1.6 Ensure that the Bank communicates with shareholders and relevant stakeholders (internal and external) openly and promptly.

8.3.1.7 The Committee will review and make recommendations to the Board from time to time as to the changes the Committee believe desirable to size of the Board or committees of the Board provided that

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such recommendations should at all times comply with the Bylaws and applicable laws and regulations.

- 8.3.1.8 The Committee shall recommend to the Board the appropriate skill criteria and any applicable regulatory requirements to be taken into account in the shareholders' assessment of new candidates for directorships. Such criteria may include judgment, specific skills, experience with other comparable businesses, the relation of a candidate's experience with that of the other Board members and other factors.
- 8.3.1.9 The Committee will inform the Board of the names of Board Members who are retiring in accordance with the provisions of the Bylaws and shall advise the Board of the appropriate criteria such as judgment, specific skills, the relation of the retiring Board Member's experience with that of other Board members and such other factors to be taken into consideration in the re-nomination of that retiring Board Member.
- 8.3.1.10 The committee shall ensure that the Board Secretary notify SAMA, within five working days, of any appointment, nomination, termination or resignation of any member of the Board or/ and its Committees, and a non-objection letter is obtained prior to any appointment in such vacant seat.
- 8.3.1.10 Receive and review periodic internal audit reports on corporate governance framework to be satisfied that ethical standards and corporate governance principles have been maintained in the functioning of the Bank's management committees.
- 8.3.1.11 Evaluate whether management is setting the appropriate corporate governance culture by communicating the importance of on-going ethical behavior being maintained at all employee levels.
- 8.3.1.12 Review and endorse the Board Charter as well as the mandates of the Board committees and recommend to the Board any improvements deemed necessary or desirable to the mandates and endorsing them for the Board's final annual approval.
- 8.3.1.13 Review the annual declaration of Directors and members of senior management regarding their outside activities and interests, to determine whether any conflict of interest exist, and take appropriate steps in that regards.
- 8.3.1.14 Reviewing the curriculum vitae and evaluation of nominated members of the Board and Board Committees, and other functions as defined under SAMA Banks Remuneration Rules.
- 8.3.1.15 Identify and recommend of nominees to recommend as executive and non-executive Board Members, determine incentives system and approve compensation according to SAMA's applicable rules and regulations.
- 8.3.1.16 The Committee shall review with the Board an annual performance evaluation of the Board and Board Level Committees, which shall compare the Board and each Committee's performance with the requirements stipulated under the respective Charter/Mandates, and shall recommend to the Board any improvements deemed necessary or desirable to the Charter/Mandate. The report must be in the form of a written report made at any regularly scheduled Committee meeting.
- 8.3.1.17 Oversee the Board Members' corporate governance educational activities.
- 8.3.1.18 Review and endorse policies relating to Corporate Governance for Board approval.
- 8.3.1.19 The Committee shall be vested with the endorsement authority to nominate Directors on all subsidiaries and Affiliates' boards, Board level committee based on the Management Investment

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Committee's recommendations and subject for Executive Committee final approval.

### 8.4 Resources

8.4.1 The Committee shall have the resources and authority necessary for its duties and responsibilities, including the authority to select, retain, terminate and approve the fees of outside legal, consulting or search firms used to identify candidates or evaluate the remuneration of Board Members, the CEO or other Senior Executives, without seeking the approval of the Board or Senior Management. The Bank shall provide appropriate funding for the remuneration of any such persons.

8.4.2 The Committee may meet with these external advisers without Senior Management being present.

### 8.5 Special Investigation and Access to Employees

8.5.1 The Committee is entitled to direct any special investigation that the Committee considers appropriate and to consult any independent expert that the Committee considers appropriate to carry out its duties. The Bank will bear the costs of any such investigation or consultations.

8.5.2 The Committee is entitled to call on and use any employee of the Bank to the extent that the Committee considers appropriate to carry out the Committee's role and responsibilities.

### 8.6 Report to Board

8.6.1 The Committee chair, Committee Secretary or delegate, will report to the Board following each meeting. The Committee will report to the Board regularly on the matters set out in Section 8.1 and 8.2 of this Mandate.

8.6.2 The Committee will prepare for approval by the Board any report on the matters set out in Section 8.1 and 8.2 that may be:

- a) Required by any legislation, regulatory body or other regulatory requirement; or
- b) proposed for inclusion in the annual report.

8.6.3 The Committee may delegate the role of preparing any such report to Senior Management provided that any such report would be considered, reviewed and approved by the Committee before being sent to the Board.

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# Document Approval Record

The signatories below have given their agreement to this document:

Name	Role	Date
Nawaf Kably	Chief Human Resources Officer - KSA	<b>17 November 2025</b>
Governance, Nomination and Remuneration	Endorsement	<b>03 December 2025</b>
Board of Directors	Endorsement	<b>11 December 2025</b>
The General Assembly	Endorsed	<b>16 February 2026</b>
<b>EFFECTIVE DATE</b>		<b>16 February 2026</b>
<b>NEXT REVIEW DATE</b>		<b>15 February 2027</b>