

Governance Regulations after Amendment

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# CORPORATE GOVERNANCE REGULATIONS

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DECEMBER 1, 2025



## Preamble:

Compliance with corporate governance is regarded as a key pillar of the Company's success, as it includes mechanisms for regulating the various relationships among the Board of Directors, executive management, shareholders, and stakeholders. It requires the implementation of a clear framework for transparency, disclosure, and accountability in a manner that serves the interests of shareholders, safeguards their rights and the rights of stakeholders, and achieves fairness, competitiveness, and transparency. Accordingly, Al Arabia Cooperative Insurance Company has prepared its Internal Corporate Governance Regulations in compliance with the requirements of the Corporate Governance Regulations for Insurance Companies issued by the Insurance Authority, as well as the (updated) Corporate Governance Regulations issued by the Capital Market Authority. The Company's Board of Directors is also keen to ensure that these Regulations are in line with best professional practices and are effective and fully implemented, in the firm belief that they constitute one of the optimal means of leading the Company toward success.

## Company Overview:

Al Arabia Cooperative Insurance Company is a Saudi public joint stock company established pursuant to Royal Decree No. (M/23) dated 15/03/1428H (corresponding to 03/04/2007G), and Council of Ministers Resolution No. (93) dated 14/03/1428H (corresponding to 02/04/2007G). The Company operates under Commercial Registration No. 1010243302 issued in Riyadh on 18/01/1429H (corresponding to 27/01/2008G). Its shares were listed on the Saudi Exchange (Tadawul) on 26/01/1429H (corresponding to 04/02/2008G). The Company obtained the license of the Saudi Central Bank (formerly the Saudi Arabian Monetary Authority) under License No. TMN/15/20086 dated 14/06/1429H (corresponding to 18/06/2008G) to conduct insurance and reinsurance activities in accordance with the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations. The Company's objectives include carrying out cooperative insurance business and related activities within the Kingdom of Saudi Arabia. Its principal activities cover all classes of general insurance, health insurance, and protection and savings. Following Council of Ministers Resolution No. (85) dated 28/01/1445H regarding the organization of the Insurance Authority, the Company has become subject to the supervision of the Insurance Authority under the same license No. TMN/15/20086 dated 14/06/1429H.

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## Chapter One: Preliminary Provisions

### Article One: General Provisions

#### (A) Reference for Governance Regulations:

1. The Cooperative Insurance Companies Control System issued by Royal Decree No. M/32 dated 2/6/1424 AH and its amendments, along with its executive regulations.
2. The Companies Law issued by Royal Decree No. (M/132) dated 1/12/1443 AH.
3. The executive regulations of the Companies Law concerning listed joint-stock companies and their amendments.
4. The Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424 AH.
5. The Corporate Governance Regulation issued by the Capital Market Authority under Decision No. (8-16-2017) dated 16/5/1438 AH and its amendments.

6. The Investment Regulation issued by the Insurance Authority.
7. The Governance Regulation for Insurance Companies issued by the Insurance Authority.
8. The Audit Committees Regulation in Insurance and Reinsurance Companies issued by the Insurance Authority.
9. The requirements for appointments to leadership positions in financial institutions supervised by the Insurance Authority.
10. The Company's Articles of Association.

**(B) Amendment of the Governance Regulation:** The Board of Directors of the company is authorized to propose any amendments to this regulation.

**(C) Approval and Effectiveness:** The General Assembly of shareholders is responsible for approving this regulation, which shall take effect from the date of its approval.

**Article Two: Definitions:** Without prejudice to the provisions of the relevant regulations and laws, the definitions contained in the executive regulations issued by the Capital Market Authority and the Insurance Authority shall apply to the terms and phrases used in this regulation, unless a specific definition is provided in this regulation. The following terms and phrases, wherever mentioned in this regulation, shall have the meanings assigned to them unless the context requires otherwise:

- **Insurance Authority:** The authority responsible for regulating the insurance sector in the Kingdom of Saudi Arabia.
- **The Authority:** The Capital Market Authority.
- **Regulation:** The Company's Governance Regulation.
- **Company:** The Arab Cooperative Insurance Company.
- **Shareholders' Assembly:** An assembly formed by the company's shareholders in accordance with the provisions of the Companies Law and the Company's Articles of Association.
- **Board of Directors or Council:** The Board of Directors of the company as recognized under the laws in force in the Kingdom of Saudi Arabia.
- **Chairman of the Board or Chairman:** One of the non-executive members elected by the board to preside over its meetings and organize its work.
- **Executive Member:** A member of the Board of Directors who is dedicated to the executive management of the company and participates in its daily activities, receiving a monthly salary for this.

- **Non-Executive Member:** A member of the Board of Directors who is not dedicated to managing the company, does not participate in its daily activities, and does not receive a monthly or annual salary for this.
- **Independent Member:** A member of the Board of Directors who enjoys complete independence, meaning full independence from the management and the company. Independence implies the ability to judge matters after considering all relevant information without any influence from management or external parties. The independence does not apply to any of the independence impairments stated in Article (19) of the Corporate Governance Regulation issued by the Capital Market Authority (except for the advisory paragraphs in the same article) in addition to cases that do not achieve independence for a member of the Board of Directors as stated in the definitions of the Governance Regulation issued by the Insurance Authority.
- **Chief Executive Officer:** The highest responsible person in the senior executive management of the company, responsible for its daily operations regardless of the job title.
- **Senior Management or Executive Management (Company Management):** Individuals tasked with managing the company's daily operations, proposing strategic decisions, and implementing them. This includes the managing director, CEO, general manager, their deputies, the financial manager, heads of key departments, and those responsible for risk management, internal audit, compliance within the company, and others as determined by the Insurance Authority.
- **Leadership Positions:** Includes membership in the Board of Directors and senior management.
- **Stakeholders:** Individuals or parties with an interest in the company's operations, including shareholders, insured parties, claimants, company employees, reinsurers, suppliers, regulatory and supervisory bodies, and the community.
- **Major Shareholders:** Anyone owning (5%) or more of the company's shares or voting rights.
- **Indirect Interest:** An interest is considered indirect if the actions or contracts conducted for the company achieve financial or non-financial benefits for any of the following categories, including but not limited to:
  1. Relatives of a member of the Board of Directors.
  2. A partnership or limited partnership or limited liability company in which any member of the Board of Directors or his relatives is a partner or manager.



3. A joint-stock company or simplified joint-stock company in which a member of the Board of Directors or any of his relatives, collectively or individually, owns (5%) or more of its ordinary shares.
4. An entity (other than a company) owned or managed by a member of the Board of Directors or any of his relatives.
5. An entity or company where a member of the Board of Directors or any of his relatives is a member of its Board of Directors or a senior executive, except for subsidiary companies.

For the purposes of this article, "relatives" shall have the meaning stated in this regulation.

- **Relatives or Kinship:**
  - Parents, grandparents, and great-grandparents.
  - Children and their descendants.
  - Siblings, whether full, half-brother, or half-sister.
  - Spouses.
- **Person:** Any natural or legal person recognized by the laws of the Kingdom.
- **Related Parties:**
  1. Company affiliates, except for companies wholly owned by the company.
  2. Major shareholders of the company.
  3. Members of the Board of Directors and senior executives of the company.
  4. Members of the Boards of Directors of the company's affiliates.
  5. Members of the Boards of Directors and senior executives of the major shareholders of the company.
  6. Any relatives of the individuals mentioned in (1, 2, 3, or 5).
  7. Any other company or entity controlled by any person referred to in (1, 2, 3, 5, or 6).

For the purposes of paragraph (6) of this definition, "relatives" refers to parents, spouses, and children.

- **Group:** In relation to a person, refers to that person and all of his affiliates.
- **Affiliate:** A person who controls another person, is controlled by that other person, or shares control with a third person. Control in any of the above may be direct or indirect.
- **Cumulative Voting:** A voting method for selecting Board members that grants each shareholder the voting power equal to the number of shares owned, allowing them to

vote for one candidate or distribute their votes among selected candidates without repetition.

- **Compensation:** Amounts, allowances, and similar payments, periodic or annual bonuses tied to performance, short-term or long-term incentive plans, and any other tangible benefits, excluding reasonable actual expenses incurred by the company for a Board member to perform his duties.
- **Shareholders' Assemblies:** General assemblies, whether ordinary or extraordinary, or special assemblies.
- **Day:** A calendar day, whether a working day or not.

**Article Three: Objectives of the Regulation:** This regulation aims to establish an effective legal framework for the company's governance, particularly to:

1. Activate the role of shareholders in the company and facilitate the exercise of their rights.
2. Clarify the competencies of the Board of Directors and executive management and their responsibilities.
3. Activate the role of the Board of Directors and committees and enhance their efficiency to improve decision-making mechanisms in the company.
4. Achieve transparency, integrity, and fairness in the financial market and its dealings and business environment, and enhance disclosure therein.
5. Provide effective and balanced tools to deal with cases of conflicts of interest.
6. Enhance oversight and accountability mechanisms for the company's employees by the Board of Directors and the accountability of the Council by shareholders and other stakeholders.
7. Establish a working framework for dealing with stakeholders and considering their rights.
8. Assist in the optimal use of the company's resources and capital more efficiently, allowing the company's investments to be directed in an organized and transparent manner toward finding market opportunities for marketing its products or penetrating new markets, and preventing misdirection of the company's capital.
9. Enhance investor confidence in the company, as compliance with governance and the application of its provisions is an additional and influential factor in investment decisions.
10. Assist in attracting capital invested in long-term investments for the company.
11. Transparently clarify the structure through which the company's objectives are defined, the means to achieve those objectives, performance monitoring, and clarify the responsibilities of each entity in achieving the goals and holding them accountable for

their productivity, starting from the Board of Directors to the executive units of the company.

12. Organize the relationship with stakeholders.

#### **Article Four: Accountability:**

1. The Board of Directors shall be accountable to shareholders, regulatory and supervisory authorities, and other stakeholders.
2. The Board of Directors is responsible for holding senior management accountable for any harm resulting from the misuse of their delegated powers.
3. The ultimate responsibility for the company's performance, behaviors, and regulatory compliance lies with the Board of Directors. Delegating powers to the Council's committees or senior management does not exempt the Board from any of its responsibilities. The Council is also responsible for the performance of other parties contracted to perform tasks or manage certain functions.
4. Board members are jointly responsible for compensating the company, shareholders, or others for damages arising from their mismanagement of the company's affairs or violations of the provisions of the Companies Law, the Cooperative Insurance Companies Control System, and the Company's Articles of Association. Any condition to the contrary shall be deemed null and void.
5. The accountability of Board members shall be in accordance with paragraph (3) of this article if the error arises from a decision made unanimously. As for decisions made by majority votes, dissenters shall not be held accountable if they have expressly recorded their objection in the minutes of the meeting, and absence from the meeting where the decision was made shall not be a reason for exemption from responsibility unless it is proven that the absent member was unaware of the decision or unable to object to it after becoming aware.
6. Approval by the General Assembly does not preclude the initiation of liability claims.
7. Liability claims shall not be heard after three years from the date of discovering the harmful act, and apart from cases of fraud and forgery, liability claims shall not be heard at all after five years from the end of the financial year in which the harmful act occurred or three years from the end of the membership of the concerned Board member, whichever is further.
8. The company may file a liability claim against Board members due to errors resulting in harm to a group of shareholders. The ordinary general assembly shall decide to raise this claim and appoint someone to represent the company in pursuing it.

9. Each shareholder has the right to file a liability claim on behalf of the company against Board members if the error they committed could cause specific harm to him. A shareholder may not file the aforementioned claim unless the company's right to raise it is still valid. The shareholder must notify the company of his intention to file the claim, limiting his right to claim compensation for the specific harm suffered.

**Article Five: Independence:** There must be a high level of independence in decision-making at the company level, which can be achieved, for example, by separating the duties of the Council and management and enhancing the independence of oversight functions (internal audit, regulatory oversight, and risk management) while avoiding conflicts of interest. The Board of Directors may utilize the services of independent external parties to ensure the adequacy and effectiveness of the company's governance structure and procedures and other technical aspects in which the Board lacks expertise.

## Chapter Two: Shareholders' Rights

### Chapter One: General Rights

#### Article Six: Fair Treatment of Shareholders:

1. The Board of Directors of the company is obligated to work on protecting the rights of shareholders in a manner that ensures fairness and equality among them.
2. The Board of Directors and the senior management of the company are committed to not discriminating between shareholders owning the same class of shares and to not withholding any rights from them.

3. The company shall specify in its Articles of Association and internal policies the necessary procedures to ensure all shareholders can exercise their rights.
4. The company is committed to taking possible measures to encourage minority shareholders and individual shareholders to play their role as shareholders in the company.
5. Shareholders have the right to communicate their opinions and inquiries to the Board of Directors and senior management regularly (for example, through the General Assembly or the Investor Relations Department).

#### **Article Seven: Rights Associated with Shares:**

1. To receive their share of the net profits decided to be distributed either in cash or by issuing shares.
2. To receive their share of the company's assets upon liquidation.
3. To attend shareholders' meetings and participate in their discussions and vote on their resolutions.
4. To dispose of their shares in accordance with the provisions of the Companies Law and the Capital Market Law and their executive regulations.
5. Shareholders have the right to inquire and request access to the company's books and documents, including data and information related to the company's activities, operational, and investment strategies, provided that it does not harm the company's interests and does not conflict with the Companies Law and the Capital Market Law and their executive regulations.
6. To monitor the company's performance and the work of the Board of Directors.
7. To hold members of the Board of Directors accountable and file liability claims against them and challenge the validity of the decisions of shareholders' assemblies in accordance with the conditions and restrictions in the relevant regulations.
8. To have priority in subscribing to new shares issued against cash contributions, and the extraordinary general assembly has the right to suspend the priority right or grant priority to non-shareholders in cases it deems appropriate for the benefit of the company.
9. To register their shares in the company's shareholders' register.
10. To request a copy of the company's Articles of Association and its bylaws unless they are published on the company's website.
11. To nominate and elect members of the Board of Directors.

#### **Article Eight: Access to Information for Shareholders:**

1. The Board of Directors is obligated to provide complete, clear, accurate, and non-misleading information to enable shareholders to fully exercise their rights, and this information shall be provided in a timely manner and updated regularly in accordance with the applicable regulations.
2. The Board of Directors must ensure that the means of providing information are effective, clear, and detailed, including a statement of the company's information that shareholders can access, and that it is provided to all shareholders without discrimination.
3. The most effective means of communication with shareholders should be followed, and there should be no discrimination in providing information.

#### **Article Nine: Communication with Shareholders:**

1. A mutual understanding of the strategic goals and interests of the company should be a principle for achieving communication between the company and shareholders.
2. The Chairman of the Board and the CEO must inform the other members of the Board of Directors of shareholders' opinions and discuss them with them.
3. No shareholder may intervene in the work of the Board of Directors or the executive management of the company unless they are a member of the Board or executive management, or their intervention is through the ordinary general assembly within its competencies or in the limits and situations permitted by the Board of Directors.

#### **Article Ten: Receiving Profits:**

1. The General Assembly determines the percentage to be distributed to shareholders from the net profits after deducting reserves, if any.
2. The Board of Directors must establish a clear policy regarding the distribution of dividends that serves the interests of shareholders and the company, in accordance with the company's Articles of Association.
3. A shareholder is entitled to their share of the profits according to the decision of the General Assembly issued regarding the distribution of profits to shareholders, or according to the decision of the Board of Directors to distribute interim dividends, provided that the decision specifies the entitlement date and the distribution date, and that it is implemented in accordance with what is stipulated in the executive regulations of the Companies Law for listed joint-stock companies, while taking into account the prior written approval of the Insurance Authority.

## Chapter Two: Rights Associated with the General Assembly Meeting

### Article Eleven: Formation and Convening of General Assemblies:

1. The properly constituted General Assembly represents all shareholders.
2. The location of the General Assembly shall be in the city where the company's headquarters is located.
3. General Assembly meetings may be held, and shareholders may participate in their discussions and vote on their resolutions using modern technology, according to the regulations set by the competent authority.
4. The ordinary General Assembly shall convene in accordance with the provisions and circumstances stipulated in the Companies Law, its executive regulations, and the company's Articles of Association.
5. The ordinary General Assembly shall convene at least once a year within six months following the end of the company's financial year.

### Article Twelve: Right to Attend General Assemblies:

1. Every shareholder, regardless of the number of shares they hold, has the right to attend the General Assemblies of shareholders.
2. Any shareholder unable to attend may delegate another person, who is not a member of the Board of Directors or an employee of the company, to attend the General Assembly on their behalf, and the proxy must comply with the legal procedures and the provisions of the relevant laws and regulations.

### Article Thirteen: Authority to Call a General Assembly Meeting:

1. General Assemblies shall be convened at the invitation of the Board of Directors in accordance with the provisions stipulated in the Companies Law, its executive regulations, and the company's Articles of Association.
2. The Board of Directors must call an ordinary General Assembly to meet if requested by the auditor, the Audit Committee, or a number of shareholders representing at least 10% of the paid-up capital.
3. The auditor may call the assembly to convene if the Board of Directors does not do so within thirty days from the date of the auditor's request.

### Article Fourteen: Announcement of the General Assembly Invitation:

1. The company shall announce the date, location, and agenda of the General Assembly at least twenty-one days before the meeting.
2. The invitation shall be published on the stock market's website and the company's website.
3. The company may invite its shareholders to the assemblies via modern technology, and meetings shall be held according to the specified regulations.
4. The invitation may suffice if sent to all shareholders by registered letters within the mentioned time, and a copy of the invitation and agenda shall be sent to the Capital Market Authority within the specified publication period.

#### **Article Fifteen: Agenda of the Assembly:**

1. The Board of Directors must consider the topics that shareholders wish to include when preparing the agenda for the General Assembly.
2. Shareholders owning at least 10% of the company's shares may add one or more items to the agenda of the General Assembly during its preparation.
3. Each item included in the agenda of the General Assembly must be listed under a separate item, and different substantive issues should not be combined under one item.
4. Any transactions or contracts in which members of the board have a direct or indirect interest should not be placed under one item.
5. The company may amend the agenda of the General Assembly during the period between the publication of the announcement referred to in paragraph (A) of Article Fourteen and the date of the General Assembly meeting, provided that the company announces this in accordance with the procedures established in Article Fourteen of this regulation.
6. Shareholders must have access to information regarding the agenda items through the company's website and the stock market's website when the invitation to the General Assembly is published, especially the Board of Directors' report, the auditor's report, the financial statements, and the Audit Committee's report, to enable them to make an informed decision regarding these items. The company must update this information in case of any changes to the agenda.

#### **Article Sixteen: Rights of Shareholders to Participate in General Assemblies:**

1. The Board of Directors shall facilitate the participation of as many shareholders as possible in the General Assembly meeting by choosing appropriate time and location.



2. Opportunities should be provided for shareholders to participate effectively and vote in the General Assembly meetings.
3. The issues presented to the General Assembly must be accompanied by documents and explained clearly, enabling shareholders to make decisions based on sufficient information.
4. Opportunities must be provided for shareholders to participate effectively and vote in the General Assemblies of shareholders.
5. Shareholders should be informed of the rules governing the meetings and voting procedures.
6. Shareholders wishing to attend the General Assembly must register their names at the company's headquarters before the specified time for the meeting in a special register prepared for this purpose, and a list of the names of attending and represented shareholders must be prepared at the meeting, indicating the number of shares they hold in their own name or by proxy. Anyone with an interest has the right to view this list, and verification may be conducted by other means if stipulated in the company's Articles of Association.

#### **Article Seventeen: Management of the Shareholders' Assembly:**

1. The meetings of the General Assemblies of shareholders shall be chaired by the Chairman of the Board or his deputy in his absence, or by a member of the Board appointed by the Board in the event of the Chairman's absence. If this is not possible, the General Assembly shall be chaired by someone elected by the shareholders from among the board members or others through voting.
2. The Chairman of the assembly is obliged to provide opportunities for shareholders to participate effectively and vote in the General Assembly meetings, avoiding any procedures that may hinder attendance at the assemblies or the exercise of voting rights.
3. Every shareholder has the right to discuss the items on the agenda of the General Assembly and direct questions about them to the members of the Board of Directors and the auditor. These questions must be answered to the extent that it does not harm the company's interests, and if a shareholder finds the response to their question unconvincing, they may refer the matter to the assembly, and its decision in this regard shall be binding.

#### **Article Eighteen: Voting Rights in Assemblies:**

1. Voting is a fundamental right of the shareholder that cannot be revoked in any way, and the company avoids placing any procedures that may hinder the exercise of voting rights. It facilitates and simplifies the exercise of the shareholder's right to vote, and remote voting may be used according to the regulations set by the competent authority.
2. Members of the Board of Directors may not participate in voting on decisions of the assembly that relate to their discharge of liability for managing the company or that involve a direct or indirect interest for them or competitive activities.

#### **Article Nineteen: Minutes of Assemblies:**

1. Minutes of the General Assembly meeting shall be prepared, including the number of shareholders present or represented, the number of shares they hold in their own name or by proxy, the number of votes allocated to them, the decisions taken, the number of votes in favor and against, and a comprehensive summary of the discussions that took place during the meeting. Minutes shall be recorded regularly after each meeting in a special register signed by the Chairman of the assembly, the Secretary, and the vote collector.
2. Shareholders have the right to access the minutes of the General Assembly meeting.
3. The company must provide the authority with a copy of the minutes within ten days from the date of the meeting.
4. In accordance with the disclosure policy approved by the Board of Directors, the company shall announce to the public and notify the authority and the market—according to the regulations specified by the authority—of the results of the General Assembly immediately after its conclusion.

#### **Article Twenty: Legal Quorum for Convening General Assemblies:**

##### **First: Ordinary General Assembly:**

1. The ordinary General Assembly is validly convened if attended by shareholders representing at least (one-fourth) of the shares of the company that have voting rights.
2. If this quorum is not available in the first meeting, a second meeting shall be called within thirty days following the previous meeting. This invitation shall be published in the manner stipulated in Article Fourteen of this regulation.
3. However, the second meeting may be held one hour after the specified time for convening the first meeting, provided that the invitation for the first meeting includes a

statement indicating the possibility of holding this meeting. In all cases, the second meeting shall be valid regardless of the number of shares represented therein.

4. In all cases, the second meeting shall be valid regardless of the number of shares represented therein.

#### **Second: Extraordinary General Assembly:**

1. The extraordinary General Assembly is validly convened if attended by shareholders representing at least (half) of the shares of the company that have voting rights.
2. If this quorum is not available in the first meeting, a second meeting shall be called under the same conditions stipulated in Article Fourteen of this regulation.
3. The second meeting may be held one hour after the specified time for convening the first meeting, provided that the invitation for the first meeting includes a statement indicating the possibility of holding this meeting.
4. In all cases, the second meeting shall be valid if attended by a number of shareholders representing at least (one-fourth) of the shares of the company that have voting rights.
5. If the necessary quorum is not available in the second meeting, a third meeting shall be called under the same conditions stipulated in Article Thirteen of this regulation, and the third meeting shall be valid regardless of the number of shares represented therein, after approval from the competent authorities.

#### **Article Twenty-One: Resolutions of Assemblies:**

**Resolutions** in the founding assembly are issued by a simple majority of the shares represented therein. Resolutions of the ordinary General Assembly are issued by a simple majority of the shares represented in the meeting. However, if these resolutions pertain to the evaluation of special advantages, the approval of the majority of the subscribers of the shares representing (two-thirds) of the mentioned shares is required, excluding what is subscribed by the beneficiaries of the special advantages. Resolutions in the extraordinary General Assembly are issued by a majority of two-thirds of the shares represented in the meeting, except if the decision relates to increasing or decreasing the capital, extending the company's duration, or dissolving the company before the period specified in its Articles of Association, or merging it into another company or institution, in which case the resolution shall only be valid if issued by a majority of three-quarters of the shares represented in the meeting.

**Article Twenty-Two: Competencies of the Extraordinary General Assembly:** The extraordinary General Assembly is vested with the competencies established in the

**Companies Law, its executive regulations, the Corporate Governance Regulation, and the company's Articles of Association, including but not limited to the following:**

1. Amending the company's Articles of Association, except for provisions that are legally prohibited from being amended.
2. Increasing the company's capital—after obtaining approval from the competent authorities—provided that the capital has been fully paid.
3. The extraordinary General Assembly has the right to suspend the priority right of shareholders in subscribing to the capital increase against cash contributions or to grant priority to non-shareholders in cases it deems appropriate for the benefit of the company.
4. Reducing the capital if it exceeds the company's needs or if it incurs losses—after obtaining approval from the competent authorities—provided that the paid-up capital of the insurance company after the reduction does not fall below (300) three hundred million Riyals and in accordance with the procedures stipulated in the Companies Law and its executive regulations.
5. The extraordinary General Assembly may issue resolutions on matters falling under the competence of the ordinary General Assembly under the same conditions and procedures established for the ordinary General Assembly.

**Article Twenty-Three: Competencies of the Ordinary General Assembly:** Except for matters that fall under the competence of the extraordinary General Assembly, the ordinary General Assembly is competent to handle all matters related to the company's affairs according to the competencies stipulated in the relevant laws and regulations and the company's Articles of Association, including but not limited to the following:

1. Appointing and dismissing members of the Board of Directors.
2. Authorizing a member of the Board of Directors to have a direct or indirect interest in the transactions and contracts conducted for the company, in accordance with the provisions of the Companies Law and its executive regulations.
3. Monitoring the compliance of Board members with the provisions of the Companies Law, its executive regulations, and other relevant regulations and the company's Articles of Association, examining any damages arising from their violations of these provisions or their mismanagement of the company's affairs, determining the liabilities resulting from that, and taking appropriate actions in this regard in accordance with the Companies Law and its executive regulations.
4. Approving the company's financial statements.

5. Approving the Board of Directors' report.
6. Deciding on proposals from the Board of Directors regarding the method of distributing net profits.
7. Appointing the company's auditors, determining their fees, reappointing them, and approving their reports.
8. Discharging the liability of the Board of Directors.

## Chapter Three: The Board of Directors

### Article Twenty-Four: Election of Board Members:

1. The procedures for the nomination, selection, and appointment of Board members shall be in accordance with the policies and criteria approved by the General Assembly of shareholders.
2. After obtaining the Insurance Authority's non-objection to the nominees, the company shall announce on the stock market's website information about the candidates for membership in the Board of Directors prior to publishing or inviting the General Assembly to convene. This information must include a description of the nominees' experiences, qualifications, skills, current and previous positions, and the company must provide a copy of this information at its headquarters and on its website.
3. The General Assembly shall elect the members of the Board of Directors for the term stipulated in the company's Articles of Association, which is set at four years, and they may always be re-elected unless otherwise stipulated in the Articles of Association.
4. Cumulative voting must be used in the election of the Board of Directors, whereby the voting right for each share may not be used more than once.
5. Voting in the General Assembly shall be limited to the candidates for Board membership whose information has been announced by the company in accordance with paragraph (2) of this article.
6. Board members joining the council must undergo an orientation program, and each member should be provided with an appointment letter specifying their duties and responsibilities, along with comprehensive information about the company's operations and strategic plans, as well as related regulations and laws.

### Article Twenty-Five: Formation of the Board of Directors:

1. The company's Articles of Association shall specify the number of Board members, which shall not be less than three, and in all cases, Board members must be natural persons.
2. The composition of the Board of Directors must reflect an appropriate representation of independent members. In all cases, the number of independent members shall not be less than two or one-third of the Board members, whichever is greater.
3. The majority of Board members must be non-executive members.
4. The Board must generally exhibit diversity in terms of qualifications, knowledge, experience, and skills in various fields of the company's operations.
5. The Board of Directors may appoint one of its members as a managing director or CEO.

#### **Article Twenty-Six: Conditions and Criteria for Board Membership:**

1. Each member must possess an adequate level of qualifications, knowledge, experience, skills, integrity, and independence to effectively carry out their role and responsibilities.
2. Members should generally have competencies such as deliberation, strategic vision, good management perspective, oversight capability, awareness of legal and financial aspects, and specific knowledge of the company's operations and activities.
3. A member of the Board of Directors should have leadership skills that enable them to delegate authority to enhance performance and implement best practices in effective management while adhering to professional values and ethics.
4. There must be no health impediment preventing a Board member from performing their duties and responsibilities.
5. A Board member may not hold membership in the Board of Directors of more than five publicly listed companies simultaneously.
6. A Board member of the company may not be a member of the Board of Directors of another local insurance and/or reinsurance company or any of its subcommittees or hold any leadership position in those companies.
7. A person who has held the same position in a liquidated company or has been dismissed from the same position in another company may only be nominated for Board membership with prior written approval from the Insurance Authority.
8. Anyone wishing to nominate themselves for Board membership must disclose to the Board and the General Assembly any conflicts of interest according to the procedures established by the authority, which include: having a direct or indirect interest in the transactions and contracts conducted for the company for which they wish to run for the Board, participating in any business that competes with the company, or competing in any branch of activity it engages in.
9. The company may specify in writing the qualifications, experiences, and skills required for members.
10. The company shall exercise due diligence to ensure that the approved criteria are met by current and/or new members.

**Article Twenty-Seven: Appointment of the Chairman and Vice Chairman:** The Board shall appoint, after obtaining the Insurance Authority's non-objection, a Chairman and a Vice Chairman from among its members.

#### **Article Twenty-Eight: Termination of Membership:**

1. Membership in the Board of Directors shall end with the expiration of the Board's term, resignation, death, absence from three consecutive meetings or five scattered meetings during their term without an acceptable excuse approved by the Board, or if the Board determines that a member has breached their duties in a manner detrimental to the company's interests, provided that this is coupled with the approval of the ordinary General Assembly, or upon the termination of their membership according to any applicable systems or regulations in the Kingdom of Saudi Arabia, or if they are declared bankrupt or insolvent, or have submitted a request for a settlement with their creditors, or have ceased paying their debts, or have suffered a mental illness or physical disability that may prevent them from fully performing their duties if it is proven that they have committed an act of dishonesty or ethics violation, or have been convicted of forgery by a final ruling.
2. Nevertheless, the ordinary General Assembly may dismiss all or some members of the Board of Directors at any time, and in such cases, the ordinary General Assembly may elect a new Board or appoint a replacement for the dismissed member, as appropriate, in accordance with the provisions of the Companies Law and its executive regulations.
3. If a Board member resigns and has remarks on the company's performance, they must submit a written statement to the Chairman of the Board, and this statement must be presented to the Board members.
4. The Insurance Authority must be notified upon the resignation of any Board member or termination of their membership for any reason other than the expiration of the Board's term within five working days from the date of leaving and in compliance with relevant disclosure requirements.

**Article Twenty-Nine:** Expiration of the Board's Term or Resignation of Members or Vacancy:

1. Before the expiration of its term, the Board must invite the ordinary General Assembly to convene to elect a new Board of Directors. If the election cannot be held and the term of the current Board has expired, its members shall continue to perform their duties until a new Board is elected, provided that the period of continued service of the members of the expired Board does not exceed the duration specified by the executive regulations of the Companies Law.
2. If the Chairman and members of the Board resign, they must call the ordinary General Assembly to convene to elect a new Board of Directors, and the resignation shall not take effect until the new Board is elected, provided that the duration of the continued service of the resigned Board does not exceed the period specified by the executive regulations of the Companies Law.



3. A member of the Board of Directors may resign from membership by giving written notice to the Chairman of the Board, and if the Chairman of the Board resigns, the notice must be directed to the other Board members and the Secretary of the Board. The resignation shall take effect in both cases from the date specified in the notice.
4. If a position on the Board of Directors becomes vacant due to the death of any member or their resignation, and this vacancy does not result in a breach of the conditions necessary for the validity of the Board's meetings due to a reduction in the number of its members below the minimum required, the Board may appoint (temporarily) a qualified person to fill the vacancy after obtaining the Insurance Authority's non-objection, and must notify the Commercial Register and the Capital Market Authority if the company is listed on the stock market, within fifteen days from the date of appointment, and the appointment must be presented to the ordinary General Assembly at its first meeting, and the appointed member shall complete the term of their predecessor.

#### **Article Thirty: Independent Members:**

1. An independent Board member must be capable of performing their duties, expressing their opinions, and voting on decisions objectively and impartially, thus assisting the Board in making sound decisions that contribute to achieving the company's interests.
2. The Board of Directors shall conduct an annual evaluation of the independence of each member and ensure that there are no relationships or circumstances that affect or could affect them.
3. The independence necessary for an independent member is incompatible with the independence criteria stipulated in the definition of an "independent member" in Article Two of this regulation.
4. Subject to the provisions of Article Thirty-One of this regulation, an independent Board member must actively participate in performing the following tasks:
  - (a) Providing independent opinions on strategic issues, company policies, performance, and the appointment of executive management members.
  - (b) Ensuring that the interests of the company and its shareholders are considered and presented when any conflict of interest arises.
  - (c) Overseeing the development of the company's governance rules and monitoring the implementation by the executive management.

(d) Ensuring attendance at meetings where significant and essential decisions regarding the company's position are made.

## **Chapter Two: Responsibilities, Role, and Duties of the Board of Directors:**

### **Article Thirty-One: Duties and Responsibilities of the Board of Directors:**

1. The Board of Directors represents all shareholders and is obligated to exercise due diligence and loyalty in managing the company, preserving its interests, fostering its growth, and maximizing its value.
2. Ensure the protection of the interests of policyholders at all times.
3. Each member of the Board of Directors is committed to the principles of honesty, integrity, loyalty, diligence, and prioritizing the interests of the company and shareholders over personal interests.
4. The Board must perform its duties responsibly, in good faith, and with seriousness and attention, and its decisions should be based on adequate information from the executive management or any other reliable source.
5. The Board must adopt a written and detailed policy specifying the powers delegated to the executive management, including the procedures and duration of the delegation, as well as the matters retained for its decision-making authority. The executive management shall provide periodic reports on its practices regarding the delegated powers.
6. The Board must adopt internal policies related to the company's operations and development, including defining tasks, competencies, and responsibilities assigned to different organizational levels.
7. The Board must identify the matters it retains the authority to decide upon.
8. The Board must ensure that procedures are in place to familiarize new members with the company's operations, especially the financial and legal aspects, and provide training if necessary.
9. The Board must ensure that the company provides comprehensive information about its affairs to all Board members in general and non-executive Board members in particular, to enable them to fulfill their duties and responsibilities effectively.
10. Elevate the level and standards of governance within the company and ensure compliance with relevant laws and regulations.
11. The Board of Directors is responsible for promoting a governance culture within the company and adopting high ethical standards.

12. The Board is responsible for the company's actions, even if it delegates committees, entities, or individuals to exercise some of its powers. In all cases, the Board may not issue a general or indefinite delegation.
13. Board members must perform their duties free from any external influence, whether from inside or outside the company, and must not prioritize their personal interests or those they represent over the interests of the company, its shareholders, and other stakeholders.
14. The Board must grant the Audit Committee the necessary powers to investigate any matter within its competence and ensure the independence of the internal audit function, allowing it access to all information required to perform its duties. The Board must take all necessary measures to ensure that the senior management responds to inquiries from internal auditors.
15. Board members must possess an appropriate level of influence over the decisions being made.
16. It is prohibited for Board members and their committees to disclose confidential information obtained as part of their responsibilities to shareholders or the public outside the General Assembly meetings or to use any such information for personal gain or profit.

**Article Thirty-Two: Duties and Powers of the Board of Directors:** Subject to the powers conferred on the General Assembly, the Board of Directors has the broadest authorities in managing the company to achieve its purpose. It may, within its authority, delegate one or more of its members or others to carry out specific tasks, provided that this does not conflict with relevant laws and regulations. The tasks and authority of the Board include the following:

**First: Strategic Tasks:**

1. The strategic leadership of the company, setting objectives, and formulating strategic plans.
2. Approving the strategic directives, main objectives, and key operations of the company, overseeing their implementation, and reviewing them periodically, including: (a) Developing the comprehensive strategy, the main action plans, and the risk management policy, and reviewing their direction. (b) Determining the optimal capital structure for the company and its financial strategies and objectives, and approving the annual budgets. (c) Overseeing major capital expenditures, asset acquisitions, and disposals. (d) Setting performance objectives and monitoring the overall performance of the company. (e) Periodic review and approval of the organizational and functional structures of the

- company. (f) Supervising senior management and monitoring the company's performance compared to the performance objectives set by the Board. (g) Ensuring the availability of the necessary human and financial resources to achieve the company's objectives and main plans.
3. Selecting and changing executive employees in key positions (as needed) and ensuring that the company has an appropriate policy for replacing them.
4. Conducting strategic studies of the company to identify its strengths and enhance them, as well as addressing its weaknesses.

## Second: Operational and Organizational Tasks:

1. Overseeing the implementation of laws, regulations, and procedures issued by relevant regulatory and supervisory authorities.
2. Establishing a governance system for the company and overseeing it, monitoring its effectiveness, and modifying it as necessary.
3. Preparing clear and specific policies, standards, and procedures for Board membership—consistent with relevant laws and regulations—and implementing them after approval by the General Assembly.
4. Establishing internal control systems and general oversight, including: (a) Establishing a written policy governing conflict of interest and addressing potential conflicts for both Board members and executive management, including the misuse of company assets and facilities, and misconduct resulting from dealings with related parties. (b) Ensuring the soundness of financial and accounting systems, including systems related to financial reporting. (c) Ensuring the implementation of appropriate control systems for risk management by identifying the general perception of risks that the company may face and transparently communicating them with stakeholders and relevant parties. (d) Conducting an annual review of the effectiveness of the company's internal control procedures.
5. Establishing policies and procedures that ensure the company's compliance with laws and regulations and its commitment to disclosing material information to shareholders and other stakeholders, ensuring executive management adheres to them.
6. Striving to achieve and grow profits at acceptable rates commensurate with the size of the investment and insurance activity in the Kingdom.
7. Overseeing the company's financial management, cash flows, and financial and credit relationships with others.
8. Approving the preliminary and annual financial statements before their publication.
9. Preparing and approving the Board of Directors' report before its publication.

10. Ensuring the accuracy and integrity of the data and information to be disclosed in accordance with established disclosure policies and regulations.
11. Establishing effective communication channels that allow shareholders to continuously and regularly access the various activities of the company and any significant developments.
12. Establishing a written policy regulating the relationship with stakeholders to protect their rights, which should specifically include the following: (a) Mechanisms for compensating stakeholders in case of violation of their rights. (b) Mechanisms for resolving complaints or disputes that may arise between the company and stakeholders. (c) Mechanisms for establishing good relationships with customers and maintaining the confidentiality of information related to them. (d) Professional conduct rules for managers and employees in the company and establishing monitoring mechanisms to ensure compliance. (e) The company's social contributions in serving the community.
13. Forming subcommittees in accordance with relevant laws and regulations.
14. Preparing clear and specific policies, standards, and procedures for Board membership—provided they do not conflict with mandatory provisions—and implementing them after approval by the General Assembly.
15. Proposing to the General Assemblies matters as deemed appropriate regarding issues stipulated in the Companies Law and its executive regulations and related laws and regulations.
16. At the beginning of each year, the Board shall set a specific timetable for receiving reports from the relevant committees and from internal and external auditors, ensuring that the process of collecting, preparing, and submitting reports is sound and consistent with the approved internal policy, including the preparation of important information and presenting it to the Board in a timely manner.
17. Exercising the powers stipulated in the company's Articles of Association.

**Third: Oversight of Executive Management:** The Board of Directors is responsible for forming the executive management of the company, organizing its operation, supervising and overseeing it, and verifying its performance of the assigned tasks. In this regard, it must:

1. Establish the necessary administrative and financial policies.
2. Ensure that the executive management operates according to the policies approved by the Board.
3. Select and appoint the CEO after obtaining the Insurance Authority's non-objection and oversee their work.

4. Hold periodic meetings with the executive management to discuss work progress, obstacles, and problems, and to review and discuss important information regarding the company's activities and the sector in general.
5. Set performance standards for the executive management that align with the company's objectives and strategy.
6. Review and evaluate the performance of the executive management.
7. Develop succession plans for the management of the company.

**Article Thirty-Three: Duties and Obligations of a Board Member** A Board member is obligated to fulfill all obligations arising from their membership on the Board, including but not limited to the following:

1. Ensure attendance at Board and General Assembly meetings and avoid absenteeism except for a valid excuse communicated to the Chairman of the Board in advance or due to emergencies.
2. Act based on complete information and in good faith, with due diligence and attention to the interests of the company and all shareholders.
3. Enhance their knowledge in the areas of the company's activities and financial and commercial fields, as well as any related fields.
4. Actively participate with other Board members in managing the company effectively and achieving its objectives.
5. Review reports related to the company's performance.
6. Verify the accuracy and integrity of the company's financial statements and information.
7. Ensure that the financial oversight and risk management system in the company is robust.
8. Contribute to the preparation of the company's plans, programs, and projects and follow up on them.
9. Perform all duties and responsibilities stipulated in this regulation concerning the Chairman and Vice Chairman when the member holds any of these positions.
10. Study and analyze information relevant to the matters considered by the Board before expressing an opinion on them.
11. Provide opinions on the appointment and dismissal of executive management members.
12. Promptly and completely inform the Board of any personal interest—direct or indirect—in transactions and contracts conducted for the company, including the nature and extent of that interest and the names of any parties concerned, as well as the expected benefit from that interest, whether financial or non-financial. The member must abstain from

voting on any decision regarding this matter, in accordance with the provisions of the Companies Law and the Capital Market Law and their executive regulations.

13. Promptly and completely inform the Board of any direct or indirect participation in any activities that may compete with the company in any branch of its operations, in accordance with the provisions of the Companies Law and the Capital Market Law and their executive regulations.
14. Not to claim any salaries, bonuses, or financial privileges for their membership on the Board beyond what is prescribed under relevant laws, regulations, and the company's Articles of Association.
15. Maintain the confidentiality of the company's secrets and not disclose them.
16. A Board member must resign from membership if they are unable to fulfill their duties on the Board effectively.

#### **Article Thirty-Four: Separation of Positions:**

1. The positions of Chairman of the Board and any executive position in the company, including the Managing Director, may not be held concurrently, even if the company's Articles of Association provide otherwise.
2. The roles of the Chairman and the CEO must be distinct, and their responsibilities must not overlap.
3. In all cases, no individual may hold absolute power to make decisions within the company.

**Article Thirty-Five: Duties of the Chairman of the Board:** Without prejudice to any other supervisory or regulatory requirements, the duties and responsibilities of the Chairman of the Board, in addition to their responsibilities as a member, include the following:

1. Organizing the Board's work, including setting the agendas for meetings in consultation with the CEO and members, presiding over Board meetings, and supervising the provision of complete and clear information and reports needed by the Board.
2. Ensuring that the Board discusses all essential matters effectively and in a timely manner.
3. Representing the company before the judiciary, arbitration bodies, and others, and overseeing the relationships between the Board and other internal and external parties.
4. Supporting the Board's efforts to elevate the governance standards within the company and ensure compliance with relevant laws and regulations.

5. Ensuring effective communication channels exist with shareholders to convey their opinions.
6. Encouraging and fostering a team spirit among Board members by working on the following points: (a) Avoiding personal and public disputes and prioritizing the company's overall interests. (b) Encouraging open discussion of topics in meetings and fostering cooperation among members to explain different viewpoints. (c) Emphasizing mutual respect among members and valuing different perspectives while listening attentively. (d) Working to enhance communication among members and discussing some topics consultatively and directly.
7. Monitoring the performance of Board members and committees on topics assigned to them.
8. Meeting periodically with non-executive Board members without the presence of any executives in the company.
9. Informing the ordinary General Assembly of any contracts or transactions in which any Board member has a direct or indirect interest.
10. The Chairman must ensure that the Board conducts its work responsibly and without unjustified interference in the company's operational processes.

#### **Article Thirty-Six: Duties of the Vice Chairman of the Board:**

1. Presiding over Board meetings in the absence of the Chairman.
2. Presiding over General Assembly meetings in the absence of the Chairman of the Board.
3. Carrying out any tasks assigned by the Board or the Chairman.

#### **Article Thirty-Seven: Secretary of the Board:**

1. The Board of Directors appoints a Secretary from among its members or others, and their compensation is determined according to the policy approved by the General Assembly—if stipulated—or by a decision of the Board.
2. The Secretary of the Board should have adequate experience and knowledge of the company's operations and activities, possess good communication skills, and be familiar with relevant laws, regulations, and best practices in corporate governance.
3. The Secretary of the Board may only be relieved of their duties by a decision of the Board.
4. The Secretary of the Board may not be appointed as the Secretary of the Audit Committee.
5. Their responsibilities and authorities include the following:



- (a) Coordinating Board meetings and ensuring that appropriate communication means are available to exchange and record information between the Board, its committees, and Board members.
- (b) Documenting Board meetings and preparing minutes that include discussions, deliberations, meeting location, date, start and end times, documenting decisions made, voting results, and preserving them in a special organized register, noting the names of attending members and any reservations expressed—if any—and having these minutes signed by all attending members.
- (c) Preserving reports submitted to the Board and reports prepared by the Board. (d) Providing Board members with meeting schedules and relevant agendas and documents, ensuring delivery at least ten working days prior to the meeting.
- (e) Ensuring Board members adhere to the procedures approved by the Board.
- (f) Presenting drafts of the minutes to Board members for their feedback before signing.
- (g) Ensuring that Board members receive a complete and prompt copy of the minutes of Board meetings and information and documents related to the company.
- (h) Organizing a record of disclosures by Board members and executive management in accordance with relevant laws and regulations.
- (i) Assisting and advising Board members.
- (j) Organizing preparations for General Assemblies.
- (k) Any other tasks assigned by the Board within the limits of their authority under the regulations.

### **Chapter Three: Procedures for the Work of the Board of Directors:**

#### **Article Thirty-Eight: Meetings of the Board of Directors:**

1. The Board of Directors holds its meetings at the company's headquarters (or through technical means) regularly and periodically, and whenever necessary to effectively perform its duties in a manner that achieves the company's objectives and the interests of its shareholders. The organization of the Board meetings is as follows:
  - (a) New Board of Directors: The newly elected Board of Directors shall meet for the first time immediately after its election and the conclusion of the General Assembly—if possible.
  - (b) Periodic Meetings: The Board must hold at least four meetings during the year.
  - (c) Emergency Meetings: Emergency meetings may be called as follows:
    - o At the invitation of the Chairman of the Board.
    - o At the request of a member of the Board.

2. Non-executive Board members must hold closed meetings without the presence of executive members at least once a year. Non-executive Board members may invite any of the oversight personnel to attend these meetings.
3. The organization of the invitation to Board meetings is as follows: (a) The invitation must be documented and written in a manner deemed appropriate by the Board, including but not limited to sending via email, fax, registered mail, or hand delivery. (b) The Secretary must send the invitation, agenda, and relevant documents at least ten working days prior to the meeting. (c) In emergency meetings, the invitation and relevant documents may be sent within less than five days prior to the meeting date.

#### **Article Thirty-Nine: Quorum for Board Meetings:**

1. A Board meeting is valid only if attended by a majority of the members, either in person or by proxy, provided that at least three members are present in person, including one independent member.
2. A member may not delegate attendance or voting in the meetings except to another member of the Board.

#### **Article Forty: Board Decisions:**

1. Board decisions are made by a majority of the votes of the attending or represented members, and in the event of a tie, the side voted for by the Chairman of the meeting prevails.
2. The Board of Directors may issue decisions on urgent matters by presenting them to members individually unless a member requests in writing a Board meeting for discussion. Such decisions must be made according to the quorum stipulated in paragraph (1) of this article, and in this case, these decisions shall be presented to the Board in its first subsequent meeting.

#### **Article Forty-One: Board Deliberations:**

1. Board deliberations must be recorded in minutes that document any discussions held during the meeting and the decisions and voting processes that took place, including any

dissent or abstention from voting (with reasons if available). Any documents or materials referenced during the meetings should be attached.

2. If any Board member has remarks regarding the company's performance or any of the matters presented and they were not resolved in the Board meeting, these remarks must be recorded, along with the actions the Board decides to take regarding them.
3. If a Board member expresses a differing opinion from the Board's decision, it must be detailed in the minutes.
4. The minutes must document the location, date, start time, and end time of the meeting.
5. The minutes of the Board meeting must be signed by the Chairman and the attending members.
6. The minutes must be recorded in a special register signed by the Chairman and the Secretary of the Board.
7. Minutes must be distributed to the relevant parties within no more than fifteen days, indicating the person or entity responsible for implementing the decisions made.

**Article Forty-Two: Providing Information to Board Members:** The executive management of the company must provide all Board members, particularly non-executive members, and company committees with all necessary information, data, documents, and records, ensuring they are complete, clear, accurate, non-misleading, and provided in a timely manner to enable them to perform their duties and responsibilities.

**Article Forty-Three: Communication with the Board:**

1. All shareholders and stakeholders have the right to communicate with the Board to inquire about compliance with the governance system and the approved regulations in the company and the manner in which it conducts its business in accordance with relevant regulations.
2. Communication with the Board may occur through one of the following methods:
  - (a) Contacting the company's shareholder affairs department.
  - (b) The company's email.
3. The Board may delegate whoever it deems appropriate from its committees or executive management to handle inquiries and clarifications from shareholders.

## Chapter Four: Committees Arising from the Board of Directors:

### Section One: General Provisions:

#### Article Forty-Four: Formation of Committees:

1. The Board of Directors shall form specialized committees to expand its scope of work according to the company's needs and circumstances. These must include, at a minimum, an Executive Committee, an Audit Committee, a Nominations and Remunerations Committee, an Investment Committee, and a Risk Management Committee.
2. The Board has the authority to form any other committees it deems necessary to assist it in performing its tasks and responsibilities, including but not limited to a Governance Committee, a Strategic Development Committee, a Digital Transformation Committee, and others. These committees shall be granted the necessary powers to perform their duties, and their performance shall be monitored.
3. The formation of committees shall be in accordance with the provisions of relevant laws and regulations.
4. The number of committee members shall not be less than three and not more than five.
5. Approval from the Insurance Authority must be obtained for the appointment of the chairs and members of the arising committees. The company must notify the Authority of the names of the committee members and their membership status within five working days from the date of their appointment, as well as any changes occurring within five working days from the date of such changes.
6. The Board of Directors must approve an organizational charter for each of the committees it forms, and each committee must have general procedures established by the Board that define the committee's tasks, duration, scope of work, the powers granted to it, the responsibilities assigned to it, and the mechanism for the Board's oversight of it.
7. Each committee shall be accountable for its actions to the Board of Directors, without affecting the Board's responsibility for those actions and for the powers or authorities delegated to it.
8. The chairs of the committees or their designated members must attend the General Assemblies to answer shareholders' questions.

9. No member of the Board of Directors or executive management, other than the Secretary of the committee and the committee members, may attend its meetings unless the committee requests to hear their opinion or obtain their advice.

## Chapter Two: Audit Committee:

### Article Forty-Five: Formation of the Committee:

(a) The Audit Committee is an independent committee that is directly linked to the Board of Directors of the company, and it is responsible for monitoring the performance and implementation of the internal control systems in the company, ensuring the efficiency and effectiveness of these systems, verifying the implementation of decisions related to internal control, and ensuring compliance with the Cooperative Insurance Companies Control System, its executive regulations, and other relevant laws and regulations, in addition to the competencies outlined later in this chapter.

(b) The Board of Directors must obtain written non-objection from the Insurance Authority regarding the selection of members of the Audit Committee. The Audit Committee must be formed by a decision from the Board of Directors, with a minimum of three members and a maximum of five, excluding any executive members of the Board. The majority of its members must be from outside the Board of Directors, whether from shareholders or others, and the decision must specify the committee's tasks, operational controls, and member remuneration.

(c) The majority of the Audit Committee members must be independent members.

(d) A Board member nominated for the committee must be independent.

(e) A member of the Audit Committee may not be a member of the Board of Directors or an Audit Committee of any other company operating in the insurance sector in the Kingdom of Saudi Arabia.

(f) A member of the committee may not be an executive director, employee, or advisor of the company or any member of the Boards of Directors, or directors, employees, advisors, or affiliates of any related parties, including but not limited to:

1. Major shareholders or founders.
2. External auditors.
3. Suppliers.
4. Customers of the company.
5. Legal entities with financial, commercial, or familial ties to the Board of Directors or the executive employees of the company.

(g) No person who worked in the executive or financial management of the company or with the company's auditor during the past two years may serve as a member of the Audit Committee.

(h) A member of the Audit Committee must have reasonable familiarity with financial and accounting rules, with preference given to those who have appropriate academic qualifications in this field. The Board of Directors must ensure that the members of the Audit Committee are qualified to fulfill their responsibilities, and at least two members of the committee, including the chair, must have recent and relevant experience in accounting and financial management.

#### **Article Forty-Six: Termination of Membership:**

(a) Membership in the Audit Committee terminates upon the expiration of the Board of Directors' membership, and the committee or any of its members may be renewed for one additional four-year term only. The Board of Directors may appoint new members to the Audit Committee in the event of the election of a new Board of Directors after obtaining written non-objection from the Insurance Authority, and such appointments shall be made in accordance with paragraph (a) of Article Forty-Five of this regulation. Membership in the Audit Committee shall also terminate immediately if any change occurs that would violate the membership conditions outlined in the Audit Committees Regulations for Insurance and Reinsurance Companies issued by the Insurance Authority or any other relevant regulations, laws, or directives issued by the competent authorities. A member of the Audit Committee must notify the company in writing immediately upon such change, and may not attend any committee meeting held after the date of the change.

(b) The Board of Directors, after obtaining non-objection from the Insurance Authority, has the right to dismiss any member of the Audit Committee if they lose the conditions of membership or commit a violation of the provisions of the Audit Committees Regulations for Insurance and Reinsurance Companies or the Cooperative Insurance Companies Control System or its executive regulations, or the provisions of the Companies Law or other relevant regulations and directives.

(c) A member of the Audit Committee has the right to resign, provided they submit a resignation request to the Board at least one month before the effective date of their resignation and at a suitable time acceptable to the Board, otherwise they will be held accountable to the company. The company must notify the Insurance Authority in writing of the member's resignation and the reasons for it, providing the Insurance Authority with a copy of the resignation request within five working days from the date of resignation.

(d) A member shall be considered resigned from the Audit Committee if they miss more than three consecutive meetings without an excuse accepted by the Board.

(e) Membership of an Audit Committee member shall terminate immediately if any change occurs that would violate the membership conditions outlined in the Audit Committees Regulations for Insurance and Reinsurance Companies or relevant regulations.

#### **Article Forty-Seven: Vacant Position in the Committee:**

If a position of a member of the Audit Committee becomes vacant during the term of membership and this vacancy affects the quorum for the committee meetings, the Board of Directors shall appoint another member to fill the vacant position within a maximum period of one month from the vacancy—after obtaining written non-objection from the Insurance Authority—and the new member shall complete the term of their predecessor.

#### **Article Forty-Eight: Work Plan of the Audit Committee:**

The Audit Committee must prepare a detailed annual work plan that includes the main topics it will discuss throughout the year and the dates of its meetings.

#### **Article Forty-Nine: Appointment of the Chair and Secretary of the Committee:**

(a) The Board of Directors shall appoint one of the Audit Committee members as its Chair after obtaining written non-objection from the Insurance Authority. The committee may also choose one of its members or employees of the company as its secretary, who will prepare the minutes of its meetings and schedule them in coordination with the Chair of the committee, handling administrative tasks, and documenting and preserving the minutes of the Audit Committee meetings in a special register. The Secretary of the Audit Committee may not serve as the Secretary of any other committee of the Board of Directors.

(b) The Chair of the Audit Committee must be independent.

(c) The Chair of the Board of Directors may not be a member of the Audit Committee or its Chair.

(d) The Chair of the Audit Committee must not have any familial ties or financial or commercial relationships with any member of the Board of Directors.

(e) The Chair of the committee must not have any relationship with the senior management of the company that could affect their independence.

**Article Fifty: Meeting Invitations, Quorum, and Decisions of the Committee:** (a) The committee shall meet at the invitation of its Chair, and a meeting of the committee is valid only if attended by the majority of its members. A committee member may not appoint another to attend committee meetings on their behalf. (b) The Audit Committee shall hold at least six meetings per year, including the annual meeting with the Board of Directors. The Audit



Committee may also hold additional meetings as needed in response to any of the following, including but not limited to:

1. A request from the Chair of the Board of Directors.
2. Situations where the external auditor, internal auditor, compliance officer, or actuarial expert requests a meeting due to a pressing need.
3. Meetings regarding other matters such as:
  - o Financial and audit issues.
  - o Regulatory matters.
  - o Conflicts of interest.
  - o Professional and ethical conduct rules. (c) The Audit Committee may invite anyone it deems necessary from within or outside the company to attend its meetings if needed. (d) Decisions of the committee are made by a majority of the attending members, and in the event of a tie, the vote of the Chair of the committee is decisive. Voting on its decisions may not be done by proxy or by representation of any member. The committee's deliberations shall be recorded by its Secretary, including the opinions of all parties in the minutes of the meeting, and its decisions shall be documented in minutes signed by the Chair of the committee and its Secretary.

#### **Article Fifty-One: Committee Powers:**

The Audit Committee has the right to directly contact the Board of Directors and the senior management of the company, all employees, the committees, legal advisors, internal and external auditors at the headquarters and/or branches of the company, as well as other parties related to the company. The Audit Committee is responsible for monitoring the company's activities and has the right to review its records and documents, request any clarifications or statements from Board members or executive management, and may request the Board to call a General Assembly if the Board hinders its work or if the company faces significant damages or losses.

#### **Article Fifty-Two: Committee Responsibilities:**

The Audit Committee is responsible for monitoring the company's activities and ensuring the integrity and fairness of its reports, financial statements, and internal control systems. The committee's tasks include, in particular, the following:

**(a) Financial Reports:**

1. Reviewing the annual and preliminary financial statements of the company before their approval and presentation to the Board, and recommending actions to ensure that they do not contain any materially misleading statements or information and that no material data or information has been omitted that could mislead the financial statements, ensuring their integrity and transparency.
2. Providing technical opinions—upon the Board’s request—on whether the Board’s report and the company’s financial statements are fair, balanced, understandable, and include information that enables shareholders and investors to assess the company’s financial position, performance, business model, and strategies.
3. Examining any significant or unusual issues included in the financial reports.
4. Carefully investigating any matters raised by the company’s financial manager or their designee, or the compliance officer.
5. Verifying accounting estimates in the significant matters included in the financial reports.
6. Reviewing the accounting policies adopted by the company and providing opinions and recommendations to the Board, considering the appropriateness of the accounting policies to the nature of the company's activities and their impact on its financial position and results.
7. Discussing the annual and quarterly preliminary financial statements with external auditors and the senior management of the company before their issuance.

**(b) Internal Audit:**

1. Monitoring and supervising the internal audit management of the company to verify its effectiveness in executing the tasks specified by the Board.
2. Reviewing the company’s risk management systems and evaluating its effectiveness in assessing significant risks it may face and the actions taken by management to monitor and address these risks.
3. Reviewing the internal auditors' audit plan and providing feedback.
4. Reviewing internal audit reports and following up on the implementation of corrective actions for the remarks contained within, and submitting recommendations regarding them to the Board.
5. Ensuring the independence of the Board members and the senior management of the company.

6. Ensuring the independence of the internal audit function or internal auditor in performing their duties and verifying that there are no constraints on their activities or anything that may negatively impact their work.
7. Appointing and dismissing the internal audit manager or internal auditor after obtaining written non-objection from the Insurance Authority.
8. Determining the monthly salary, incentives, and other rewards for the internal audit management or internal auditor in accordance with the company's internal regulations approved by the Board.
9. Reviewing actuarial reports and submitting recommendations regarding them to the Board.

**(c) Regulatory Oversight and Compliance:**

1. Reviewing and approving the compliance plan and monitoring its implementation.
2. Verifying the company's compliance with relevant laws, regulations, policies, and instructions, and ensuring that the company does not violate any of them.
3. Ensuring the company complies with the proposals and recommendations made by the actuarial expert when they are mandatory under the regulations and instructions issued by the Insurance Authority and relevant supervisory and regulatory bodies.
4. Reviewing and following up on reports issued by relevant supervisory and regulatory authorities and submitting recommendations regarding them to the Board.
5. Reviewing contracts and transactions proposed to be conducted by the company with related parties and providing opinions on them to the Board.
6. Appointing and dismissing the compliance manager or compliance officer after obtaining written non-objection from the Insurance Authority.
7. Ensuring the independence of the compliance management or compliance officer in performing their duties and verifying that there are no constraints on their activities or anything that may negatively impact their work.
8. Determining the monthly salary, incentives, and other rewards for the compliance management or compliance officer in accordance with the company's internal regulations approved by the Board.
9. Monitoring significant lawsuits filed by or against the company with the compliance management or compliance officer and submitting reports regarding them to the Board.
10. Raising any issues deemed necessary for action to the Board and providing recommendations on the actions to be taken.

**(d) Auditor:**

1. Recommending to the Board the nomination and dismissal of auditors, determining their fees, and evaluating their performance after verifying their independence and reviewing their scope of work and contractual terms, ensuring that the nominated external auditors have the necessary expertise to audit the operations of insurance and/or reinsurance companies.
2. Ensuring that the scope of the external audit covers various matters including, but not limited to: (a) Assessing the internal control system, including the accounting system, both theoretically and practically. (b) Conducting tests on a selected sample of the company's financial transactions. (c) Communicating with the company's debtors, creditors, or others for the purpose of confirming balances or for other purposes. (d) Monitoring inventory processes, including those conducted in the company's branches. (e) Complying with the auditing standards adopted in the Kingdom to verify that the financial statements as a whole:
  1. Fairly present the financial position of the company and its results of operations for the fiscal year ending on that date, in light of the presentation and disclosure of the information contained in the financial statements in accordance with generally accepted accounting standards, appropriate to the company's circumstances.
  2. Comply with the requirements of the Companies Law, the company's Articles of Association, and all relevant regulations regarding the preparation and presentation of financial statements. (f) Informing the company's officials in writing of any observations made by the auditor during the audit.
3. The Audit Committee shall monitor the work of the auditors and approve any work outside the scope of the audits assigned to them while performing their audit tasks.
4. The committee shall verify the independence of the auditor and their objectivity and fairness, and the effectiveness of their audit work, taking into account relevant rules and standards.
5. The committee shall serve as a liaison between the external auditor and the Board, enabling the external auditor to perform their work free from any constraints or influences from the Board and the company's management.
6. Reviewing and studying the auditors' audit plan and their work, ensuring they do not provide technical or administrative work that falls outside the scope of the audits, and providing their opinions and observations regarding that.
7. Reviewing the external auditor's observations on the financial statements and reports, and following up on what has been done regarding them.
8. Responding to inquiries from the company's auditor.

9. Ensuring the independence of the company's external auditor and their commitment to neutrality and objectivity when providing evidence and audit findings and reaching an opinion on the financial statements.
10. Examining the scope and method of work of the external auditor and ensuring that their activities are coordinated with the activities of the company's internal audit management, avoiding duplication of their tasks with those of the internal audit.
11. Ensuring coordination of external audit activities in the presence of more than one external auditor for the company.
12. Meeting with the external auditor to discuss the company's financial statements and ensuring they fairly present the company's financial position and any observations they may have regarding them.
13. Reviewing the financial disclosures submitted by the company's management to the external auditor and providing their opinions on them to the Board.
14. Evaluating the performance of the external auditor and recommending to the Board whether to reappoint or terminate their contract.
15. Considering any differences in opinion that may arise between the external auditor and the company's management.

#### Article Fifty-Three:

Consulting with Advisory Entities: The Audit Committee may consult any advisory entity from outside the company to perform specific tasks to assist it in its work.

#### Article Fifty-Four: Appointment of the Company's Auditors:

(a) The company's management shall invite the certified public accountants nominated by the Audit Committee, and this invitation must include the scope of the task referred to in paragraph (2) of item (d) of Article Fifty-One, in addition to the conditions and obligations deemed necessary by the company to complete the audit process. The Board of Directors must allow these accountants to access the data and clarifications they request to understand the volume and nature of the company's operations. Each accountant must submit a proposal to audit the company's accounts, along with a brief about their office, specifically including the following:

1. The educational and professional qualifications of the team members who will perform the audit, along with their names and nationalities.

2. An explanation of the quality control in their office.
3. The parties they intend to involve for the purposes of auditing the company's accounts (if any) and the aspects in which they will participate, the nature of their participation, and the qualifications and experiences of the individuals who will be involved in this regard.
4. The office's previous experience in auditing similar companies.
5. The size and details of the branches belonging to the office, and the number of technical employees working in the office.
6. The number of hours allocated for each member of the team (partner, audit manager, etc.).
7. Any familial relationship between the certified public accountant or the audit team and any members of the Board of Directors and/or senior executive management (if any) and any working relationship between the certified public accountant and the company or any member of its Board of Directors (if any).
8. The expected date for preparing their report on the company's financial statements.
9. The auditing fees. (b) The company's management shall prepare a comparative table of the offers submitted by the certified public accountants according to the data referred to in Article Twenty-Three, and submit it to the Audit Committee along with the offers and data provided by the certified public accountants. (c) The Audit Committee shall review the comparative table and the offers submitted by the certified public accountants, and it may invite the audit team from each office individually to a meeting during which the offer submitted by them is discussed. (d) The committee shall prepare a letter to present to the Board of Directors, including a summary of its analysis of the submitted offers, recommending one or more certified public accountants to audit the company's accounts and stating the basis on which the recommendation was made. (e) The Board of Directors shall present to the ordinary General Assembly the recommendation submitted to it by the Audit Committee, specifying the names of the certified public accountants who submitted their offers, and then recommending them by the Audit Committee to audit the company's accounts, stating the auditing fees and the basis on which the recommendation was made, ensuring that the number of nominees is not less than two auditors. (f) The ordinary General Assembly shall appoint the company's auditors based on the recommendation of the Board of Directors, specifying their remuneration and term of service. The Assembly may also change them at any time without prejudice to their right to compensation if the change occurs at an inappropriate time or for an unlawful reason. (g) The duration of the audit performed by the auditing office may not exceed five consecutive years, and there must be a two-year gap before they can be reappointed.

#### **Article Fifty-Five: Remuneration of Audit Committee Members and Secretary:**

- (a) A member of the Audit Committee is entitled to remuneration in accordance with the regulations approved by the General Assembly.
- (b) The Secretary of the Audit Committee is entitled to remuneration for performing their duties for each meeting, the amount of which shall be determined according to the approved remuneration policy.

#### **Article Fifty-Six: Responsibility of the Committee:**

The members of the Audit Committee are responsible to the Insurance Authority, the company's shareholders, and the Board of Directors for implementing the provisions of these Audit Committees Regulations issued by the Insurance Authority and for executing their work plan.

**Article Fifty-Seven: Conflict Between the Audit Committee and the Board of Directors:** If there is a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, or if the Board refuses to adopt the committee's recommendation regarding the appointment or dismissal of the company's auditor, determining their fees, evaluating their performance, or appointing the internal auditor, the Board's report must include the committee's recommendation and justifications, as well as the reasons for not adopting it.

**Article Fifty-Eight: Mechanism for Submitting Observations:** The Audit Committee must establish a mechanism that allows employees of the company to submit their observations regarding any violations in financial reports or others confidentially. The committee must verify the implementation of this mechanism by conducting an independent investigation proportional to the size of the error or violation and provide appropriate follow-up procedures.

#### **Article Fifty-Nine: Audit Committee Report:**

- (a) The Audit Committee must prepare a report that includes:
  - 1. Its recommendations and opinions regarding the adequacy of the internal, financial, and risk management systems in the company.
  - 2. Details of its performance concerning its competencies and tasks as stipulated in the Companies Law and its executive regulations.
- (b) The Board of Directors must deposit sufficient copies of the Audit Committee report at the company's headquarters and publish it on the company's website and the stock market website when announcing the General Assembly meeting, enabling interested shareholders to obtain a copy and summarizing the report during the General Assembly meeting.

### Chapter Three: Executive Committee:

#### Article Sixty-One: Purpose:

The primary purpose of the Executive Committee reporting to the Board of Directors is to assist the Board in overseeing the performance of activities and tasks as delegated to it by the Board, and to expand its scope of work in specialized areas to facilitate the company's operations.

#### Article Sixty-Two: Formation of the Committee:

The company must obtain written non-objection from the Insurance Authority for the appointment of members of the Executive Committee, with the number of its members not being less than three and not exceeding five from the Board and executive management. The Executive Committee may consist of executive and non-executive members, and its term of membership is linked to the term of the Board.

#### Article Sixty-Three: Appointment of the Chair and Secretary of the Committee:

(a) The Board shall select a Chair for the Executive Committee, conditional on obtaining written non-objection from the Insurance Authority. The committee may also choose from among its members or company employees a secretary who will prepare the minutes of its meetings and schedule them in coordination with the Chair of the committee, handling administrative tasks and documenting and preserving the minutes of the committee meetings in a special register.

(b) The Secretary of the Audit Committee may not serve as the Secretary of the Executive Committee.

#### Article Sixty-Four: Meeting Invitations and Quorum:

(a) The committee shall meet at the invitation of its Chair, and a meeting of the committee is valid only if attended by the majority of its members.

(b) The committee shall meet periodically, with a minimum of six meetings per year, and may hold additional meetings as needed.

(c) The committee may hold its meetings remotely using modern technical means, including telephone and video communication.

(d) The committee may invite anyone it deems necessary from within or outside the company to attend its meetings if required.



(e) Non-members of the committee may not attend its meetings except by invitation.

**Article Sixty-Five: Decisions of the Committee:** The decisions and recommendations of the committee are made by a majority of the attending members. In the event of a tie, the vote of the Chair of the committee is decisive. The deliberations of the committee shall be recorded by its Secretary, including the opinions of all parties in the minutes of the meeting, and its decisions shall be documented in minutes signed by the Chair, members, and Secretary.

**Article Sixty-Six: Responsibilities and Duties of the Committee:**

- (a) Assist the Board in performing the activities and tasks assigned to it by the Board, in order to facilitate the operations and activities of the company.
- (b) Assist the Board in developing the company's strategic plans and objectives and the necessary budgets to achieve that strategy, recommending them for Board approval.
- (c) Assist the Board in reviewing the company's performance strategy periodically to determine whether the company is achieving its short-term and long-term objectives.
- (d) Monitor the financial and operational performance of the company.
- (e) Monitor the technologies used by the company and recommend enhancements and developments to the Board as needed.
- (f) Assist the Board in formulating plans to define the company's vision and mission.
- (g) Ensure the implementation of the main policies of the company approved by the Board.
- (h) Review the company's annual or periodic work plan or that submitted under regulatory requirements and propose amendments to it, recommending it for Board approval.
- (i) Review the company's annual budget and recommend it for Board approval.
- (j) Establish operational processes, policies, and procedures to be followed during the execution of daily operations in the company, ensuring that the committee also exercises due diligence in ensuring compliance with these procedures, identifying obstacles that prevent adherence to these policies and procedures, and presenting action plans that contribute to overcoming these obstacles.
- (k) Explore means of developing business in a cost-effective and efficient manner to meet customer satisfaction.
- (l) The committee may review the capabilities of strategic partners in any projects the company wishes to enter into or undertake.
- (m) In cases requiring the reorganization of the company, such as mergers, acquisitions, or capital increases, the Executive Committee shall provide its recommendations to the Board in this regard.

(n) Carry out any other tasks delegated to the Executive Committee by the Board within its jurisdiction and in compliance with applicable regulations, laws, and instructions issued by the regulatory authorities.

#### Article Sixty-Seven: Committee Powers:

The Executive Committee has the right to directly communicate with the Board of Directors and senior management in the company, all employees, committees, legal advisors, and internal and external auditors at the headquarters and/or branches of the company, as well as other parties related to the company. To this end, it has the right to access its records and documents to facilitate the performance of its assigned tasks.

Article Sixty-Eight: Reports of the Executive Committee: The Executive Committee must submit its reports to the Board of Directors, which shall include at a minimum a summary of its activities, recommendations, and decisions issued.

#### Article Sixty-Nine: Remuneration and Attendance Fees:

A member of the Executive Committee and the Secretary of the committee are entitled to attendance fees for the meetings and remuneration in accordance with the approved remuneration policies for Board members and their committees and the executive management.

#### Article Seventy: Termination of Membership:

(a) Membership in the Executive Committee terminates upon the expiration of the Board of Directors' membership. The committee or any of its members may be renewed, or new members appointed, or in the event of a new Board of Directors being elected after obtaining written non-objection from the Insurance Authority.

(b) The Board of Directors, after obtaining non-objection from the Insurance Authority, has the right to dismiss any member of the committee if they lose the conditions of membership or commit a violation of the provisions of the Cooperative Insurance Companies Control System or its executive regulations or the provisions of the Companies Law or other relevant regulations and instructions.

(c) A member of the committee has the right to resign, provided that they submit a resignation request to the Board at least one month prior to the effective date of their resignation or at a suitable time acceptable to the Board; otherwise, they will be held accountable to the company. The company must notify the Insurance Authority in writing of the member's resignation and the

reasons for it, providing a copy of the resignation request within five working days from the date of resignation.

(d) A member shall be considered resigned from the committee if they miss more than three consecutive meetings without an excuse accepted by the Board.

Article Seventy-One: Vacant Position in the Committee: (a) If a position of a member of the Executive Committee becomes vacant during the term of membership and this affects the quorum needed for the committee's formation, the Board of Directors shall appoint a new member within a maximum of 30 working days after obtaining written non-objection from the Insurance Authority. (b) If a position of a member of the Executive Committee becomes vacant during the term of membership and does not affect the quorum needed for the committee's formation, the Board of Directors has the option—after obtaining written non-objection from the Insurance Authority—to appoint another member to fill the vacant position.

#### Chapter Four: Risk Committee:

##### Article Seventy-Two: Purpose:

The primary purpose of the Risk Management Committee reporting to the Board of Directors is to assist the Board in performing its activities and tasks as delegated to it by the Board, particularly concerning risk management issues, including but not limited to the responsibility for overseeing and monitoring the risks faced by the company and following up on the implementation of the risk appetite policy.

##### Article Seventy-Three:

Formation of the Committee: The Board of Directors must obtain written non-objection from the Insurance Authority for the appointment of members of the Risk Management Committee who possess relevant qualifications and experience, especially in risk management and financial matters, ensuring that the number of its members is not less than three and not more than five from the Board or outside it. The Chair and the majority of its members must be from non-executive Board members, and the term of membership is linked to the term of the Board.

##### Article Seventy-Four:

Appointment of the Chair and Secretary of the Committee: The Board shall appoint a Chair for the Risk Management Committee after obtaining written non-objection from the Insurance Authority. The committee may also choose from among its members or from the employees of the company a secretary who will prepare the minutes of its meetings and schedule them in coordination with the Chair of the committee, handling administrative tasks and documenting and preserving the minutes of the committee meetings in a special register.

#### Article Seventy-Five: Meeting Invitations and Quorum:

- (a) The committee shall meet at the invitation of its Chair, and a meeting of the committee is valid only if attended by the majority of its members.
- (b) The committee shall meet periodically, with a minimum of four meetings per year, and may hold additional meetings as needed.
- (c) The committee may hold its meetings remotely using modern technical means, including telephone and video communication.
- (d) The committee may invite anyone it deems necessary from within or outside the company to attend its meetings if required.
- (e) Non-members of the committee may not attend its meetings except by invitation.

#### Article Seventy-Six: Decisions of the Committee:

The decisions and recommendations of the committee are made by a majority of the attending members. In the event of a tie, the vote of the Chair of the committee is decisive. The deliberations of the committee shall be recorded by its Secretary, including the opinions of all parties in the minutes of the meeting, and its decisions shall be documented in minutes signed by the Chair, members, and Secretary.

#### Article Seventy-Seven: Responsibilities and Duties of the Risk Management Committee:

In accordance with applicable regulations and laws, the responsibilities and duties of the committee include, but are not limited to:

- (a) Identifying the risks that the company may face and maintaining an acceptable level of risk specific to the company.
- (b) Overseeing risk management systems and evaluating their effectiveness.
- (c) Ensuring the company's viability and continued successful operations while identifying risks that threaten its continuity over the coming twelve months.

- (d) Developing a comprehensive risk management strategy for the company, overseeing its implementation, and reviewing and updating it periodically, considering relevant internal and external changes.
- (e) Reviewing risk management policies.
- (f) Periodically reviewing and reassessing the company's risk appetite and exposure levels.
- (g) Submitting detailed reports to the Board regarding potential risks and providing recommendations on management strategies.
- (h) Advising the Board on matters related to risk management.
  - (i) Ensuring the availability of adequate resources and systems for risk management.
  - (j) Reviewing the organizational structure of risk management and providing recommendations before it is approved by the Board.
- (k) Verifying the independence of risk management employees from activities that may expose the company to risks.
- (l) Ensuring that risk management employees understand the surrounding risks to the company and work to increase awareness of risk culture.
- (m) Reviewing issues raised by the Audit Committee that may affect risk management in the company.

#### Article Seventy-Eight: Reports of the Risk Management Committee:

The Risk Management Committee must submit its reports to the Board of Directors, which shall include at a minimum a summary of its activities, recommendations, and decisions issued.

#### Article Seventy-Nine: Remuneration and Attendance Fees:

A member of the Risk Management Committee and the Secretary of the committee are entitled to attendance fees for the meetings and remuneration in accordance with the approved remuneration policies for Board members and their committees and the executive management.

#### Article Eighty: Termination of Membership:

- (a) Membership in the Risk Management Committee terminates upon the expiration of the Board of Directors' membership. The committee or any of its members may be renewed or new members appointed, or in the event of a new Board of Directors being elected after obtaining written non-objection from the Insurance Authority.
- (b) The Board of Directors, after obtaining non-objection from the Insurance Authority, has the right to dismiss any member of the committee if they lose the conditions of membership or commit a violation of the provisions of the Cooperative Insurance Companies Control System or

its executive regulations or the provisions of the Companies Law or other relevant regulations and instructions.

(c) A member of the committee has the right to resign, provided that they submit a resignation request to the Board at least one month prior to the effective date of their resignation or at a suitable time acceptable to the Board; otherwise, they will be held accountable to the company. The company must notify the Insurance Authority in writing of the member's resignation and the reasons for it, providing a copy of the resignation request within five working days from the date of resignation.

(d) A member shall be considered resigned from the committee if they miss more than three consecutive meetings without an excuse accepted by the Board.

#### Article Eighty-One: Vacant Position in the Committee:

(a) If a position of a member of the Risk Management Committee becomes vacant during the term of membership and this affects the quorum necessary for the committee's formation, the Board of Directors shall appoint a new member within a maximum of 30 working days after obtaining written non-objection from the Insurance Authority.

(b) If a position of a member of the Risk Management Committee becomes vacant during the term of membership and does not affect the quorum necessary for the committee's formation, the Board has the option—after obtaining written non-objection from the Insurance Authority—to appoint another member to fill the vacant position.

## Chapter Five: Remuneration and Compensation Policy

### Section One: Remuneration and Compensation Policy:

#### Article One Hundred: Purpose:

The purpose of this policy is to organize and define the mechanism for approving the remuneration and compensation of the members of the Board of Directors, members of its committees, the Secretary of the Board and committees, and executive management members. This includes establishing the necessary criteria and controls to determine such remuneration,

linking it to performance, disclosure mechanisms, and verifying compliance with its implementation, in accordance with relevant regulations and laws.

This policy also aims to motivate the company's leadership to achieve outstanding performance that positively impacts the company and its shareholders, supporting sustainable long-term growth in line with the company's strategy and objectives, while ensuring principles of fairness and transparency in determining remuneration and compensation.

This policy seeks to contribute to attracting and retaining qualified talents for the Board of Directors, its committees, executive management, and employees at various levels, considering best practices in determining remuneration, ensuring that the level and structure of remuneration and compensation are fair and aligned with the company's goals, and preventing any conflict of interest that may negatively affect the company or its shareholders, while achieving the interests of policyholders and shareholders alike, and enhancing the financial stability and sustainability of the company.

#### **Article One Hundred and One: General Framework for Determining and Entitling Remuneration for Board Members, Committees, and Executive Management:**

While observing other relevant regulations and laws issued by regulatory authorities, the Board of Directors must adhere to the following when determining and disbursing remuneration to its members:

1. The remuneration must be fair and commensurate with the member's duties, the nature and size of the business and responsibilities they undertake, and in line with the objectives to be achieved during the fiscal year.
2. The remuneration must be consistent with the results of the periodic performance evaluation of Board members, members of its committees, and executive management, in line with the company's strategy, objectives, and performance in both the short and long term.
3. The structure and level of remuneration must align with the company's strategy and objectives, and with the size, nature, and degree of risks faced by the company.
4. The remuneration must be commensurate with the company's activities in the insurance sector, the degree of risks associated with it, and the skills and experiences required for membership in the Board of Directors and its committees or for holding executive positions in the company.

5. Consideration must be given to the nature and complexities of the insurance sector's work, the size of the company's operations, and the experience of each Board member and executive management member, respectively.
6. The remuneration must be sufficient and reasonable to attract competent and suitably experienced members and executive leaders, and must incentivize them to effectively perform their duties.
7. There may be variation in the amount of remuneration among members reflecting differences in levels of experience, specialization, assigned tasks, and other relevant considerations.
8. It is a condition that a Board member and/or committee member attend at least two-thirds of the meetings held during the fiscal year to be eligible for remuneration concerning Board and committee members.
9. The remuneration of independent Board members must not be a percentage of the profits generated by the company or be directly or indirectly based on the company's profitability.
10. The annual remuneration—when appointed or membership ends during the fiscal year—must be based on the actual duration of membership, proportionate to the date of appointment and the date of termination of membership, provided the minimum requirement of attending two-thirds of the meetings held during the membership period is met, concerning members of the Board and its committees.

#### Article One Hundred and Two: Conditions and Criteria for Remuneration of Board Members, Committees, and Senior Executives:

##### First: Remuneration of Board Members and Committees: (a) Conditions and Criteria:

1. The remuneration of Board members and members of its committees shall be in accordance with the provisions of the company's Articles of Association and relevant regulations and laws, aligning with the company's strategy and contributing to achieving its objectives.
2. The remuneration of Board members and members of its committees may be a fixed amount, attendance fees for meetings, non-cash benefits, or a specific percentage of net profits. The General Assembly shall determine the amount of remuneration for Board members, ensuring that the remuneration is fair, motivating, and commensurate with the member's performance and the company's performance, without prejudice to what relevant regulations stipulate regarding committee remuneration.



3. A Board member may receive remuneration for any executive, technical, administrative, or advisory positions assigned to them within the company under a professional license, in addition to the remuneration they may receive as a member of the Board or committees formed by the Board, in accordance with the Companies Law and the company's Articles of Association.
4. The Board report presented to the General Assembly must include a comprehensive statement of all remuneration, expenses, and other benefits received by Board members and members of its committees during the fiscal year, as well as a statement of what Board members received as employees or administrators, or for technical, administrative, or advisory work, and also include a statement of the number of meetings of the Board and committees and the number of meetings attended by each member since the last General Assembly meeting.
5. A Board member or a member of its committees may not receive commissions or bonuses for transactions they contribute to concluding on behalf of the company, and no part of their remuneration or compensation may be directly tied to the company's business volume (insurance premiums).
6. Payment of remuneration may be suspended or reclaimed if it is determined that it was granted based on inaccurate information provided by a Board member or a member of its committees.
7. The recommendation to the Board regarding the remuneration of Board members and members of its committees shall be made by the Nominations and Remunerations Committee and presented to the General Assembly for approval, in accordance with relevant regulations and laws. Board members may not vote on the item of Board members' remuneration at a General Assembly meeting.
8. Those Board members or members of its committees who are absent, after the General Assembly terminates their membership due to absence from three consecutive meetings or five separate meetings during their membership without a valid excuse, shall not be entitled to remuneration for the period following their last attended meeting, and they must return any remuneration disbursed to them for that period.
9. The remuneration of a Board member and a member of its committees shall be calculated according to the following criteria:
  - (a) Performance and effectiveness.
  - (b) Tasks and responsibilities.
  - (c) Membership in and chairing of sub-committees.
  - (d) Date of appointment and date of termination of membership.

- (e) Active attendance in meetings.
- (f) Number of meetings attended.
- (g) Attendance at General Assembly meetings of shareholders.

**Components of the Remuneration and Compensation for Board Members, Members of its Committees, and Secretaries:**

<b>**Item**</b>	<b>Value or Classification</b>
Board of Directors Membership Bonus	Determined based on a recommendation from the Nominations and Remuneration Committee and disbursed after the approval of the General Assembly.
Meeting Attendance Allowance for the Board of Directors	3,000 Saudi Riyals for each meeting.
Attendance Allowance for Subcommittee Meetings, Excluding the Audit Committee	2,000 Saudi Riyals for each meeting.
Accommodation for Board Members and Committee Members	The company shall cover the accommodation costs for Board members or committee members coming from outside the meeting location, at a rate of one day before the meeting and a maximum of one day after the meeting.
Tickets for Board Members and Committee Members	It shall be covered for those coming from outside the meeting location in business class or its equivalent if the meeting is held in person.
Secretary of the Board's Remuneration	2,000 Saudi Riyals for each meeting.
Secretaries of Sub-Committees' Remuneration	1,500 Saudi Riyals for each meeting.

**Second: Executive Management Bonuses**

## 1. Components of Salaries and Bonuses:

**A. Fixed Components:** The basic salary: The basic salary for executive management is determined according to the salary scale of the company, taking into account qualifications, professional experience, the nature of the job, and the tasks and responsibilities assigned, in line with prevailing market salaries. Additional allowances are included based on the company's internal policy, such as housing and transportation allowances.

**B. Variable Components:** Performance-based bonuses: This includes performance bonuses granted as an incentive to motivate senior executives or executive management, based on the overall performance of the company and individual managerial performance, considering the following criteria:

- Achieving the profit target.
- Completing assigned projects and tasks as required.
- Meeting all regulatory requirements.
- Reducing expenses in proportion to production volume.
- Exceptional achievements during the fiscal year.

## 2. Controls for Disbursing Executive Management Bonuses:

1. Performance-based bonuses are determined according to the evaluation prepared by the Nominations and Remuneration Committee.
2. Recommendations for executive management bonuses are submitted to the Board of Directors by the Nominations and Remuneration Committee.
3. The payment of the bonus may be suspended or recovered if it is found that it was decided based on inaccurate information provided by an executive management member.

## Article Three Hundred One: Disclosure of Bonuses in the Board of Directors' Report:

The Board of Directors shall be obligated to:

1. Disclose the bonus policy and how bonuses for board and executive management members are determined in the company.
2. Accurately, transparently, and in detail disclose in the Board of Directors' report the bonuses granted to board members and executive management directly or indirectly, without concealment or deception, whether in amounts, benefits, or advantages, regardless of their nature and name. If the benefits are shares in the company, the value recorded for the shares shall be the market value at the date of entitlement.
3. Clarify the relationship between the granted bonuses and the applicable bonus policy, and indicate any substantial deviation from this policy.
4. Provide necessary details regarding the bonuses and compensations paid to each of the following individually:
  - (A) Board members.
  - (B) Five senior executives who received the highest bonuses from the company, including the CEO and CFO.
  - (C) Committee members.

## Chapter Two: Evaluation and Review:

### Article Article Three Hundred Tow: Evaluation System:

1. The company must have a system for evaluating the performance of its employees at all levels objectively and systematically, and it should be based on the long term.
2. The Board of Directors, based on the proposal from the Nominations Committee, shall establish the necessary mechanisms to evaluate the performance of the board, its members, committees, and executive management annually; through appropriate performance measurement indicators related to achieving the company's strategic goals, the quality of risk management, the adequacy of internal control systems, and others, identifying strengths and weaknesses, and proposing remedies in line with the company's interests.
3. Performance evaluation procedures must be written and clear, and disclosed to board members and those involved in the evaluation.
4. The performance evaluation should include the skills and experiences possessed by the board, identifying its strengths and weaknesses, with efforts to address weaknesses through professional competencies that can enhance board performance. The performance evaluation should also include an assessment of the working mechanisms of the board in general.
5. In the individual evaluation of board members, the active participation of the member and their commitment to performing their duties and responsibilities, including attending board and committee meetings and allocating the necessary time for them, should be considered.
6. The Board of Directors may seek an external specialized evaluation of its performance every three years.
7. Non-executive board members shall conduct a periodic evaluation of the chair's performance after considering the opinions of executive members – without the chair's presence during the discussion dedicated to this purpose, determining strengths and weaknesses and proposing remedies in line with the company's interests.
8. The Nominations and Remuneration Committee must ensure an annual review of the company's bonus and compensation practices by the internal audit department or an external specialized entity without interference from the company's senior management.
9. The company must have a structure for bonuses and compensations for employees in oversight departments (Internal Audit and Compliance) that enhances the neutrality and independence of these functions.

## Chapter Six: Conflict of Interest Policy

### Article One Hundred Five: Scope of Conflict of Interest

The concept of conflict of interest is built and established on the following essential elements:

1. A conflict of interest arises whenever it is established that a member of the Board of Directors, or a member of any of its committees, or any of the company's employees, or its subsidiaries, has a connection to any activity, or has a personal interest, or an organizational or professional interest in any work or activity that may directly or indirectly affect the objectivity of that member's or employee's decisions, or their ability to fulfill their duties and responsibilities towards the company or any of its subsidiaries.
2. A conflict of interest also arises whenever it is established that a member of the Board of Directors, or an employee of the company or its subsidiaries, receives or obtains personal gains from any other party, whether directly or indirectly, benefiting from their position and participation in the management of the company.
3. Each member of the Board of Directors, and each employee of the company and its subsidiaries, is obligated not to use the company's assets or its various resources for any personal interest or to exploit them for their own benefit or for other purposes that do not fall within the scope of the company's activities.

### Article One Hundred Six: Avoiding Conflicts of Interest:

A. A member of the Board of Directors must:

1. Perform their duties with honesty and integrity, prioritizing the interests of the company over their personal interests, and not exploit their position to achieve private interests.
2. Avoid situations of conflict of interest and notify the Board of any conflicts that may affect their neutrality when considering matters presented to the Board. The Board of Directors must not involve this member in discussions and must not count their vote on these matters in Board meetings and shareholder assemblies.
3. Maintain the confidentiality of information related to the company and its activities and not disclose it to any person.

B. A member of the Board of Directors is prohibited from:

1. Voting on a decision of the Board of Directors or the general assembly regarding works and contracts executed on behalf of the company if they have a direct or indirect interest in them.
2. Exploiting or benefiting—directly or indirectly—from any of the company's assets or information or investment opportunities presented to them in their capacity as a Board member or presented to the company, including investment opportunities that fall within the company's activities or those the company wishes to benefit from. This prohibition also applies to any Board member who resigns in order to exploit investment opportunities—directly or indirectly—that the company wishes to benefit from and of which they became aware during their membership on the Board of Directors.

#### Article One Hundred Seven: Disclosure of Conflicts of Interest by Candidates:

Anyone wishing to nominate themselves for membership on the Board of Directors must disclose to the Board and the general assembly any instances of conflict of interest—according to the procedures established by the authority—including:

1. Existence of a direct or indirect interest in the works and contracts executed on behalf of the company for which they wish to run for the Board of Directors.
2. Their participation in an activity that may compete with the company or compete with it in one of the branches of activity it conducts.

#### Article One Hundred Eight: Controls on Competing with the Company:

With due regard to what is stated in Article Seventy-Two of the Companies Law and the relevant provisions in this regulation, as well as the Corporate Governance Regulations issued by the Capital Market Authority and the Governance Regulation for Insurance Companies issued by the Insurance Authority, if a member of the Board of Directors wishes to participate in any activity that competes with the company or competes with it in one of the branches of activity it conducts, the following must be considered:

1. Informing the Board of Directors of the competing activities they wish to engage in and documenting this notification in the minutes of the Board meeting.
2. The member with the interest must not participate in voting on the decision issued in this regard in the Board of Directors and shareholders' assemblies.
3. The Chairman of the Board must inform the ordinary general assembly when it convenes of the competing activities conducted by the Board member, after the Board has verified the member's competition with the company's activities or competition in one of the branches of activity it conducts according to criteria issued by the company's general assembly—based on the Board's proposal—and published on the company's website, ensuring verification of these activities annually.
4. Obtaining a license from the ordinary general assembly of the company or from the Board of Directors through a mandate from the aforementioned assembly allowing the member to engage in competing activities.

#### Article One Hundred Nine: Concept of Competing Activities:

The concept of engaging in any activity that may compete with the company or compete with it in one of the branches of activity it conducts includes the following:

1. Establishing a member of the Board of Directors for a company or an individual institution or owning a significant percentage of shares or stakes in another company or establishment that conducts activities similar to those of the company or its group.
2. Accepting membership on the Board of Directors of a company or establishment that competes with the company or its group, or taking over the management of a competing individual institution or company regardless of its form, except for subsidiaries of the company.
3. The member obtaining a commercial agency or the like, whether apparent or concealed, for another competing company or establishment.

**Article One Hundred Ten: Board Authorization - Based on Delegation from the General Assembly:**

A. The ordinary general assembly has the right to delegate the authority to license works and contracts executed on behalf of the company in which a member of the Board of Directors has a direct or indirect interest, provided that the delegation is according to the following conditions:

1. The total amount of the work or contract—or the sum of works and contracts during the financial year—must be less than one percent of the company's revenues according to the latest audited financial statements, and must be less than ten million Saudi Riyals.
2. The work or contract must fall within the normal activities of the company.
3. The work or contract must not include preferential terms for the member of the Board of Directors and must be under the same conditions and terms that the company applies to all its contractors and dealings.
4. The work or contract must not be among the consulting works and contracts performed by the Board member—under a professional license—for the benefit of the company according to Article Eight of the executive regulation of the Companies Law for listed joint-stock companies.

B. The member of the Board of Directors shall bear responsibility for accounting for the transactions mentioned in paragraph (1) of subsection (A) of this article in which they have a direct or indirect interest during the financial year.

C. The ordinary general assembly has the right to delegate the Board of Directors the authority to license any of its members to participate in any activity that may compete with the company or to engage in any competing activity in any of the branches of activity conducted by the company, provided that the general assembly's decision specifies the competing activities that the Board is authorized to license and the duration of the delegation.

**Article One Hundred Eleven: Refusal to Grant Authorization:**

A. If the Board of Directors refuses to grant authorization—to engage in activities that may compete with the company—under Article One Hundred Nine of this regulation, the member of the Board of Directors must submit their resignation within a timeframe specified by the Board, otherwise their membership in the Board shall be considered terminated, unless they decide to withdraw from the contract or transaction or competitive activities, or rectify their situation according to the Companies Law and its executive regulations before the expiration of the timeframe specified by the Board.

B. If the general assembly refuses to grant authorization—to engage in activities that may compete with the company—under Article Seventy-Two of the Companies Law and Article One Hundred Nine of this regulation, the member of the Board of Directors must submit their resignation within a timeframe determined by the general assembly, otherwise their membership in the Board shall be considered terminated, unless they decide to withdraw from competing with the company or rectify their situation according to the Companies Law and its executive regulations before the expiration of the timeframe specified by the assembly.

**Article One Hundred Twelve: Acceptance of Gifts:**

None of the members of the Board of Directors, the members of its committees, or senior executives may accept gifts from any person who has business dealings with the company, if such gifts may lead to

a conflict of interest. The Audit Committee must be informed in writing about such incidents, to be recorded and taken into account in future dealings that may arise.



## Chapter Seven: Stakeholders

### Article One Hundred Thirteen: Organizing the Relationship with Stakeholders:

The Board of Directors shall establish clear and written policies and procedures to organize the relationship with stakeholders to protect them and safeguard their rights. This policy shall specifically include the following:

1. How to compensate stakeholders in the event of breaches of their rights as determined by regulations or protected by contracts.
2. How to resolve complaints or disputes that may arise between the company and stakeholders.
3. How to build good relationships with clients and suppliers and maintain confidentiality regarding information related to them.
4. Professional conduct rules for managers and employees in the company that align with sound professional and ethical standards and regulate their relationship with stakeholders, with the Board of Directors establishing mechanisms to monitor the application of these rules and compliance with them.
5. The company's social contribution.
6. Ensuring that the company's dealings with Board members and related parties are conducted according to the terms and conditions applicable to stakeholders without any discrimination or favoritism.
7. Ensuring stakeholders receive information related to their activities in a manner that enables them to perform their duties, ensuring that this information is accurate, sufficient, timely, and provided regularly.
8. Treating employees in the company according to the principles of fairness, equality, and non-discrimination.

### Article One Hundred Fourteen: Reporting Violations:

1. The Board of Directors shall establish a reporting policy for violations based on a proposal from the Audit Committee, in accordance with the requirements of the Insurance Authority, for stakeholders to follow in submitting their complaints or reporting violations.
2. Facilitating stakeholders (including employees of the company) to report to the Board of Directors any observed acts or practices by the executive management that violate regulations and laws or raise suspicions in financial statements or internal control systems, whether these acts or practices are directed against them or not, and conducting the necessary investigation regarding them.
3. Maintaining the confidentiality of reporting procedures by facilitating direct contact with an independent member of the Audit Committee or other specialized committees.
4. Appointing a designated person to receive complaints or reports from stakeholders and to handle them.
5. Providing a telephone line or email specifically for receiving complaints.
6. Providing necessary protection for stakeholders.
7. Establishing an escalation mechanism that complies with relevant laws and regulations.

## Chapter Eight: Professional and Ethical Standards

### Article One Hundred Fifteen: Professional Conduct Policy:

The Board of Directors shall establish a policy for professional conduct and ethical values within the company, taking special consideration of the following:

1. Emphasizing that each member of the Board of Directors, executive management, and employees of the company shall exercise their duties of care and loyalty towards the company, safeguarding its interests, enhancing its value, and prioritizing its interests over their personal interests in all circumstances.
2. Representing a member of the Board of Directors for all shareholders in the company, committing to what serves the interest of the company and the interests of shareholders, while considering the rights of other stakeholders, not just the interests of the group that elected them.
3. Reinforcing the principle of commitment by members of the Board of Directors and senior executives to all relevant laws, regulations, and instructions.
4. Preventing any member of the Board of Directors or executive management from exploiting their position to achieve personal interests for themselves or others.
5. Ensuring that the use of the company's assets and resources is limited to achieving the company's purposes and objectives, and not exploiting these assets or resources for personal interests.
6. Establishing precise, rigorous, and clear rules governing the authorization and timing of access to internal information related to the company, ensuring that members of the Board of Directors, executive management, and others do not benefit from or disclose such information to any person, except within the established or legally permissible limits.

## Chapter Nine: Disclosure and Transparency

### Article One Hundred Sixteen: Disclosure Policy and Procedures:

Without prejudice to the rules for offering securities, continuous obligations, and listing rules, the Board of Directors shall establish written policies for disclosure, procedures, and supervisory systems in accordance with the disclosure requirements set forth in the Companies Law and the Capital Market Law—where applicable—along with their executive regulations and the regulations and instructions of the Insurance Authority, while considering the following:

1. These policies shall include appropriate disclosure methods that enable shareholders and stakeholders to access financial and non-financial information related to the company, its performance, share ownership, and a comprehensive view of the company's status.
2. Disclosure to shareholders and investors shall be conducted without discrimination, clearly, accurately, and non-misleadingly, in a timely manner, and regularly, to enable shareholders and stakeholders to exercise their rights to the fullest extent.
3. Establishing reporting systems that specify the information that must be disclosed and the method of classifying it based on its nature or the frequency of disclosure.
4. Periodically reviewing disclosure policies and verifying their compliance with best practices and the provisions of the Capital Market Law and its executive regulations.

### Article One Hundred Seventeen: Board of Directors Report:

The Board of Directors' report must include a presentation of its operations during the last financial year and all factors affecting the company's business. The report should include the following:

1. What has been applied from the provisions of the Corporate Governance Regulations issued by the Capital Market Authority, and what has not been applied along with the reasons for that.
2. An analytical overview of the company's financial performance during the previous period.
  1. The most important plans and decisions taken and their impact on the performance and status of the company.
  2. Clarification of any material differences in operational results compared to the previous year's results or any forecasts announced by the company.
  3. An assessment of the company's strategy and its financial position.
  4. A description of the main activities of the company and its subsidiaries. In the case of describing two or more activities, a statement of each activity and its impact on the company's business volume and its contribution to the results should be attached.
  5. The name of each subsidiary company, its capital, the percentage of ownership in it, its main activity, the country where its main operations are located, and the country of its incorporation.
  6. Details of the shares and debt instruments issued for each subsidiary.
  7. A description of the company's policy regarding the distribution of dividends.

8. A description of any interest in the class of shares with voting rights belonging to individuals (other than members of the Board of Directors, senior executives, and their relatives) who have notified the company of those rights under Article Forty-Five of the Listing and Registration Regulations, and any changes in those rights during the last financial year.
9. The names of public joint-stock companies and companies inside and outside the Kingdom in which a member of the Board of Directors is a member of their current or previous boards or a manager.
10. A description of any interest and contractual securities and subscription rights belonging to members of the Board of Directors, senior executives, and their relatives in the shares or debt instruments of the company or any of its subsidiaries, and any changes in that interest or those rights during the last financial year.
11. Information regarding any loans to the company (whether due on demand or otherwise), disclosure of the total indebtedness of the company and its subsidiaries, and any amounts paid by the company to repay loans during the year, including the principal amount of the loan, the lending entity, its duration, and the remaining amount. If there are no loans on the company, it must provide a declaration to that effect.
12. A description of the categories and amounts of any convertible debt instruments and any contractual securities or subscription rights or similar rights issued or granted by the company during the financial year, indicating any compensation the company received in return for that.
13. A description of any conversion or subscription rights under convertible debt instruments or contractual securities or subscription rights or similar rights issued or granted by the company.
14. A description of any redemption or purchase or cancellation by the company of any redeemable debt instruments, the value of the remaining securities, distinguishing between the listed securities purchased by the company and those purchased by its subsidiaries.
15. The number of requests made by the company for the shareholders' register, the dates of those requests, and the reasons for them.
16. Where applicable, the methods relied upon by the Board of Directors in evaluating its performance and the performance of its committees and members, as well as the external entity that conducted the evaluation and its relationship with the company, if any.
17. The procedures taken by the Board of Directors to inform its members—especially non-executive members—of shareholders' proposals and observations regarding the company and its performance.
18. Any penalty, precautionary measure, or any reserve restriction or sanction imposed on the company by any judicial, supervisory, or regulatory authority, stating the reasons for the violation, the signing authority, and the remedial actions taken to avoid recurrence in the future.
19. Any penalty or any reserve restriction or sanction imposed on any member of the Board of Directors by any judicial, supervisory, or regulatory authority related to the company.
20. The recommendation of the Audit Committee to appoint an internal auditor for the company, if it recommended doing so during the last financial year.
21. An evaluation of the risks surrounding the company and how to manage and monitor them.

22. A summary in the form of a table or chart of the company's assets, liabilities, and results for the last five financial years or since incorporation, whichever is shorter.
23. Clarification of any discrepancies from the accounting standards adopted by the Saudi Organization for Certified Public Accountants.
24. A geographical analysis of the total revenues of the company and its subsidiaries.
25. Future performance forecasts.
26. Regarding the Board of Directors: the functions of the board, its composition, the name of the chairman and vice-chairman, the dates of commencement and termination of the current term, the number of independent board members, the number of meetings held during the period and their dates, the names of attendees at each meeting, and details of the bonuses and compensations of board members.
27. Regarding each member of the Board of Directors: the member's name, classification (executive, non-executive, or independent), the names of other companies in which the member holds a board member position, the entity represented by the member (if any), and any other positions held by the member in the company (if any).
28. Regarding each committee of the Board of Directors: the name, functions, and responsibilities of the committee, the names of its members, their classification (chairman, executive, non-executive, independent, or non-board members), the number of meetings held during the period and their dates, the names of attendees at each meeting, and details of the bonuses and compensations of the members for their membership in the committee.
29. A statement of the dates of the general assemblies of shareholders held during the last financial year and the names of the board members present at these assemblies.
30. A list of the names, positions, qualifications, and experiences of all members of the Board of Directors and its committees, and senior management of the company, along with their current and previous positions and qualifications and experiences.
31. The total bonuses and compensations paid to members of the Board of Directors and the five highest-paid senior executives, including the CEO and CFO if they are not among those who received the highest bonuses and compensations during the period (divided into salaries, fixed allowances, variable bonuses, and any other components), in addition to a description of any performance-related bonuses available to senior executives, including the CEO and CFO if they are not among them.
32. The ownership of members of the Board of Directors and senior executives in the company (direct and indirect) and changes in their ownership during the financial year as certified in the shareholders' register.
33. A description of transactions with related parties, including major shareholders, members of the Board of Directors, and senior executives during the period and the mechanism for their approval.
34. Details of the company's social contributions, if any.
35. Information related to any works or contracts in which the company is a party and in which there was or is an interest for any member of the company's Board of Directors or senior executives or any person related to any of them, including the names of those involved in the works or contracts, the nature of these works or contracts, their terms, duration, and amounts. If there are no such works or contracts, the company must provide a declaration to that effect.
36. A statement of any arrangements or agreements under which a member of the company's Board of Directors or a senior executive has waived any bonuses.

37. A statement of any arrangements or agreements under which a shareholder of the company has waived rights to profits.
38. A statement of the amount of statutory payments due and payable for any zakat, taxes, fees, or any other dues that have not been settled by the end of the annual financial period, with a brief description and reasons for them.
39. A statement of the amount of any investments or provisions established for the benefit of the company's employees.
40. Any cases that may present a conflict of interest and the mechanism for addressing and dealing with them.
41. Recommendations from the Audit Committee that conflict with decisions made by the Board of Directors, or which the Board rejected regarding the appointment or dismissal of the company's auditor, determination of their fees, evaluation of their performance, or appointment of the internal auditor, along with the justifications for these recommendations and the reasons for not adopting them.
42. The names of major shareholders and the percentage of ownership of each in the company's shares.
43. Results of the annual review of the efficiency and effectiveness of the internal control system of the company, along with the Audit Committee's opinion on the adequacy of the internal control system in the company.
44. Declarations regarding the following:
  - (A) That the accounting records have been prepared correctly.
  - (B) That the internal control system has been established on sound principles and effectively implemented.
  - (C) That there is no significant doubt about the company's ability to continue its activities.
3. If the auditor's report includes reservations regarding the annual financial statements, the Board of Directors' report must clarify those reservations, their reasons, and any related information.
4. In the event the Board of Directors recommends changing the auditor before the end of the designated term, the report must include this, along with the reasons for the recommendation to change.
5. Information related to any competitive activities of the company or any of the branches of activity it conducts that are or were conducted by any member of the Board of Directors, including the names of those involved in the competitive activities, the nature of these activities, and their terms. If there are no such activities, the company must provide a declaration to that effect.

#### Article One Hundred Eighteen: Audit Committee Report

48. The Audit Committee report must include details of its performance of its responsibilities and tasks as stipulated in the company's system and its executive regulations, as well as the tasks specified in the Audit Committees Regulations in Insurance and/or Reinsurance Companies issued by the Insurance Authority. It must include its recommendations and opinion on the adequacy of the internal and financial control systems and risk management in the company, including recommendations related to reports from internal audit management and compliance management.
49. The Board of Directors must deposit sufficient copies of the Audit Committee report at the company's head office and publish it on the company's website and the market website when

announcing the convening of the general assembly, enabling any interested shareholders to obtain a copy. A summary of the report shall be read during the general assembly.

#### Article One Hundred Nineteen: Disclosure by Members of the Board of Directors and Executive Management

The Board of Directors must organize the disclosure processes for each of its members and the members of executive management, considering the following:

1. Establishing a special register for disclosures by members of the Board of Directors and executive management and updating it periodically, in accordance with the disclosures required under the Companies Law, the Capital Market Law, and the regulations and instructions issued by the Insurance Authority and their executive regulations.
2. Making the register available for the company's shareholders free of charge.

## Chapter Ten: Internal Control

### Article One Hundred Twenty: Internal Control System:

The Board of Directors must adopt an internal control system for the company to evaluate the policies and procedures related to risk management and the application of the governance rules adopted by the company, while adhering to the relevant laws and regulations. This system must ensure the following:

- Adherence to clear standards of accountability at all executive levels within the company.
- Transactions with related parties are conducted in accordance with the specific provisions and controls applicable to them.

### Article One Hundred Twenty-One: Establishing and Structuring Independent Control Departments:

1. The company shall establish independent departments to implement the approved internal control system, namely the Compliance Department, Risk Management Department, and Internal Audit Department.
2. The Compliance Department and Internal Audit Department shall report to the Audit Committee derived from the Board of Directors.
3. The Risk Management Department shall report to the Risk Management Committee.
4. The company may, after obtaining the Insurance Authority's approval, engage external parties to perform the tasks and responsibilities of the risk assessment and management units or departments, and internal audit, without affecting the company's responsibility for those tasks and responsibilities.

### Article One Hundred Twenty-Two: Responsibilities of the Control Departments:

#### *First: Compliance Department:*

The Compliance Department is an independent department reporting to the Audit Committee, and the compliance officer is appointed by the Audit Committee to ensure independence. The Compliance Department is responsible for monitoring the company's compliance with all applicable laws, regulations, and instructions issued by the Insurance Authority or other relevant supervisory authorities, and taking necessary actions to improve the level of regulatory compliance within the company. Its tasks include, but are not limited to, the following:

1. Ensuring that the company complies with all requirements of applicable laws and regulations issued by the Insurance Authority, the Capital Market Authority, the Ministry of Commerce, and any other supervisory authorities.
2. Communicating with regulatory authorities regarding all matters related to the company's regulatory and supervisory issues.



3. Assessing compliance risks within the company and monitoring instances of non-compliance.
4. Advising the Board of Directors, committees, executive management, and all company personnel and relevant departments on the applicable laws, regulations, and instructions to enable the company to comply with them.
5. Notifying the company of all developments and updates in the laws, regulations, and instructions issued by regulatory authorities and relevant entities.
6. Preparing periodic reports on instances of non-compliance and providing recommendations to address them, submitting them to the Audit Committee and the Board of Directors as necessary.
7. Providing regulatory authorities with the required reports.
8. Evaluating the work of all company departments to ensure compliance with laws, regulations, and instructions, and preparing reports accordingly.
9. Raising awareness and educating company personnel at all levels on the importance of compliance.
10. Monitoring the company's compliance with the Anti-Money Laundering and Terrorism Financing Law and its executive regulations.
11. Complying with the procedural guide for responding to inquiries and requests from regulatory authorities and the mechanism for preparing periodic reports.

#### Second: Internal Audit Department:

The Internal Audit function assesses the effectiveness and efficiency of internal controls, policies, and procedures, and the reporting mechanism within the company, as well as compliance with them, providing recommendations for improvement based on an approved plan from the Audit Committee that covers all company activities and operations. The internal auditor is appointed by the Audit Committee to ensure independence and enable them to perform their work to enhance the level of control within the company. The company must retain audit reports, working documents, conclusions, and recommendations, and any actions taken regarding them. Its responsibilities include, but are not limited to, the following:

1. Evaluating the effectiveness and efficiency of internal controls, policies, and procedures, and the extent of the company's compliance with them while providing recommendations regarding them.
2. Identifying failures in the implementation of internal controls or weaknesses that may affect the company's financial performance.
3. Verifying the credibility of financial information, accounting records, and non-financial information and their integrity.
4. Submitting comprehensive reports on the results of internal audits, discussing them with the Audit Committee and relevant managers, and providing necessary proposals for addressing and closing the observations.
5. Providing necessary reports to the Board of Directors to inform them of the results and contribute to enhancing internal control procedures while maintaining the professional independence of the department.
6. Performing tasks and responsibilities stipulated in various laws, regulations, and instructions issued by the Insurance Authority, including, but not limited to, reviewing underwriting and pricing instructions, and surplus distribution.

### Third: Risk Management Department:

The company shall create a guide for policies and procedures for risk management that includes the work of all technical and non-technical departments in accordance with the provisions of applicable laws, regulations, and circulars issued by regulatory authorities. The company shall implement and update this guide as necessary. The Risk Management function conducts its activities in accordance with the Risk Management Regulations issued by the Saudi Central Bank and any other regulatory or supervisory requirements. The Risk Management function is responsible for continuously identifying, assessing, measuring, controlling, and monitoring risks and mitigating them at both the individual and aggregate risk levels. Its tasks include, but are not limited to, the following:

1. Implementing the risk management strategy.
2. Monitoring risks that the company may be exposed to.
3. Establishing effective risk management policies and procedures to identify, assess, measure, control, and monitor risks and mitigate them.
4. Identifying emerging risks and proposing corrective actions to mitigate and control them.
5. Assessing the company's risk tolerance and its exposure to risks (such as conducting stress tests) periodically.
6. Developing an emergency plan.
7. Coordinating with executive management to ensure the effectiveness and efficiency of the risk management system within the company.

## Chapter Eleven: Senior Management

### Article One Hundred Twenty-Three: Senior Management

1. Priority in senior management positions within the company shall be given to Saudi competencies based on the appointment requirements for leadership positions issued by the Insurance Authority.
2. Each senior management position shall have a documented and detailed job description that defines roles, responsibilities, specifications, qualifications, reporting lines (subordination), mechanisms for interaction with other internal entities, powers, and limits of authority.
3. The Chief Executive Officer/General Manager or their equivalent shall be appointed by a decision of the Board of Directors after obtaining the approval of the Insurance Authority and shall report to the Board of Directors. The duties of senior management include, but are not limited to, the following:
  - (A) Implementing the company's strategic plans.
  - (B) Managing the daily activities of the company.
  - (C) Establishing procedures to identify, measure, mitigate, and monitor risks.
  - (D) Establishing the necessary policies and procedures to ensure the efficiency and effectiveness of the internal control system.
  - (E) Safeguarding documents and auditing accounts.
  - (F) Acting in accordance with the directives of the Board of Directors and reporting to it.
  - (G) Ensuring compliance with all regulatory and supervisory requirements to the maximum extent possible.
4. Senior management must provide the Board of Directors with a comprehensive presentation on management performance at least during each board meeting.

## Chapter Twelve: Appointed Actuary

### Article One Hundred Twenty-Four: Actuarial Work:

Without prejudice to the regulations on actuarial work for insurance issued by the Insurance Authority and any other relevant instructions, the duties and responsibilities of the appointed actuary include, but are not limited to, the following:

1. Studying the overall financial situation of the company.
2. Evaluating the adequacy of the company's capital.
3. Assessing the company's ability to meet its future obligations.
4. Pricing protection and savings insurance products, health insurance, and vehicle insurance, along with recommendations regarding the adequacy of premium rates for other general insurance products.
5. Determining the company's technical provisions and recommending them.
6. Coordinating with risk management officials within the company to estimate the impact of material risks and to determine the appropriate mechanism for mitigating their effects.
7. Assessing the adequacy of reinsurance arrangements and appropriate levels of risk retention, recommending the optimal retention level.
8. Providing recommendations to the company's Board of Directors regarding the company's investment policy, considering the nature and timing of obligations toward policyholders and the availability of suitable assets.
9. Determining the surplus or deficit of the company in general.
10. Preparing appropriate reports in accordance with the required financial reporting templates from the Insurance Authority.
11. Reviewing the company's underwriting manuals.
12. Preparing an annual report that clarifies the adequacy of the company's technical provisions and the pricing of insurance products.
13. Analyzing the development of the insurance portfolio and cost analysis.
14. Preparing a report that clarifies the appropriateness of assets for liabilities.
15. Advising on any other actuarial matters.

## Chapter Thirteen: Company Auditor

### Article One Hundred Twenty-Five: Delegating the Audit Task:

The task of auditing the annual accounts is entrusted to one or more auditors who possess independence, competence, experience, and qualifications, to prepare an objective and independent report for the Board of Directors and shareholders indicating whether the company's financial statements clearly and fairly represent the company's financial position and its performance in material respects.

### Article One Hundred Twenty-Six: Appointing the Auditor:

1. The ordinary general assembly shall appoint the company's auditor based on a nomination from the Audit Committee, with the following considerations:
2. The nomination must be based on a recommendation from the Audit Committee.
3. The auditor must be licensed and meet the requirements set forth by the relevant authority.
4. There must be no conflict of interest with the company's interests.
5. The number of nominees must not be less than two auditors.

### Article One Hundred Twenty-Seven: Duties of the Auditor:

The auditor must:

1. Exercise due diligence and integrity toward the company.
2. Notify the authority if the Board of Directors does not take appropriate action regarding any suspicious matters raised.
3. Request the Board of Directors to call for the ordinary general assembly if the Board does not facilitate their work. The auditor shall be responsible for compensating any damage suffered by the company or shareholders or others due to errors committed in the performance of their work, and if there are multiple auditors involved in the error, they shall be jointly liable.

## Chapter Fourteen: Final Provisions

### Article One Hundred Twenty-Eight: Retention of Documents:

The company must retain all minutes, documents, reports, and other required documents in accordance with the Corporate Governance Regulations issued by the Capital Market Authority and the Governance Regulations for Insurance Companies issued by the Insurance Authority at its head office for a period of not less than ten years, including the Board of Directors' report and the Audit Committee's report.

Without prejudice to this period, the company must retain such documents in the event of a legal claim (including any ongoing or threatened claim) or request or any ongoing investigative procedures related to those minutes or documents or reports until the conclusion of that legal claim or request or ongoing investigative procedures.

### Article One Hundred Twenty-Nine: Providing Additional Information and Data:

The Capital Market Authority or the Insurance Authority has the right to request from the company any additional information or data that they deem necessary to verify compliance with the provisions of the Corporate Governance Regulations.

### Article One Hundred Thirty: Regulatory Reference in the Absence of Text:

The provisions of these regulations shall apply as stated in the texts, and in the absence of a text, the provisions of the regulations and regulatory systems issued by the relevant authorities shall apply.

### Article One Hundred Thirty-One: Publication and Effectiveness:

These regulations shall come into effect from the date of their approval by the general assembly.

## **Preface:**

Adherence to corporate governance (“CG”) is crucial to the success of the Company. CG incorporates mechanisms for regulating the various relationships among the Board of Directors (the “Board”), Executive Management, shareholders and Stakeholders, and requires the application of a clear framework of transparency, disclosure and accountability that is conducive to the best interests of shareholders, to the protection of their and Stakeholders’ rights, and to the promotion of fairness, competitiveness and transparency.

Arabia Insurance Cooperative Company (“AICC”) has, therefore, developed the Company’s Internal Corporate Governance Regulations in accordance with the requirements of the Insurance & Reinsurance Corporate Governance Regulations issued by the Saudi Central Bank (“SCB”) and the (updated) Corporate Governance Regulations issued by the Capital Market Authority Board.

Believing that the Regulations are a key enabler of the success of the Company, AICC’s Board has made sure that they will be in line with international best practice and will be effective and fully applied.

## **Company Overview:**

AICC is a Saudi Arabian public joint-stock company established by Royal Decree No. M/23 of 15/3/1428H (3/4/2007) and Council of Ministers Resolution No. 93 of 14/3/1428H (2/4/2007), with CR 1010243302 dated 18/1/1429H (27/1/2008) issued in Riyadh. The Company’s shares were listed on the Saudi Stock Exchange (Tadawul) on 26/1/1429H, corresponding to 4/2/2008.

AICC obtained SCB License No. TMN/15/20086 dated 14/6/1429H (18/6/2008) to engage in insurance business in accordance with the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations. The Company’s purpose is to carry on cooperative insurance and related activities in Saudi Arabia, with its main activity comprising all categories of general insurance, health insurance and P&S.

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## **Part I: Preliminary Provisions**

### **Article 1: General Provisions**

#### **a) Corporate Governance Regulations (“CGR”) References:**

1. The Cooperative Insurance Companies Control Law promulgated by Royal Decree No. M/32 dated 2/6/1424H and its Implementing Regulations.
2. The Companies Act promulgated by Royal Decree No. M/3 dated 28/1/1437H.
3. The Capital Market Law issued by Royal Decree No. M/30 of 2/6/1424H.
4. The (updated) Corporate Governance Regulations issued by the Capital Market Authority Board.
5. The Rules on the Offer of Securities and Continuing Obligations (“ROSCO”).
6. The Insurance & Reinsurance Corporate Governance Regulations issued by the Saudi Central Bank.
7. The Regulations for Audit Committees in Insurance and Reinsurance Companies issued by the Saudi Central Bank.
8. The Requirements for Appointments to Leadership Positions in Financial Institutions Supervised by the Saudi Central Bank.
9. The Company’s Articles of Association.

#### **b) Amendments to CGR:**

The authority to propose amendments to these Regulations shall lie with the Company’s Board.

#### **c) Approval, Coming into Effect and Publication:**

1. The authority to approve these Regulations shall belong to the General Assembly of Shareholders, and they shall come into effect as of the date of their approval.
2. The Company shall publish a copy of these Regulations on its website.

### **Article 2: Definitions:**

Without prejudice to the provisions of relevant laws and regulations, the following terms and expressions, wherever used in these Regulations, shall have the meanings respectively indicated next to them, unless the context requires otherwise:

<b>SCB</b>	: The Saudi Central Bank.
<b>CMA</b>	: The Capital Market Authority.
<b>CGR or Regulations</b>	: The Corporate Governance Regulations of Arabia Insurance Cooperative Company.
<b>AICC or Company</b>	: Arabia Insurance Cooperative Company.

- Shareholders Assembly** : An assembly consisting of the shareholders of the Company formed in accordance with the provisions of the Companies Act and the Company's Articles of Association.
- Board of Directors or Board** : The Board of Directors of Arabia Insurance Cooperative Company recognized under the laws in force in the Kingdom of Saudi Arabia.
- Chairman of the Board or Board Chairman** : A non-executive Board member elected by the Board to preside over its meetings and organize its activities.
- Executive Member** : A member of the Board of Directors who is a full-time member of the Executive Management of the Company, participates in its day-to-day activities and, in return, receives a monthly salary.
- Non-Executive Member** : A member of the Board of Directors who is not a full-time member of the management team of the Company and neither participates in its day-to-day activities nor receives a monthly or an annual salary.
- Independent Member** : A member of the Board of Directors who enjoys full independence. This means that the member is fully independent of the management and of the Company. Independence is the ability to judge things after taking into account all relevant information without undue influence from management or from external parties. None of the issues affecting independence stipulated in Article 20 of the Corporate Governance Regulations issued by CMA applies to such a member. Independence is not established on the part of a Board member in the following cases:
- a) If the member is a Significant Shareholder in the Company or in a Related Company or holds five percent or more of the shares of the Company or the shares of another company within the Company's group, or represents or works for a Significant Shareholder, or is a relative of someone who holds such percentage.
  - b) If the member is a member of the Board of a Related Company or held that position during the past two years.
  - c) If the member has served as a Board member of the Company for more than nine years.
  - d) If the member holds a position in the Senior Management of the Company, in the management of a Related Company or with a Significant Shareholder, or held one during the past two years.
  - e) If the member is an employee, or used to be an

employee during the past two years, of the Company, a Related Company or a company that provides services to the Company (e.g. external auditors, consulting firms, etc.)

- f) If the member is a related person of a member of the Board or Senior Management of the Company or of a Related Company.
- g) If the member has a contractual or business relationship with the Company (either directly or through an entity in which the member is a Significant Shareholder, a Board member, or a manager) which resulted in paying to, or receiving from, the Company a sum of money equal to two hundred fifty thousand (250.000) Saudi riyals (other than the member's remuneration as a member of the Board) during the past two years.
- h) If the member is under a financial or moral obligation towards the Company or any members of its Board or Senior Management that might affect the member's exercise of full independence in judgment and decision-making.
- i) If the member is engaging in an activity competing with the Company or any members of its Board or Senior Management that might affect the member's exercise of full independence in judgment and decision-making.
- j) If the member is a relative of any Senior Executive of the Company or of another company within the Company's group.
- k) If the member receives from the Company in addition to the remuneration for serving on the Board or any Committees, sums of money exceeding two hundred thousand (200.000) Saudi riyals or exceeding 50% of the member's remuneration received in the preceding year for serving on the Board or any Committees, whichever is lower.

**Chief Executive Officer or CEO** : The officer with the highest rank in the Senior Executive Management of the Company who is in charge of its day-to-day management, regardless of the title of his or her position.

**Senior Management or Executive Management (Management of the Company)** : The persons responsible for managing the day-to-day operations of the Company and proposing and implementing strategic decisions, including the Managing Director, CEO, General Manager and their deputies, Chief Financial Officer, managers of key departments, those in charge of the Company's risk management, internal audit and compliance functions, and the like, and the incumbents of any such other positions as may be determined by SCB.

- Leadership Positions** : Members of the Board of Directors and Senior Management.
- Stakeholders** : The persons or parties who have an interest in the business transacted by the Company, including shareholders, insureds, claimants, Company employees, reinsurers, suppliers, the community, and regulatory and supervisory bodies.
- Significant Shareholders** : Persons who hold 5% or more of the Company's shares or voting rights.
- Relatives** :  
  - Fathers, mothers, grandfathers, grandmothers and their ancestors.
  - Children, grandchildren and their descendants.
  - Full and half siblings and their children.
  - Husbands and wives.
  -
- Person** : Any natural or legal person recognized as such under the laws of the Kingdom.
- Related Parties** :  
  - a. Significant Shareholders of the Company.
  - b. Board members of the Company or of any of its Affiliates and their relatives.
  - c. Senior Executives of the Company or of any of its Affiliates and their relatives.
  - d. Board members and Senior Executives of the Company's Significant Shareholders.
  - e. Entities, other than companies, owned by a Board member, a Senior Executive or relatives thereof.
  - f. Companies in which a Board member, a Senior Executive or any of their relatives is a partner.
  - g. Companies in which a Board member, a Senior Executive or any of their relatives is a Board member or a Senior Executive.
  - h. Joint-stock companies in which a Board member, a Senior Executive or any of their relatives holds 5% or more, subject to the provision of paragraph (d) of this definition.
  - i. Companies in which a Board member, a Senior Executive or any of their relatives has influence on the company's decisions, even if only by giving advice or guidance.
  - j. Any person whose advice and guidance influence the decisions of the Company and its Board members and Senior Executives.
  - k. Holding companies or Affiliates of the Company.

Advice and guidance provided on a professional basis by a person licensed to provide the same shall be excluded from the provisions of paragraphs (i) and (j) of this definition.

<b>Group</b>	: In relation to a person, means such person and its affiliates.
<b>Affiliate</b>	: A person who controls another person, or is controlled by that other person, or is under common control with that other person by a third person, in each case directly or indirectly.
<b>Cumulative Voting</b>	: A method of voting for electing Board members that gives each shareholder a voting capacity equivalent to the number of shares he/she owns, and by which the shareholder is entitled to either exercise all of his/her votes towards one nominee or to divide his/her votes towards several nominees without any duplication of such votes.
<b>Remuneration</b>	: Amounts, allowances and the like, periodic or annual bonuses linked to performance, short- or long-term incentive schemes, and any other in-kind benefits, except the actual reasonable expenses and fees incurred by the Company to enable the Board member to perform his/her duties.
<b>Shareholders Assemblies</b>	: Ordinary or extraordinary General Assemblies or Special Assemblies.
<b>Day</b>	: A calendar day, whether or not a business day.

### **Article (3): Objectives of the Regulations:**

These Regulations aim at establishing an effective legal framework to govern the Company, and particularly aim at the following:

- 1) Enhancing the role of the Company's Shareholders and facilitating the exercise of their rights;
- 2) Stating the competencies and responsibilities of the Board and the Executive Management;
- 3) Enhancing the role of the Board and the committees and developing their capabilities to enhance the Company's decision making mechanisms;
- 4) Achieving transparency, impartiality and equity in the Exchange, its transactions, and the business environment and enhance disclosure therein;
- 5) Providing effective and balanced tools to deal with conflicts of interest;
- 6) Enhancing accountability and control mechanisms for the Company's employees; providing the necessary means and tools for the Board to monitor and assess the performance of the executive departments; and providing the greatest possible protection from risks that affect the Company's operations;
- 7) Establishing the general framework for dealing with Stakeholders and protecting their rights;
- 8) Assisting in the optimal utilization of the Company's resources and capital more efficiently, whereby the Company's investments can be directed in highly organized and transparent ways towards finding market opportunities for marketing its products or penetrating new markets, and preventing the misdirection of the Company's capital.
- 9) Enhancing the confidence of investors in the Company, as commitment to governance and the application of the provisions thereof is deemed an additional and influencing factor in investment decisions.
- 10) Assisting in attracting the capital to be invested in the Company's long-term investments.
- 11) Transparently clarifying the structure through which the Company's goals, and the means to achieve those goals and follow-up performance, are determined, and clarifying the responsibility of each party to achieve the goals and hold them accountable for the productivity thereof, from the Board to the Company's executive units.
- 12) Organizing the relationship with stakeholders.

### **Article (4): Accountability:**

- 1) The Board shall be accountable to the Shareholders, regulatory and supervisory bodies, and other Stakeholders.
- 2) The Board shall hold members of the Senior Management accountable for the damage that may arise as a result of their misuse of their delegated powers.
- 3) The Board shall be ultimately accountable and responsible for the performance, conduct, and regulatory compliance of the Company. Delegating authority to Board committees or Senior Management shall not absolve the Board of its responsibilities. Furthermore, the Board shall be responsible for the performance of third parties engaged to perform jobs or manage functions.



- 4) The members of the Board shall be jointly responsible for damages sustained by the Company, the Shareholders, or third parties, as a result of their failure to manage the Company's affairs or their violation of the provisions of the Companies Law or The Law on Supervision of Cooperative Insurance Companies and the Company's Articles of Association. Every provision to the contrary shall be deemed null and void.
- 5) The accountability of the members of the Board shall be in accordance with the provision of Paragraph (3) of this Article, if a wrongful act arises from a resolution issued and adopted by them all. But with respect to resolutions adopted by majority vote, dissenting members shall not be liable if they have expressly recorded their objection in the minutes of the meeting. Absence from the meeting at which such resolution is adopted shall not constitute cause for relief from liability, unless it is established that the absentee was not aware of the resolution, or unable to object after becoming aware thereof.
- 6) The approval of the General Assembly to exonerate the members of the Board from liability shall not be required when filing a liability claim.
- 7) Liability claim shall not be heard after the lapse of 3 years from the date of disclosure of the damaging act. However, in any case, except in cases of fraud or forgery, any liability claim shall be barred after the latter of five years from the end of the financial year during which the damaging act, or three years from the end of the directorship of the concerned Director.
- 8) The Company may file a liability claim against the members of the Board for wrongful acts that cause damages to all the Shareholders. The resolution to file this claim shall be made by the Ordinary General Assembly, which shall appoint a person to pursue the claim on behalf of the Company.
- 9) Every Shareholder shall have the right to file a liability claim against the members of the Board on behalf of the Company if the wrongful act committed by them is of a nature to cause him personal damage. However, the Shareholder may file such claim only if the Company's right to file such claim is still valid. The Shareholder shall notify the Company of his intention to do so, while he shall be adjudged compensation only to the extent of the damage caused to him.

#### **Article (5): Independence, Fitness and Propriety:**

- 1) A high level of independence shall be achieved in decision making throughout the Company by, for example, establishing clear separation of duties between the Board and the Management, enhancing the independence of control functions (Internal Audit Department, Regular Control Department and Risk Management Department), and controlling the risk of conflict of interest.
- 2) The Board should leverage the services of independent external parties to provide assurance on the adequacy and effectiveness of the governance structure and processes of the Company, and on other technical areas, where the Board might lack relevant expertise.
- 3) Members of the Board, Board committees, and Senior Management shall be trustworthy and shall have the integrity, competency, knowledge, and

experience to fulfill their respective roles and shall comply with all laws, regulations, rules and instructions issued by the Central Bank at all times, in particular, the requirements for appointment to leadership positions in financial institutions under the supervision of the Central Bank, and they shall be appointed only in accordance with those requirements.

## **Part II: Rights of Shareholders:**

### **Chapter 1: General Rights**

#### **Article (6): Fair Treatment of Shareholders**

- a) The Board shall seek Shareholders' rights protection to ensure fairness and equality among them.
- b) The Board and the Senior Management of the Company shall not discriminate among Shareholders who own the same class of shares nor prevent them from accessing any of their rights.
- c) The Company shall specify in its bylaws and internal policies the procedures that are necessary to guarantee that all Shareholders exercise their rights.
- d) The Company shall take all possible measures to encourage minority Shareholders and individual Shareholders to exercise their role as Shareholders in the Company.
- e) Shareholders shall have the right to communicate their opinions and inquiries to the Board and Senior Management on a regular basis (for example, through the General Assembly or Investor Relations).

#### **Article (7): Rights Related to Shares:**

- 1) To obtain his/her portion of the net profits which are to be distributed in cash or through the issuance of shares.
- 2) To obtain his/her share of the Company's assets upon liquidation.
- 3) To attend the General or Special Shareholders Assemblies, take part in their deliberations and vote on their resolutions.
- 4) To dispose of his/her shares in accordance with the provisions of the Companies Law, The Capital Market Law and their implementing regulations.
- 5) To enquire and request viewing the books and documents of the Company, including the data and information related to the activities of the Company and its operational and investment strategy without prejudice to the interests of the Company or breach of the Companies Law and the Capital Market Law and their implementing regulations.
- 6) To monitor the performance of the Company and the activities of the Board.
- 7) To hold Board members accountable, file liability claims against them, and appeal for nullification of the resolutions of the Shareholders Assemblies in accordance with the conditions and restrictions provided in the relevant laws.
- 8) Preemptive rights to subscribe to new shares issued in exchange for cash. The Extraordinary General Assembly shall have the right to suspend or give the preemptive rights to non-Shareholders, as deemed appropriate in the interest of the Company.



- 9) To record his/her shares in the Company's Shareholders register.
- 10) To request to access a copy of the Company's Articles of Association and bylaws unless the Company publishes them on its website.
- 11) To nominate and elect the Board members.

#### **Article (8): Shareholder Access to Information**

- 1) The Board shall make available to the Shareholder complete, clear, accurate and non-misleading information to enable him/her to properly exercise his/her rights. Such information shall be provided at the proper times and shall be updated regularly, in accordance with the relevant applicable laws.
- 2) The Board shall ensure that the method used to provide information to the Shareholders shall be clear and detailed and shall include a list of the Company's information that the Shareholders may obtain. This information shall be made available to all Shareholders without discrimination.

#### **Article (9): Communicating with Shareholders:**

- 1) The Board believes that a common understanding of the Company's strategic objectives and interests is a principle to achieve communication between the Company and Shareholders.
- 2) The Chairman of the Board and the Chief Executive Officer shall inform the remaining Board members of the opinions of the Shareholders and discuss these opinions with them.
- 3) No Shareholder may intervene in the operations of the Board or the work of the Executive Management of the Company unless he is a member of its Board or its Executive Management; or unless his/her intervention is through the Ordinary General Assembly according to its powers or within the limits and conditions permitted by the Board.

#### **Article (10): Distribution of Dividends:**

- 1- The Company's bylaws shall prescribe the percentage of the net profits to be distributed to the Shareholders after setting aside the statutory reserve and the other reserves, which shall be distributed according to the policy prepared by the Board in this regard.
- 2- The Shareholder shall be entitled to receive his/her share of dividends as per the resolution of the General Assembly in this regard. The resolution shall specify the record date and the distribution date. Shareholders registered in the Shareholders register shall be eligible to profits at the end of the day specified for eligibility. The Company shall notify the Capital Market Authority – without delay – of any decision or recommendation for dividends distribution. Subject to the prior written approval of the Central Bank, dividends to be distributed amongst the Shareholders shall be paid at the place and times specified by the Board, in accordance with the instructions issued by the Competent Authority.

## **Chapter 2: Rights Related to the General Assembly Meeting:**

### **Article (11): Composition and Convention of General Assemblies:**

- a) A properly composed general assembly shall represent all Shareholders.
- b) The seat of the general assembly shall be in the city in which the Company's head office is located.
- c) The meetings of the General Assemblies of Shareholders may be convened, and Shareholders may participate in their deliberations and vote on their resolutions using methods of contemporary technologies pursuant to controls determined by the Competent Authority.
- d) The meetings of the Ordinary General Assemblies of Shareholders shall be convened in accordance with the provisions of the Companies Law and Its Implementing Regulations and the Company's bylaws.
- e) The Ordinary General Assembly shall convene at least once a year during the six months following the end of the Company's financial year.

### **Article (12): Right to Attend General Assemblies:**

- a) Each Shareholder, regardless of the number of shares thereof, shall have the right to attend the General Assembly of Shareholders.
- b) In case of failure to attend, each Shareholder may delegate someone other than the members of the Board or the Company's employees to attend the General Assembly on behalf thereof.

### **Article (13): The Power to Invite to the Meeting of the General Assembly:**

- a) The General Assemblies shall convene upon an invitation from the Board in accordance with the terms and conditions stated in the Companies Law and Its Implementing Regulations and the Company's bylaws.
- b) The Board shall invite the Ordinary General Assembly to convene upon the request of the external auditor, the audit committee or a number of Shareholders holding shares equal to at least (5%) of the share capital of the Company.
- c) The external auditor may invite the assembly to convene if the Board does not invite the assembly within thirty days from the date of the external auditor's request.

### **Article (14): Announcing the Invitation to the General Assembly:**

- a) The date, place and agenda of the General Assembly shall be announced by the Company at least twenty-one days prior to the date thereof.
- b) The invitation shall be published on the website of the Exchange, the Company's website and in a daily newspaper distributed in the province where the Company's head office is located.
- c) The Company may invite the Shareholders' Assemblies to convene using methods of contemporary technologies.
- d) It may be sufficient to send the invitation on the aforementioned date to all Shareholders by registered letters. A copy of the invitation and the agenda

shall be sent to the Capital Market Authority during the period specified for publication.

**Article (15): The Agenda of the General Assembly:**

- a) When preparing the General Assembly's agenda, the Board shall take into consideration the matters that the Shareholders wish to list.
- b) Shareholders holding no less than (5%) of the Company's shares shall be entitled to add one or more items to the agenda upon its preparation.
- c) The Board shall separate each of the matters listed in the agenda of the General Assembly meeting as an independent item.
- d) The Board shall not combine the businesses and contracts in which Board members have a direct or indirect interest under one item.
- e) The Company may amend the agenda of the General Assembly during the period between the publication of the announcement referred to in Paragraph (a) of Article (14) and the date of the General Assembly, provided that the Company shall announce this in accordance with the conditions provided for in Article (13).
- f) The Shareholders shall be allowed through the Company's website and the Exchange's website, when the invitation for the convention of the General Assembly is published, to obtain the information related to the items of the General Assembly's agenda, particularly the reports of the Board and the auditor, the financial statements and the audit committee's report in order to enable them to make an informed decision in this regard. The Company shall update this information in case the General Assembly's agenda was amended.

**Article (16): Shareholders' Rights to Participate in the General Assemblies:**

- a) The Board shall work on facilitating the participation of the largest number of Shareholders in the meetings of the General Assembly, by choosing the appropriate place and time of such meeting.
- b) The Shareholders shall be granted the opportunity to effectively participate and vote in the meetings of the General Assembly.
- c) The matters presented to the General Assembly shall be accompanied by documents and explained clearly in order to enable the Shareholders to take their decisions based on sufficient information.
- d) The Shareholders shall be granted the opportunity to effectively participate and vote in the meetings of the Shareholders' General Assembly, using methods of contemporary technologies pursuant to controls determined by the Competent Authority.
- e) They shall be briefed and informed of the rules governing meetings and voting procedures.
- f) The Shareholders who wish to attend the General Assembly shall register their names in a special register prepared for this purpose at the head office of the Company before the date of convening the General Assembly. When the meeting convenes, a list shall be prepared including the names of the

Shareholders present or represented thereat, and showing the number of shares held by each, whether personally or by proxy. Any interested party shall be entitled to review this list. This may be verified by another means if provided for in the Company's bylaws.

**Article (17): Management of Shareholders' Assembly:**

- a) The Shareholders' General Assembly meetings shall be chaired by the chairman, his deputy (if the chairman is absent) or whom is delegated by the Board of its members (when the chairman and his deputy are absent).
- b) The chairman of the Shareholders' Assembly shall commit to grant the Shareholders the opportunity to effectively participate and vote in the meetings of the General Assembly and avoid any procedure that may preventing their attendance to the assemblies or the exercise of the voting right.
- c) Shareholders shall be entitled to discuss matters listed in the agenda of the General Assembly and raise relevant questions to the Board members and to the auditor. The Board or the auditor shall answer the questions raised by Shareholders to the extent that does not jeopardize the Company's interest. If the Shareholder deems that the answer to his question is not convincing, he shall appeal to the Assembly, the decision of which in this regard shall be enforceable.

**Article (18): Rights to vote in the Assemblies:**

- a) Voting is a fundamental right of the Shareholder and cannot be revoked in any way. The Company shall avoid developing any procedure that might impede the use of the right to vote, and it shall facilitate the Shareholder's exercise of his right to vote. Remote voting may be used in accordance with the regulations developed by the Competent Authority.
- b) Cumulative voting shall be used to elect members of the Board.
- c) The members of the Board shall not participate in voting on resolutions of the assembly pertaining to relief them from liability for the management of the Company or pertaining to a direct or indirect interest thereof.

**Article (19): Minutes of Assemblies:**

- a) Minutes of the General Assembly shall be issued. The minutes shall include the names of the Shareholders present in person or those represented, the number of the shares held by them, in person or by proxy, the votes held by them, the resolutions passed, the number of the votes for or against such resolutions and an adequate summary of the discussions at the meeting. Such minutes shall be entered regularly after each meeting in a special register which shall be signed by the chairman, the secretary and the teller.
- b) Shareholders shall have the right to review the minutes of the General Assembly meeting.
- c) The company shall provide the Authority with a copy of the minutes of the meeting, within ten days from the date of the meeting.

- d) Subject to the disclosure policy approved by the Board, the Company shall announce to the public and notify the Authority and the Exchange- in accordance with the controls set by the Authority - of the results of the General Assembly immediately upon the conclusion thereof.

#### **Article (20): Quorum for General Assemblies:**

##### **First: Ordinary General Assembly:**

- a) The Ordinary General Assembly meeting shall be valid only if attended by Shareholders representing at least one quarter of the Company's capital.
- b) If this quorum has not been obtained at a first meeting, a notice shall be sent for a second meeting to be held within 30 days of the previous meeting. This notice shall be published in the manner prescribed in Article (14) hereof.
- c) However, a second meeting shall be held one hour after the lapse of time set for the first meeting, provided that the notice for holding the first meeting shall indicate the possibility of holding such meeting. In all cases, the second meeting shall be valid regardless of the number of shares represented therein.
- d) In all cases, the second meeting shall be valid regardless of the number of shares represented therein.

##### **Second: Extraordinary General Assembly:**

- a) The Extraordinary General Assembly meeting shall be valid only if attended by Shareholders representing at least one half of the Company's capital.
- b) If this quorum has not been obtained at a first meeting, a notice shall be sent for a second meeting to be held under the same conditions provided for in Article (14) hereof.
- c) A second meeting shall be held one hour after the lapse of time set for the first meeting, provided that the notice for holding the first meeting shall indicate the possibility of holding such meeting.
- d) In all cases, the second meeting shall be valid if attended by a number of Shareholders representing at least one-quarter of the capital.
- e) If this quorum has not been obtained at a second meeting, a notice shall be sent for a third meeting to be held under the same conditions provided for in Article (13) hereof. The third meeting shall be valid regardless of the number of shares represented therein after obtaining the approval of the Competent Authority.

#### **Article (21): Resolutions of Assemblies:**

Resolutions of the Constituent Assembly shall be passed by absolute majority of the shares represented at the meeting. Resolutions of the Ordinary General Assembly shall be passed by absolute majority of the shares represented at the meeting. However, if such resolutions relate to the evaluation of special privileges, they shall be adopted by two thirds' majority of the subscribers to shares, after the exclusion of the subscriptions made by the beneficiaries of special privileges. Resolutions of the Extraordinary General Assembly shall be passed by two-thirds majority of the shares represented at the meeting unless the resolution relates to increase or reduction of capital, extension of the Company's term, dissolution of the Company prior to the



term set therefor in its Bylaws or merger of the Company with another company, in which case such resolution shall only be valid if passed with a three-quarters majority of the shares represented at the meeting.

**Article (22): Competencies of the Extraordinary General Assembly:**

The Extraordinary General Assembly shall have the competencies established in the Companies Law, its Implementing Regulations, Corporate Governance Regulations, and the Company's bylaws, including, but not limited to, the following:

- a) Amending the Company's bylaws, except for amendments which are deemed null and void pursuant to the provisions of the Companies Law;
- b) Increasing the Company's share capital - subject to the approval of the Competent Authority - provided that the share capital shall be fully paid.
- c) The Extraordinary General Assembly shall have the right to suspend preemptive rights to subscribe for increasing the share capital for cash shares or give such preemptive rights to non-Shareholders, as deemed appropriate in the interest of the Company.
- d) Decreasing the Company's share capital if it exceeds the Company's needs or in the event the Company incurs financial losses - subject to the approval of the Competent Authority - provided that the paid-up capital of the insurance company after decreasing the capital shall not be less than (100) one hundred million riyals and in accordance with the conditions established in the Companies Law and its Implementing Regulations.
- e) The Extraordinary General Assembly may issue resolutions that fall within the competencies of the Ordinary General Assembly, under the same conditions established for the Ordinary General Assembly.

**Article (23): Competencies of the Ordinary General Assembly:**

Except for the competencies reserved to the Extraordinary General Assembly, the Ordinary General Assembly shall have competencies in all affairs of the Company, subject to the relevant laws and regulations and the Company's bylaws, including, but not limited to, the following:

- a) Appointing and dismissing Board Members;
- b) Permitting a Board member to have direct or indirect interest in the business and contracts that are executed for the Company's account, in compliance with the provisions of the Companies Law and Its Implementing Regulations. It shall not be considered a direct and indirect interest, which requires the permission of the General Assembly, the business and contracts that are made to meet personal needs, if they are made under same terms and conditions followed by the Company with all contractors and dealers and they fall within the normal course of the Company's business.
- c) Permitting a Board member to take part in any activities that may lead to competition with the Company, or competition in any of its activities, in compliance with the provisions of the Companies Law and its Implementing Regulations.
- d) Forming the audit committee pursuant to the provisions of the Companies Law and Its Implementing Regulations.

- e) Monitoring the compliance of the Board members with the provisions of the Companies Law and Its Implementing Regulations and other relevant laws and the Company's bylaws; inspecting any damage that may occur as a result of their violation of such provisions or mismanagement of the affairs of the Company; determining the liability resulting therefrom and undertaking the procedures it deems proper in this regard pursuant to the Companies Law and Its Implementing Regulations.
- f) Approving the Company's financial statement.
- g) Approving the Board report.
- h) Deciding on the proposals of the Board with respect to the method of distributing the net dividends.
- i) Appointing the external auditors of the Company, specifying their remunerations, reappointing them, replacing them and approving their reports.
- j) Discharge of members of the Board.
- k) Resolving to withhold from setting aside statutory reserve when it reaches an amount equal to (30%) of the Company's paid share capital, and resolving to distribute the surplus of such percentage to the Company's Shareholders in financial years where the Company does not generate net dividends.
- l) Permitting businesses and contracts.

First: Delegating the General Assembly to permit business and contracts to the Company's Board:

The General Assembly shall have the right to delegate the Company's Board to permit the business and contracts that are made for the Company's account, in which the Board member has a direct and indirect interest, subject to the relevant laws and regulations, as detailed below:

- a) The total amount of business or contract or the total of the businesses and contracts during the fiscal year - is less than (1%) of the company's revenues according to the latest audited financial statements and less than 10 million Saudi Riyals.
- b) The business or contract falls within the normal course of the Company's business.
- c) The business or contract shall not include preferential terms to the Board members and shall be in accordance with the same terms and conditions followed by the company with all contractors and dealers.
- d) The business or contract shall not be part of the business and consultation contracts which a board member carries out by a professional license for the Company.
- e) The period for the delegation shall be a maximum of one year from the date of approval by the Ordinary General Assembly to delegate its powers, stipulated in paragraph (1) of Article 71 of the Companies Law, to the Company's Board, or until the end of the session of the delegated Board, whichever is earlier.
- f) Any member of the Board shall not be allowed to vote on the items of delegation and the revocation in the General Assembly.

Second: Permitting the Businesses and Contracts by the General Assembly:

If the General Assembly does not delegate the permission powers stipulated in Paragraph (I - First), or if the terms of permission powers are not fulfilled, a permission shall be obtained from the General Assembly on the business and contracts that are made for the Company's account, and in which a Board member has a direct or indirect interest.

**Third: Refuse to Grant the Permission:**

- a) If the Board of Directors rejects granting the permission, the member of the Board shall resign within a period specified by the Board; otherwise, his membership in the Board shall be deemed terminated, unless he decides to withdraw from such contract or transaction or regularize his situation prior to the end of the period set by the Board.
- b) If the General Assembly rejects granting the permission, the member of the Board shall resign within a period specified by the General Assembly; otherwise, his membership in the Board shall be deemed terminated, unless he decides to withdraw from such contract or transaction or regularize his situation prior to the end of the period set by the General Assembly.

**Part III: Board of Directors:**

**Chapter 1: Formation of the Board:**

**Article (24): Board Members Election:**

- 1) The procedures for nomination, selection and appointment of members of the Board shall be in accordance with the relevant policy approved by the General Assembly of Shareholders - Board Membership Policy and Procedures.
- 2) After obtaining the Central Bank's no objection to the nominees, the Company shall announce on the Exchange's website information about the nominees for the membership of the Board, which shall include the nominees' experience, qualifications, skills and their previous and current jobs and memberships. The Company shall make a copy of the mentioned information available in the Company's head office and its website.
- 3) The General Assembly shall elect the members of the Board for the period stipulated in the Company's bylaws, which is fixed at three years, and they may always be re-elected unless the Company's bylaws stipulate otherwise.
- 4) Cumulative voting shall be used in electing the Board, in which it is not allowed to use the voting right of a single share more than once.
- 5) Voting in the General Assembly shall be confined to the Board nominees whose information has been announced as per Paragraph (2) of this Article.
- 6) Members of the Board shall undergo an induction program once they join the Board. Each member shall be provided with a letter of appointment outlining his roles and responsibilities, and comprehensive information on the Company's business and strategic plans and on relevant laws and regulations.

**Article (25): Formation of the Board:**

- a) The Company's bylaws shall specify the number of members of the Board, provided that such number shall not be more than (11) and not less than (5) members on a continuous basis.



- b) The composition of the Board shall reflect an appropriate representation of the independent members. In all cases, the number of independent members of the Board shall not be less than two members, or one-third of the members of the Board.
- c) The majority of the Board members shall be of Non-Executive Directors.
- d) The Board shall generally have diversity in terms of qualifications, knowledge, experience and skills in the various areas of the Company's business.

**Article (26): Conditions for the Membership of the Board:**

- a) A member of the Board shall have the required experience, knowledge, skill, integrity and independence, which enable him to perform his duties efficiently.
- b) In general, the members of the Board shall have the competence, foresight, strategic perspective, good administrative perception, management and supervision ability, awareness of legal and financial aspects, and knowledge of the Company's business and activities in particular.
- c) A member of the Board shall have the leadership skills that qualify him to grant powers, as required to drive performance, apply best practices in the field of effective management, and adhere to professional values and ethics.
- d) A member of the Board shall not suffer from any health issue that may hinder him from performing his duties and responsibilities.
- e) A member of the Board shall not be a member of the board of directors of more than five joint stock companies listed on the Exchange at the same time.
- f) A member of the Company's Board shall not be a member of the board of directors of another local insurance and/or reinsurance company, or one of its committees, or occupy a leadership position in such companies.
- g) Whoever occupied the same position in a liquidated company or was dismissed from the same position in another company shall not, except with the prior written consent of the Saudi Central Bank, be nominated for membership of the Board.
- h) Whoever wishes to nominate himself for membership of the Board shall disclose to the Board and the General Assembly any cases of conflict of interest in accordance with the procedures established by the Authority, including: Having a direct or indirect interest in the business and contracts made for the account of the Company he wishes to be nominated for its board of directors, and participating in a business that would compete with the Company in all or one of the branches of its activity.
- i) The Company may specify in writing the qualifications, experience and skills to be available in the members.
- j) The Company shall exercise due diligence to ensure the availability of the approved standards in the current and/or new members.

**Article (27): Appointment of the Chairman and Vice Chairman:**

The Board - after obtaining the Central Bank's no-objection - shall appoint a Chairman and a Vice-Chairman and may appoint a Managing Director of its members.

#### **Article (28): Termination of a Board Membership:**

- 1- The Board Membership shall terminate in the following cases:
  - a) The end of the session of the Board.
  - b) Board member resignation.
  - c) Board member death.
  - d) Having a mental illness or physical disability that may result in the member's inability to fully perform his duties and responsibilities.
  - e) A Judgment declaring the member's bankruptcy or insolvency, a request from the member for a settlement with his creditors, or failure of the member to pay his debts.
  - f) Convicting the member of committing any offence involving breach of honor or trust, or forgery, or of violating the applicable laws and regulations in the Kingdom of Saudi Arabia or in any other country.
  - g) Failure of the member to fulfill his duties in a way that affects the interest of the Company, provided that this shall accompanied by the approval of the Ordinary General Assembly.
  - h) The member's inability to continue exercising his responsibility under the provisions of any of the regulations in force in the Kingdom of Saudi Arabia.
  - i) At all times, the Ordinary General Assembly may dismiss all or any of the Board members, even if the Company's bylaws provides for otherwise, without prejudice to the dismissed member's right for compensation if the dismissal was on an unacceptable reason or at inappropriate time.
  - j) The General Assembly may also, as per a recommendation of the Board, terminate the membership of the member who missed three consecutive meetings without a legitimate excuse.
- 2- Upon resignation of any member or termination of his membership within (5) working days from the date of resignation or termination, the Company shall promptly notify the Saudi Central Bank.
- 3- Upon the termination of the membership of a Board member by any termination method, the Company shall promptly notify the Capital Market Authority and the Exchange and shall specify the reasons for such termination.
- 4- If a member of the Board resigns and has comments on the performance of the Company, he shall submit a written statement explaining such comments to the chairman of the Board and such statement shall be presented to the Board.

#### **Article (29): Vacancy in the Board:**

- a) If a position of a member of the Board becomes vacant, the Board may appoint - temporarily - a member in the vacant position who shall have the sufficient experience, subject to the Saudi Central Bank's no-objection and regardless the voting order in the General Assembly through which the Board of Directors was elected; and the Capital Market Authority shall be informed thereof within five (5) five working days from the date of appointment. In

addition, such appointment shall be presented to the Ordinary General Assembly at its first meeting, and the new member shall only complete the term of his predecessor.

- b) Under a decision from the Competent Authority, the Ordinary General Assembly may be convened if the number of members falls below the minimum number required for the valid convention.

**Article (30): Independent Members:**

- a) An Independent Member shall be able to perform his duties, express his opinions and vote on decisions objectively with no bias in order to help the Board make correct decisions that contribute to achieving the interests of the Company.
- b) The Board shall annually evaluate the extent of the member's independence and ensure that there are no relationships or circumstances that affect or may affect his independence.
- c) The issues affecting independence provided for in the definition of "Independent Member" in Article (2) hereof shall negate the independence requirement for an Independent Member.
- d) Subject to Article (31) hereof, an Independent Member shall actively participate in performing the following tasks:
  - 1- Expressing their independent perspective regarding strategic issues, the Company's policies and performance, and the appointment of members of the Executive Management;
  - 2- Ensuring that the interest of the Company and its Shareholders are prioritized in case of any conflicts of interest; and
  - 3- Overseeing the development of the Company's CG rules and overseeing their implementation by the Executive Management.
  - 4- Attending meetings in which important and fundamental resolutions are taken on the Company's position.

**Chapter 2: Roles, Responsibilities and Duties of the Board:**

**Article (31): Responsibilities, Roles and Duties of the Board:**

- a) The Board shall represent all Shareholders; it shall perform its duties of care and loyalty in managing the Company's affairs and undertake all actions in the general interest of the Company and develop it and maximize its value.
- b) Ensure that the interests of the insured are protected at all times.
- c) Each member of the Board shall comply with the principles of truthfulness, honesty, loyalty, and care of the interests of the Company and its Shareholders and prioritize their interests over his personal interests.
- d) The Board shall carry out its duties in a responsible manner, in good faith and with due diligence. Its resolutions shall be based on sufficient information from the executive management, or from any other reliable source.
- e) The Board shall approve a written and detailed policy that identifies the powers delegated to the Executive Management and the procedures and duration of the delegation. The Board shall also define the topics that it

reserves the power to decide on. The Executive Management shall submit periodic reports in respect of its exercise of such delegated powers.

- f) The Board shall the internal policies related to the business and development of the Company, including specifying the duties, competencies and responsibilities assigned to the various organizational levels.
- g) The Board shall define the topics that it reserves the power to decide on.
- h) The Board shall develop procedures for orienting new Board members of the Company's business and, in particular, the financial and legal aspects, in addition to their training, where necessary.
- i) The Board shall ensure that sufficient information about the Company is made available to all members of the Board generally, and, in particular, to the non-executive members, to enable them to fulfill their duties and responsibilities in an effective manner.
- j) The Board shall Promote higher standards of corporate governance and ensuring compliance with applicable laws and regulations.
- k) The Board shall be responsible for promoting a culture of good corporate governance and high ethical standards.
- l) The Company's Board shall be responsible for its actions, and if it delegates committees, bodies, or individuals to exercise some of its competencies. In all cases, the Board shall not issue a general or indefinite delegation.
- m) Members of the Board shall perform their duties free from any external influence, whether from within or outside the Company. Members of the Board shall not allow their own personal interest, or the interest of the parties they represent, to come before, or in conflict with, that of the Company, its Shareholders, and other Stakeholders.
- n) The Board shall grant the audit committee the appropriate level of authority to investigate any matter within its mandate and shall ensure that the internal audit function is autonomous and is granted full access to all the information it needs to conduct its activities. In addition, the Board should take all necessary measures to ensure the responsiveness of Senior Management to internal auditors' queries.
- o) All individual members of the Board shall have the same proportionate control and influence over the resolutions of the Board.
- p) Members of the Board and its committees shall be prohibited from disclosing to Shareholders or the public any confidential information obtained as they perform their role, other than in the General Assembly, and shall not use such information for their own benefit and personal gain.

#### **Article (32): Duties and Powers of the Board of Directors:**

Subject to the functions prescribed for the General Assembly, the Board of Directors shall have the most extensive powers to manage the company to achieve its purpose, and within the limits of its function, it may authorize one or more of its members or third parties to perform certain work or works, in compliance with the

relevant laws and regulations. The duties and responsibilities of the Board of Directors shall include the following:

**First: The Strategic Duties, including the following:**

- 1) Strategic leadership of the company, setting goals and formulating strategic plans.
- 2) Adopting the strategic directives, and main objectives and operations of the company, as well as supervising their implementation, and reviewing them periodically, including:
  - (a) Developing the overall strategy, Main Action Plans and the Risk Management Policy and reviewing its direction.
  - (b) Determining the Optimal Capital Structure for the company, its Strategy and Financial Objectives, and approving Annual Balance Sheets.
  - (c) Supervising Major Capital Expenditures and acquiring and disposing of assets.
  - (d) Setting performance objectives and monitoring the overall implementation and performance of the company.
  - (e) Periodically reviewing and approving the organizational and functional structures of the company.
  - (f) Supervising the senior management and monitoring the company's performance against the performance objectives set by the Board.
  - (g) Verifying the availability of the financial human resources required to achieve the company's objectives and main plans.
- 3) Selecting and changing executive employees in key positions (when needed) and ensuring that the company has an appropriate succession policy.
- 4) Conducting strategic studies of the company aiming to identify, develop and deepen the company's strengths as well as identifying the weaknesses and addressing them.

**Second: Operational and Organizational Duties:**

- 1- Supervising the application and implementation of laws, regulations, and procedures issued by the relevant regulatory and supervisory authorities.
- 2- Establishing a corporate Governance Regulation, supervising it and monitoring its effectiveness, and amending it when needed.
- 3- Preparing clear and specific policies, standards, and procedures for the membership of the Board of Directors, in accordance with the relevant laws and regulations, and implementing them after obtaining the approval of the General Assembly.
- 4- Establishing systems and measures for internal control and supervising the same, including:



- a) Developing a written policy regulating conflict of interest and addressing potential conflict situations for each member of the Board of Directors, Executive Management and Shareholders, including misuse of the Company's assets and facilities, and misconduct resulting from dealings with related parties.
- b) Verifying the integrity of the financial and accounting systems, including those related to the preparation of financial reports.
- c) Verifying the application of appropriate control systems to manage risks by defining the general perception of the risks that the company may encounter and discussing them with highest levels of transparency.
- d) Conducting effective annual review of the company's internal control procedures.

5- Developing policies and procedures that ensure the company's respect for the rules and regulations and its commitment to disclose material information to shareholders and other stakeholders and check the Executive Management commitment to the same.

6- Acting for achieving and developing profits at acceptable rates commensurate with the volume of investment and insurance activity in the Kingdom.

7- Supervising the company's financial management, its cash flows, and its financial and credit relations with others.

8- Preparing and approving the company's initial and annual financial statements before publishing them.

9- Preparing and approving the Board of Directors' Report prior to its publication.

10- Ensuring the accuracy and integrity of the data and information to be disclosed, in accordance with the applicable disclosure policies and regulations.

11- Establishing effective communication channels that allow shareholders to view the various aspects of the company's activities and any material developments on a continuous and periodic basis.

12- Developing a written policy regulating the relationship with stakeholders to protect them and preserve their rights. In particular, this policy shall cover the following:

- (a) Methods of indemnifying stakeholders in the event of violation of their rights.
- (b) Methods of settling complaints or disputes that may arise between the company and stakeholders.
- (c) Methods of establishing good relations with clients and maintaining the confidentiality of information related to them.
- (d) The rules of professional conduct of managers and employees of the company and developing Methods of monitoring compliance with the same.
- (e) The company's social contributions to community service.

13- Forming its committees in accordance with the relevant rules and regulations.

14- Making recommendation, to the General Assemblies, what it deems appropriate regarding the topics stipulated in the Companies Law, the Implementing Regulations thereof, and the relevant Laws and Regulations.

15- At the beginning of every year, the Board shall set a specific schedule for receiving reports from the relevant committees and internal and external auditors, and ensure that the method of collecting, preparing and submitting reports is proper and consistent with the approved internal policy, including preparing important information and submitting the same to the Board at the specified times.

16- Exercising the powers stipulated in the company's Articles of Association.

### **Third: Supervising the Executive Management:**

The Board of Directors shall be responsible for forming the Executive Management of the company, regulating how it operates, controlling and supervising it, and verifying that it performs the duties assigned thereto. In this regard, it shall:

1- Develop the necessary administrative and financial policies.

2- Verify that the Executive Management operates in accordance with the policies approved thereby.

3- Choose and appoint the CEO of the company after obtaining the Saudi Central Bank No-objection Certificate, as well as supervising its work.

4- Hold periodic meetings with the Executive Management to discuss the course of work and the obstacles and problems encountered, and review and discuss important information regarding the company's activity and the sector in general.

5- Develop performance standards for the Executive Management in line with the Company's Objectives and Strategy.

6- Review and evaluate the Executive Management performance.

7- Develop succession plans for the Company's Management.

### **Article (33): Duties and Obligations of the Board Member**

A Board member shall be committed to all the obligations arising from its membership in the Board of Directors, including, but not limited to, the following:

(a) Attending the meetings of the Board of Directors and the General Assembly on a permanent and regular basis and not to be absent from them, except for a legitimate ground notified to the Chairman of the Board of Directors in advance or for urgent reasons.

(b) Acting on complete information, in good faith, with due diligence and care in the interest of the Company and all shareholders.

(c) Improving its knowledge in the field of the company's activities and in the financial, commercial, insurance and any related fields.

- (d) Actively participating with the members of the Board of Directors to manage the company well and achieve its objectives.
- (e) Reviewing reports on the Company's performance.
- (f) Verifying the soundness and integrity of the company's financial statements and information.
- (g) Verifying that the company's Financial Control and Risk Management Systems are robust.
- (h) Contributing to preparing and following up the company's plans, programs, and projects.
- (i) Performing all the duties and responsibilities stipulated in this Regulation relating to the Chairman and Deputy Chairman of the Board in the event a member assumes any of these positions.
- (j) Reviewing and analyzing information related to the issues considered by the Board of Directors before giving an opinion thereabout.
- (k) Giving opinion about the appointment and removal of members of the Executive Management.
- (l) Completely and immediately informing the Board of Directors of any direct or indirect interest it has in the business and contracts concluded with the company. Such notification shall contain the nature and limits of that interest, the names of any persons involved therein, and the expected benefit to be directly or indirectly obtained from that interest, whether that interest is financial or non-financial. Also, such member shall not participate in voting on any decision made in this regard, pursuant to the provisions of the Companies Law and the Capital Market Law and the Implementing Regulations thereof.
- (m) Completely and immediately informing the Board of Directors of its direct or indirect participation in any business that may compete with the company, or directly or indirectly compete with the company in a branch of the activities it is engaged in, pursuant to the provisions of the Companies Law and the Capital Market Law and the Implementing Regulations thereof.
- (n) Not claiming any salaries, rewards, or financial privileges in return for its membership in the Board of Directors other than those prescribed therefor under the relevant laws and regulations and the company's Articles of Association.
- (o) Keeping confidential the company's secrets and not disclosing them.
- (p) A member of the Board of Directors shall resign from membership in the event that it is unable to fulfill its duties completely.

#### **Article (34): Separation of Positions:**

- 1- It is not permitted to hold the position of the Chairman of the Board of Directors while holding any other executive office in the company, including the Managing Director position.
- 2- The role of the Chairman of the Board and the Chief Executive shall be separated and may not be combined, and the responsibilities of the Chairman of the Board shall not overlap with the responsibilities of the Chief Executive Officer.



3- In all cases, no person may have the absolute power to make decisions in the company.

**Article (35): Duties of the Chairman of the Board of Directors:**

Without prejudice to any other control or supervisory requirements, the duties and responsibilities of the Chairman of the Board of Directors shall include, in addition to its responsibilities and duties as a member:

1- Organizing the work of the Board, including setting meeting agendas in consultation with the CEO and members, presiding over the Board Meetings, and supervising providing the Board of Directors with the information and reports it needs.

2- Verifying that the Board discusses all essential issues in an effective and timely manner.

3- Representing the company before the Judicial Authorities and supervising the relations between the Board and other internal and external bodies.

4- Supporting the efforts of the Board of Directors in raising the level and standards of Company Governance and ensuring compliance with the relevant laws and regulations.

5- Ensuring the existence of channels for actual communication with shareholders and communicating their opinions.

6- Encouraging and developing teamwork among Board Members by working on:

(a) Staying away from personal and public disputes and differences and acting for giving priority to the best interest of the company.

(b) Encouraging discussion of topics in meetings with full openness and cooperation among members to explain different points of view.

(c) Enhancing mutual respect among members and their appreciation of different points of view and listening to them with interest.

(d) Working on developing contact and communication between members and discussing some issues in a consultative and direct manner.

(e) Organizing formal and informal meetings between members on the company's various occasions and events.

(f) Organizing specialized training courses in the field of management and insurance, which ensure the development and deepening of the skills and knowledge of members.

7- Following up the performance of the Members of the Board and the Committees on the issues assigned to them.

8- Meeting periodically with the non-executive members of the Board of Directors without the presence of any executive member of the company.

9- Notifying the Ordinary General Assembly, when held, of the business and contracts in which a member of the Board of Directors has a direct or indirect interest.

10- The Chairman of the Board shall ensure that the Board performs its work responsibly and without undue interference in the Company's Operations.

#### **Article (36): Duties of Deputy Chairman of the Board:**

- 1- Presiding the meetings of the Board of Directors in the absence of the Chairman.
- 2- Presiding the meetings of the General Assembly in the absence of the Chairman of the Board.
- 3- Performing the work assigned to it by the Board of Directors or its Chairman.

#### **Article 37: The Secretary of the Board:**

- 1- The Board of Directors shall appoint a secretary from among its members or others, and its remuneration is determined by a decision of The Board of Directors.
- 2- The Secretary of the Board shall have sufficient experience and knowledge of the company's business and activities, have good communication skills, and be familiar with relevant laws and regulations and best practices in the field of Company Governance.
- 3- The Secretary of the Board of Directors may not be dismissed except by a decision of the Board.
- 4- The Secretary of the Board of Directors may not be appointed as the Secretary of the Audit Committee.
- 5- The responsibilities and competences of the Secretary shall be:
  - a) Coordinating the meetings of the Board and ensuring the availability of appropriate means of communication to exchange and record information between the Board and its committees, and the members of the Board of Directors.
  - b) Documenting the meetings of the Board of Directors and preparing minutes thereto that include the discussions and deliberations, stating the place and date of the meeting and the time of its beginning and end, documenting the decisions of the Board and the results of voting, keeping them in a special and organized register, recording the names of the members present and the reservations they made - if any, and signing these minutes by all attendant members.
  - c) Maintaining the reports submitted to the Board of Directors and the reports prepared thereby.
  - d) Providing the members of the Board of Directors with the dates of the meetings, providing them with agendas and related documents, and ensuring that they are delivered before the meeting, within no less than ten working days.
  - e) Verifying that the members of the Board of Directors commit to the procedures approved by the Board.
  - f) Presenting the draft of the minutes to the Members of the Board to give their opinions thereon before signing same.
  - g) Verify that the members of the Board of Directors have full and prompt access to a copy of the minutes of the Board Meetings and the information and documents related to the company.
  - h) Organizing the disclosures record of the members of the Board of Directors and the Executive Management in accordance with the provisions of the relevant laws and regulations.
  - i) Providing assistance and advice to the members of the Board of Directors. .
  - j) Organizing preparations for General Assemblies.

k) Performing any other duties assigned to it by the Board of Directors within the limits of its powers under the Law.

### **Chapter Three: Working Procedures of the Board:**

#### **Article (38): Board of Directors Meetings:**

(1) The Board of Directors shall hold its meetings on a regular and periodic basis whenever required to exercise its duties effectively in a manner that achieves the objectives and interests of the company and its shareholders. The organization of the Board of directors Meetings shall be as follows:

(a) **The new Board of Directors:** the new Board of Directors elected by the General Assembly meets for the first time immediately after its election and the conclusion of the work of the General Assembly - if possible -.

(b) **Periodic Meetings:** The Board of Directors shall hold 4 meetings within the year, provided that there shall be a meeting every three months.

(c) **Emergency meetings:** It may be called for Emergency Meetings according to the following:

1- At the call of the Chairman of the Board.

2- At the request of two members of the Board.

(2) The Non-Executive Board Members shall hold closed meetings without the attendance of the Management Members at least once a year. The Non-Executive Board Members may call any of the employees of the Control Positions to attend these meetings.

(3) Organizing the call for the meetings of the Board shall be according to the following:

(a) The invitation shall be documented and written in the manner deemed by the Board, for example but not limited to, sent by e-mail, fax, registered mail, or by hand.

(b) The Secretary shall send the invitation, the agenda and related documents at least ten working days before the meeting.

(c) In Emergency Meetings, the invitation and related documents may be sent less than five working days before the date of the meeting.

#### **Article 39: Quorum for the Board Meeting:**

1- The meeting of the Board shall not be valid unless it is attended by (two-thirds) of the members in person or by proxy, provided that the number of members present in person is at least (four) members, including an independent member.

2- A member may delegate another member to attend the meetings of the Board and to vote therein.

#### **Article 40: Board of Directors Decisions:**

1- The decisions of the Board shall be issued by majority of the opinions of the members present or represented therein, and when the opinions are equal, the side to which the chairperson voted shall prevail.

2- The Board of Directors may issue decisions in urgent matters by submitting them to the members separately unless one of the members requests - in writing - the

meeting of the Board to deliberate thereon, in which case these decisions are submitted to the Board of Directors in the first following meeting.

#### **Article (41): Board Deliberations:**

- 1- The deliberations of the Board shall be recorded in minutes documenting any discussions that took place in the meeting, decisions and voting process that took place during the meeting, including objection and abstention (with reasons, if any). Any documents or papers referenced during the meetings shall be attached.
- 2- If any of the members of the Board of Directors has comments about the performance of the company or any of the issues considered, which they have not been decided upon at the Board meeting, they shall be written down and the actions taken or deemed to be taken by the Board regarding them shall be indicated in the minutes.
- 3- If a member of the Board of Directors gives an opinion different from the board decision, it shall be recorded in detail in the minutes.
- 4- The minutes shall document the place, date, start and end time of the meeting.
- 5- The minutes of the Board of Directors shall be signed by the chairman of the meeting and the present members of the Board of Directors.
- 6- The minutes of the Board shall be recorded in a special register signed by the Chairman and the Secretary of the Board.
- 7- The minutes of the hearings shall be distributed to the concerned parties within a period not exceeding fifteen days, along with identifying the person or entity responsible for executing the decisions made.

#### **Article 42: Providing Board Members with Information:**

The company's executive management shall provide the members of the board of directors, non-executive members in particular, and the company's committees, with all the necessary information, data, documents and records, provided that they are complete, clear, true and not misleading, and in a timely manner to enable them to perform their duties and tasks.

#### **Article 43: Communication with the Board:**

- 1- All shareholders and stakeholders may communicate with the Board for the purpose of verifying and inquiring about the extent of compliance with the Governance regulation and the approved regulations in the company and the way it conducts its business in accordance with the relevant regulations.
- 2- The Board shall be contacted in one of the following ways:
  - (a) Communicating with the Company Shareholders Affairs
  - (b) The company email.
- 3- The Board authorizes whomever it deems appropriate from its committees or the Executive Management to answer questions and inquiries received from shareholders.

### **Part IV: Board Committees:**

#### **Chapter One: General Provisions:**

#### **Article 44: Formation of Committees:**

- 1) The Board of Directors (BOD) shall form specialized committees to expand the scope of its work according to the company's needs and circumstances, and it shall include, at a minimum, the Executive Committee, the Audit Committee, the Nomination and Remuneration Committee, the Investment Committee and Risk Management Committee.
- 2) The BOD shall have the authority to form any other committees it deems necessary to assist it in carrying out the tasks and responsibilities entrusted thereto, including but not limited to - the Compliance Committee, Governance, Disclosure, Human Resources Committee, and Strategic Development ... etc. and to grant such committees the necessary powers to perform their work and monitor their performance.
- 3) The formation of the committees shall be pursuant to the provisions of the relevant laws and regulations.
- 4) The number of committee members shall be no less than three and no more than five.
- 5) The Saudi Central Bank shall obtain NOC to the appointment of the heads and members of the sub-committees, and the company shall notify the Authority of the names of the members of the committees and their membership descriptions within five working days from the date of their appointment and any changes that occur to that within five working days from the date of those changes.
- 6) The BOD shall adopt an organizational chart for each of the committees it forms, and that each of such committees has general procedures set by the BOD that define the committee's tasks, the duration and scope of its work, the powers granted thereto, the responsibilities entrusted thereto, and the BOD's oversight mechanism therefor.
- 7) Each committee shall be deemed liable for its actions before the BOD, without prejudice to the responsibility of the BOD for such actions and the powers or authorities delegated thereto.
- 8) The heads of the committees or their representatives from among their members shall attend the general assemblies to answer the shareholders' questions.
- 9) The members of the committees or the parties related thereto, when issuing or renewing any insurance policy from the company, shall pay the due premium and disclose the same to the BOD immediately as per the statutory requirements. Such insurance policy shall be dealt with and quoted or any claim related to such documents as per the regulations applicable to customer claims and without preferential treatment, and the statutory controller shall be notified of any compensation due to the member.
- 10) The company may not provide a cash loan of any kind to members of the committees, or guarantee any loan contracted by one or more of them with third parties.
- 11) The committees of the BOD may seek the assistance of any advisory body from outside the company to carry out specific tasks in order to assist them in performing their work.



## **I. Audit Committee:**

### **Article 45: Formation of the Committee:**

(a) The Audit Committee shall be an independent committee that is directly linked to the company's BOD and is liable for monitoring the performance and application of the company's internal control regulations, ensuring the efficiency and effectiveness of the regulations, verifying the implementation of decisions related to internal control, and ensuring compliance with the cooperative insurance companies' control system and its executive regulations. Laws, regulations and other relevant instructions in addition to the terms of reference set forth later in this chapter.

(b) The BOD shall obtain a written NOC from the Saudi Central Bank to select the members of the Audit Committee, and the Audit Committee shall be formed by a resolution passed by the Ordinary General Assembly, provided that the number of its members is not less than three and not more than five of the independent BOD members, and that most of them shall be from outside the BOD, whether shareholders or others. The resolution shall specify the tasks of the committee, the controls for its work, and the remuneration of its members.

(c) The member of the BOD nominated for membership in the Committee shall be independent.

(d) A member of the audit committee shall not be a member of the BOD or the audit committee of any other company operating in the insurance sector in Saudi Arabia.

(e) The committee member shall not be one of the company's executive directors, employees, advisors, BOD members, directors, employees, advisors or employees of any of the parties related to the company, including but not limited to:

1. Main shareholders or founders.
2. External auditors
3. Suppliers.
4. Company clients.
5. Legal persons who have a financial or commercial relationship or first-degree kinship with the company's BOD or the company's executive employees.

(f) A person who worked during the past two years within executive or financial management of the company, or with the company's auditor, shall have no right to be a member of the audit committee.

(g) The member of the audit committee shall have reasonable knowledge of the financial and accounting rules, and it is preferable that he has an appropriate scientific qualification in this field. The BOD shall ensure that members of the Audit Committee are qualified to fulfill their responsibilities, and at least two members of the Committee, including the Chairman of the Committee, shall have recent and relevant experience in the field of accounting and financial management.

### **Article 46: Expiry of Membership**

(a) The membership of the Audit Committee shall terminate with the expiry of the term of membership of the BOD, and the committee or one of its members may be renewed for another three years for one time only. The BOD may appoint new members to the Audit Committee in the event of electing a new BOD after obtaining a written NOC from the Saudi Central Bank, and the appointment shall be as per

what is stated in Paragraph (a) of Article 45 of such Regulations. The membership of the Audit Committee also terminates immediately if there is any change that would violate the membership conditions contained in the regulations of audit committees in insurance and reinsurance companies issued by the Saudi Central Bank or any other laws, regulations, instructions or decisions issued by the competent authorities. A member of the Audit Committee shall inform the company in writing as soon as this change occurs. A member of the Audit Committee shall not be entitled to attend any meeting of the Committee held after the date of the change.

(b) The BOD, after obtaining NOC from the Saudi Central Bank, may dismiss any of the members of the Audit Committee in the event of losing the conditions of membership or committing a violation of the provisions of the Regulations for Audit Committees in Insurance and Reinsurance Companies, the provisions of the Cooperative Insurance Companies Control Law, its implementing regulations, or the provisions of the Companies Law or the provisions of the regulations and other relevant instructions.

(c) A member of the Audit Committee may resign, provided that he submits his resignation request in advance to the BOD one month before the effective date of his resignation and at an appropriate time accepted by the BOD, otherwise he shall be deemed liable to the company. The company shall notify the Saudi Central Bank in writing of the member's resignation and the reasons for his resignation and provide the Saudi Central Bank with a copy of the resignation request within five working days from the date thereof.

(d) A member shall be deemed to have resigned from the membership of the Audit Committee if he fails, without an excuse acceptable to the BOD, to attend the meetings of the Audit Committee for more than three consecutive sessions.

#### **Article 47: Vacancy in the Committee**

If the position of a member of the Audit Committee becomes vacant during the term of membership, the BOD shall appoint, within a maximum period of one month from the vacancy of this position - after obtaining written NOC from the Saudi Central Bank - another member in the vacant position, provided that the appointment is presented to the General Assembly in its first meeting, and the new member completes the term of the previously appointed member.

#### **Article 48: Audit Committee Action Plan**

The audit committee shall develop a work guide approved by a resolution passed by the BOD that includes the rules, responsibilities and obligations of the audit committee. The audit committee shall also develop a detailed annual work plan that includes the main topics that it shall discuss during the year and the dates of its meetings.

#### **Article 49: Appointment of Committee Chairman and Secretary**

(a) The BOD shall appoint one of the members of the Audit Committee as its chairman after obtaining a written NOC from the Saudi Central Bank. It may also choose from among its members or from among the company's employees a

secretary for the committee who shall prepare the minutes of its meetings and schedules its dates in coordination with the committee chair, and shall undertake administrative work, documenting and keeping the minutes of the Audit Committee's meetings in a special record therefor. The Secretary of the Audit Committee shall not be entitled to be a secretary of any other committee of the BOD.

(b) The Chairman of the BOD shall not be entitled to be a member or chair of the Audit Committee.

(c) The Chairman of the Audit Committee shall not be entitled to have a kinship, financial or commercial relationship with any member of the BOD.

(d) The chairman of the committee shall not be entitled to have a relationship with the company's senior management that may affect his independence.

#### **Article 50: Convening Meetings, Quorum and Committee's Decisions**

(a) The committee shall meet at a call of its chairperson, and the committee's meeting is not valid unless attended by majority of its members, and a member of the committee shall not be entitled to delegate someone else to attend the committee's meetings.

(b) The Audit Committee shall hold at least six meetings per year, including the annual meeting with the BOD. The Audit Committee may, when necessary, hold other meetings in response to any of the following, for example, but not limited to:

(1) A call of the Chairman of the BOD.

(2) Cases in which the external or internal auditor, compliance officer or actuarial expert calls a meeting if needed.

(3) Meetings on other matters such as:

- Financial and audit matters.
- Systemic issues.
- Conflict of interest.
- Code of professional and ethical conduct.

(c) The Audit Committee invites whomever it deems appropriate from inside or outside the company to attend its meetings if need be.

(d) The decisions of the committee are issued by majority of the members present, and when the votes are equal, the vote of the chairman of the committee is considered casting, and it is not permissible to vote on its decisions on behalf or by proxy of one of the members. It is signed by the head of the committee and its secretary.

#### **Article 51: Powers of the Committee**

The Audit Committee may communicate directly with the BOD and senior management in the company, all employees, committees, legal advisors, internal and external auditors at the head office and/or branches of the company, as well as other parties related to the company. its records and documents and request any clarification or statement from the members of the BOD or the executive management, and it may ask the BOD to invite the company's general assembly to convene if the BOD obstructs its work or the company suffers serious damage or losses.



## **Article 52: Function of the Committee**

The Audit Committee shall be responsible for monitoring the company's business and verifying the integrity of reports, financial statements, and internal control regulations. The duties of the committee shall include, in particular, the following:

### **(a) Financial Reports:**

- 1) Examining the annual and interim financial statements of the company before approving them and presenting them to the BOD and making recommendations thereon, in order to reach a conviction that they do not include any incorrect phrases, statements or information of relative importance, and that no data, information or amounts of relevance have been omitted from such statements, and that no data, information or amounts of relative importance have been deleted from such statements, the deletion of which results in the financial statements being misleading and to ensure their integrity and transparency.
- 2) Expressing a technical opinion - at the request of the BOD - on whether the BOD's report and the company's financial statements are fair, balanced and understandable and include information that allows shareholders and investors to evaluate the company's financial position, performance, business model and strategies.
- 3) Examining any important or unfamiliar issues included in the financial reports.
- 4) Carefully researching any issues raised by the company's financial manager, or whoever undertakes his duties, the company's compliance officer, or the auditor.
- 5) Checking the accounting estimates in the material issues contained in the financial reports.
- 6) Examining the accounting policies used in the company and expressing an opinion and recommendation to the BOD in this regard, taking into account the appropriateness of the accounting policies for the nature of the company's business, its impact on the company's financial position, and the results of its business.
- 7) Discussing the preliminary annual and quarterly financial statements with the external auditors and the company's senior management before issuing them.

### **(b) Internal Audit:**

- 1) Overseeing and supervising of the company's internal audit department for the purpose of verifying its effectiveness in carrying out the tasks and tasks assigned thereto by the BOD.
- 2) Examining the company's risk management regulations and evaluating the effectiveness of the company's assessment of the important risks that it may be exposed to and the steps taken by the company's management to monitor and confront such risks.
- 3) Examining the audit plan for the internal auditors and giving their comments thereon.
- 4) Examining the internal audit reports and following up the implementation of the corrective measures for the remarks contained therein, and submitting recommendations regarding them to the BOD.

- 5) Ensuring the independence of the members of the BOD and the senior management of the company.
- 6) Ensuring the independence of the internal audit department or the internal auditor in the performance of their tasks, and verifying that there is no restriction on their work or the existence of anything that could negatively affect their work.
- 7) Appointing and dismissing the director of the internal audit department or the internal auditor after obtaining a written NOC from the Saudi Central Bank.
- 8) Determining the monthly salary, incentive bonus and other rewards for the internal audit department or the internal auditor in line with the internal regulations of the company approved by the BOD.
- 9) Examining the reports of the actuary and making recommendations thereon to the BOD.

**(c) Regulatory Control and Compliance:**

- 1) Examining and approving the compliance plan and following up on its implementation.
- 2) Verifying the company's compliance with the relevant laws, regulations, policies and instructions, and ensuring that the company does not violate any of them.
- 3) Ensuring the company's commitment to implementing the actuarial expert's suggestions and recommendations when they are mandatory as per the regulations and instructions issued by the Saudi Central Bank and the relevant supervisory and supervisory authorities.
- 4) Reviewing and following up the reports issued by the relevant supervisory and supervisory authorities and submitting a vote on them to the BOD.
- 5) Reviewing the contracts and transactions proposed to be conducted by the company with related parties and present its views in this regard to the BOD.
- 6) Appointing and dismissing the Director of the Compliance Department or the Compliance Officer after obtaining the Saudi Central Bank's NOC in writing.
- 7) Ensuring the independence of the Compliance Department or the Compliance Officer in performing their duties, and verifying that there is no restriction on their work or the existence of anything that could negatively affect their work.
- 8) Determining the monthly salary, incentive bonus and other rewards for the Compliance Department or the Compliance Officer in line with the internal regulations of the company approved by the BOD.
- 9) Following up the important lawsuits filed by or against the company with the Compliance Department or the Compliance Officer and submitting reports thereon to the BOD.
- 10) Raising the matters it deems necessary to take action against to the BOD, and making recommendations for the actions to be taken.

**(d) Auditor:**

- 1) Recommending the BOD to nominate and dismiss auditors, determine their fees and evaluate their performance after verifying their independence and reviewing the scope of their work and the terms of their contract, and this includes ensuring that

the nominated external auditors have the necessary expertise to review the business of insurance and/or reinsurance companies.

2) Ensuring that the scope of the external audit includes several matters, including but not limited to:

(a) Evaluating the internal control system, including the accounting system, from both the theoretical and practical perspectives.

(b) Conducting tests on a selected sample of the company's financial operations.

(c) Contacting the company's debtors and creditors or others for the purpose of confirming balances or for other purposes.

(d) Monitoring the inventory operations, including what is carried out in the company's branches.

(e) Complying with the audit standards adopted in the Kingdom for the purpose of verifying that the financial statements as a whole:

1. Justly clarify the company's financial position and the results of its activities for the fiscal year ending on that date shall be fairly shown in light of the presentation and disclosure of the information contained in the financial statements as per generally accepted accounting standards and appropriate to the company's circumstances.

2. comply with the requirements of the Companies Law, the Company's Articles of Association, and all relevant regulations regarding the preparation and presentation of financial statements.

(f) Inform the company's officials in writing of the comments made to the accountant when performing the audit.

3) The Audit Committee shall follow up the work of certified accountants and approve any work outside the scope of the audit work they are assigned to while performing the audit work.

4) The committee shall verify the auditor's independence, objectivity and fairness, and the effectiveness of audit work, taking into consideration the relevant rules and standards.

5) The committee shall be the link between the external auditor and the BOD, enabling the external auditor to carry out his work free from any restrictions or influences by the BOD and the company's management

6) Reviewing and examining the auditor's audit plan and its work, and verify that it has not submitted technical or administrative works that are outside the scope of audit work, and express its views and observations in this regard.

7) Examining the chartered accountant's notes on the financial statements and reports and following up on what has been done thereon.

8) Answering the company's auditor's inquiries.

9) Ensuring the independence of the company's external auditor and the extent of his commitment to impartiality and objectivity when presenting audit evidence and evidence and when reaching an opinion on the financial statements.

10) Examination of the scope and method of the external auditor's work and the extent to which it coordinates its activities with that of the company's internal audit department, and the lack of duplication between its tasks and those of the internal audit.

- 11) Ensuring the coordination of the external audit work in the event that there is more than one external auditor of the company.
- 12) Meeting with the external auditor to discuss the company's financial statements and to ensure that they state the fair financial position of the company and what he sees as observations in this regard.
- 13) Reviewing the financial disclosure submitted by the company's management to the external auditor, and expressing its views on it to the BOD.
- 14) Considering the performance of the external auditor and recommending to the BOD to re-assign him or to terminate the contract with him.
- 15) Considering the divergence of views that may arise between the external auditor and the company's management.

### **Article 53: Seeking the Assistance of Consulting Entities**

The Audit Committee may seek the assistance of any advisory body from outside the company to carry out specific tasks in order to assist it in performing its work.

### **Article 54: Appointing the Company's Auditors**

(a) The company's management shall invite certified public accountants who have been nominated by the audit committee. Such invitation shall contain the scope of the task indicated in the second paragraph of item (d) of Article 51, in addition to the conditions and obligations that the company deems necessary to complete the audit process. The BOD shall enable such accountants to view the data and clarifications they require in order to identify the size and nature of the company's operations. Each accountant shall submit an offer to audit the company's accounts and an overview of his office, including in particular the following:

- 1) The scientific and professional qualification of the members of the work team that shall conduct the review, and their names and nationalities.
- 2) A clarification on the quality control of work in his office.
- 3) The entities that he intends to hire for the purposes of auditing the company's accounts (if any), the aspects in which they shall participate, the nature of their participation, their qualifications, and the experiences of the individuals who shall be used in this regard.
- 4) The office's previous experience in auditing similar companies.
- 5) The size and indication of the branches of the office, and the number of technical staff working in the office.
- 6) The number of hours prescribed for each member of the work team (partner, audit manager...etc.)
- 7) The kinship relationship between the chartered accountant, or the auditing team, and the members of the BOD and/or the senior executive management (if any), and the work relationship between the chartered accountant and the company, or any member of its BOD (if any).
- 8) The expected date of preparing his report on the company's financial statements.
- 9) Audit fees.

- (b) The company's management shall prepare a comparative table of the offers submitted by the certified accountants as per the data referred to in Article 23, and shall submit it to the Audit Committee, accompanied by the offers and statements submitted by the certified accountants.
- (c) The Audit Committee shall examine the comparative table, the offers submitted by the legal accountants, and the data attached thereto, and it may invite the audit team of each office separately to a meeting during which the presentation submitted by them shall be discussed.
- (d) The committee shall prepare a letter in which it is presented to the BOD, including a summary of its analysis of the submitted offers, and nominate one or more chartered accountants to audit the company's accounts and state the basis on which the nomination was made.
- (e) The company's BOD shall present to the ordinary general assembly the recommendation submitted thereto by the audit committee, indicating the names of the certified accountants who submitted their offers, and then their nomination by the audit committee to audit the company's accounts, and a statement of the auditing fees and the basis for the nomination, and the number of candidates shall not be less than two auditors.
- (f) The Ordinary General Assembly shall appoint the company's auditors based on the nomination of the BOD with determining their remuneration and term of work and may reappoint them. The Assembly may also change them at any time without prejudice to their right to compensation if the change occurs at an inappropriate time or on an illegitimate ground.
- (g) The period of the audit conducted by the audit office shall not exceed five consecutive years, and a period of two years shall elapse before re-auditing.

#### **Article 55: Remuneration of Audit Committee Members and Secretary:**

- (a) A member of the Audit Committee shall be entitled to an attendance bonus for each of its sessions. The value of the remuneration is determined according to a policy approved by the BOD, so that it is acceptable in comparison with the remuneration of members of the BOD.
- (b) The resolution passed by the company's ordinary general assembly regarding the formation of the audit committee shall include the value of its members' remuneration.
- (c) The Secretary of the Audit Committee shall be entitled to a remuneration for the accomplishment of his duties for each of its sessions, and the value of the remuneration shall be determined by a resolution issued by the BOD.

#### **Article 56: Responsibility of the Committee**

The members of the Audit Committee shall be deemed liable before the Saudi Central Bank, the company's shareholders and the company's BOD for implementing the provisions of such Regulations of Audit Committees issued by the Saudi Central Bank, and for implementing the action plan of the Audit Committee.

#### **Article 57: Conflict between the Audit Committee and the BOD:**



If there is a conflict between the recommendations of the Audit Committee and the resolutions of the BOD, or if the BOD refuses to accept the Committee's recommendation regarding the appointment and dismissal of the company's auditor, determining his fees, evaluating his performance, or appointing the internal auditor, the BOD' report shall include the Committee's recommendation and its justifications, and the reasons for not taking them.

**Article 58: Order of Notes submission:**

The Audit Committee shall establish a mechanism that allows employees of the company to submit their observations regarding any abuse in financial or other reports in confidence. The committee shall verify the application of this mechanism by conducting an independent investigation commensurate with the extent of the error or abuse and identifying appropriate follow-up procedures.

**Article 59: Audit Committee's Report:**

- a) The audit committee shall prepare a report that includes the following:
- 1- For its recommendations and opinion regarding the adequacy of the internal and financial control system and risk management in the company.
  - 2- Details of its performance of its functions and tasks stipulated in the Companies Law and its implementing regulations.
- b) The BOD shall deposit sufficient copies of the audit committee's report at the company's head office and publish it on the company's website and the market's website when the paper is published.
- b) The BOD shall keep sufficient copies of the audit committee's report at the company's head office and publish it on the company's website and the market's website when publishing the invitation to convene the general assembly, to enable shareholders who wish to obtain a copy of it, and a summary of the report is read during the assembly.

**Article 60: Conflicts of Interest (Members of the Audit Committee):**

- (a) A member of the Audit Committee shall not be entitled to have a direct or indirect interest in the business and contracts that are done for the company's account, and a committee member shall not be entitled to participate in any business that would compete with the company, or trade in any of the branches of the activity that he practices, otherwise The company could claim compensation from him, or consider the operations he conducted for his own account to have been conducted for the company's account.
- (b) The members of the Audit Committee or the parties related thereto, when issuing or renewing any insurance policy from the company, shall pay the due premium in full, and it shall be treated and quoted, or any claim related to such documents shall be as per the regulations applicable to customer claims and without preferential treatment, and the statutory controller shall be notified Any compensation due to the member.
- (c) The company shall not be entitled to provide a cash loan of any kind to members of the Audit Committee, or guarantee any loan contracted by one or more of them

with third parties, and any contract concluded in violation of the provisions of such regulations or the work regulations of the Audit Committee approved by the General Assembly shall be considered void.

## **II. The Executive Committee:**

### **Article 61: Purpose:**

The main purpose of the Executive Committee of the BOD shall be to assist the BOD with performing the activities and duties assigned thereto by the BOD, and to expand the scope of its work in specialized areas to facilitate the company's operations.

### **Article 62: Formation of the Committee**

The BOD shall obtain a written NOC from the Saudi Central Bank for the appointment of the members of the Executive Committee, provided that the number of its members shall be no less than three and no more than five BOD members. The Executive Committee may consist of executive and non-executive members, and the term of its membership shall be linked to the term of the BOD.

### **Article 63: Appointing the Committee Chairman and Secretary**

(a) The Executive Committee shall elect one of its members as its chairperson, and the BOD issues a resolution to appoint him after obtaining the Saudi Central Bank's NOC in writing. It may also choose from among its members or from among the company's employees a secretary for the Committee, who prepares the minutes of its meetings and schedules their dates in coordination with the Chairman of the Committee and undertakes the administrative work and documenting and keeping the minutes of the committee's meetings in a special register therefor, and its remuneration shall be determined by a resolution passed by the BOD.

(b) The Secretary of the Audit Committee may not be appointed as a Secretary of the Executive Committee

### **Article 64: Convening the Meeting and the Quorum**

(a) The committee shall meet at a call of its chairperson, and the committee's meeting is not valid unless attended by majority of its members.

(b) The Committee shall meet periodically provided it shall be no less than six meetings per year, and the Committee may, when necessary, hold other meetings.

(c) The Committee may hold its meetings remotely and through electronic means such as telephone and video calls.

(d) The committee shall invite whomever it deems appropriate from inside or outside the company to attend its meetings if the need arises.

(c) Those other than members of the Committee shall not be entitled to attend the meetings of the Committee except upon an invitation therefrom.

### **Article 65: Committee Decisions**

The decisions and recommendations of the committee shall be issued by majority of the present members, and in case of a tie, the vote of the committee chairman shall be considered a casting one.

#### **Article 66: Duties & Responsibilities of the Committee**

- (a) Assisting the BOD with performing the activities and tasks assigned thereto by the BOD to facilitate the operations and business of the Company.
- (b) Assisting the BOD with setting the company's main strategic plans and objectives and the necessary budgets to achieve that strategy and recommend to the BOD for approval.
- (c) The Committee, with the assistance of the BOD, reviews the company's performance strategy on a periodic basis to verify whether the company has achieved its goals in the short and long term.
- (c) The committee monitors the financial and operational performance of the company.
- (e) Monitor the technologies used in the company and recommend to the BOD to enhance and develop them whenever the need arises.
- (f) Assist the BOD in developing plans to define the company's vision and mission.
- (g) Ensure the implementation of the main policies of the company approved by the BOD.
- (h) Review the company's annual, periodic, or submitted work plan according to regulatory requirements, to propose its amendment and to recommend it to the BOD for approval.
- (i) Review the company's annual budget and recommending its approval to the BOD.
- (j) The committee shall be deemed liable for setting the processes, policies and executive procedures to be followed during the implementation of the daily operations in the company. such obstacles.
- (k) The committee shall explore means of business development in a cost-effective and efficient manner and to meet customer satisfaction.
- (l) The committee may review the capabilities of the strategic partners in any projects that the company wishes to enter or undertake.
- (m) In cases that require reorganizing the company, such as a merger, acquisition, or capital increase, the Executive Committee shall submit its recommendations to the BOD in this regard.
- (n) Perform any other tasks delegated to the Executive Committee by the BOD within the limits of its competence and in a manner that does not conflict with the applicable laws, regulations, instructions and circulars issued by the supervisory authorities.

#### **Article 67: Powers of the Committee**

The Executive Committee may directly communicate with the BOD, the senior management of the company, all employees, committees, legal advisors, internal and external auditors in the head office and/or branches of the company, as well as



other parties related to the company, and for this purpose, it may view its records and documents to facilitate carrying out its tasks entrusted thereto.

#### **Article 68: Reports of the Executive Committee**

The Executive Committee shall submit its reports to the BOD, provided that it includes, at a minimum, a summary of its work and the recommendations and decisions issued.

#### **Article 69: Remuneration and Attendance Allowance:**

A member of the Executive Committee shall be entitled to an attendance allowance for the sessions and remuneration as per remuneration policies of the members of the BOD, its committees, and the approved executive management.

#### **Article 70: Evaluation of the Committee's Performance:**

- (a) The committee evaluates its performance annually according to the form prepared for this and submits its evaluation to the BOD
- (b) The Nomination and Remuneration Committee shall periodically evaluate the performance of the members of the Committee.

#### **Article 71: Expiry of Membership**

- (a) The membership of the Executive Committee shall expire upon the expiry of the term of membership of the BOD, and the Committee or one of its members may be renewed, or new members may be appointed, or in the event of a new BOD being elected after obtaining a written NOC by the Saudi Central Bank.
- (b) The BOD, after obtaining the Saudi Central Bank's NOC, may dismiss any of the committee members in the event of losing the membership conditions or committing a violation of the provisions of the Cooperative Insurance Companies Control Law, its implementing regulations, the provisions of the Companies Law or the provisions of other relevant regulations and instructions.
- (c) A committee member may resign, provided that he submits his resignation request in advance to the BOD one month before the effective date of his resignation and at an appropriate time accepted by the BOD, otherwise he shall be deemed liable to the company. The company shall notify the Saudi Central Bank in writing of the member's resignation and the reasons for his resignation and provide the Saudi Central Bank with a copy of the request Resignation within five working days of its date.
- (d) A member shall be deemed to have resigned from the membership of the Executive Committee if he fails, without an excuse acceptable to the BOD, to attend the meetings of the Committee for more than three consecutive sessions.

#### **Article 72: Vacancy in the Committee**

- (a) If the position of a member of the Executive Committee becomes vacant during the term of membership and this affects the fulfillment of the statutory limit for forming the committee, the BOD shall, within a maximum period of 30 working days, appoint a member, after obtaining a written NOC from the Saudi Central Bank.

(b) If the position of a member of the Executive Committee becomes vacant during the term of membership and does not affect the fulfillment of the statutory limit for forming the committee, the BOD may - after obtaining the Saudi Central Bank's NOC in writing - appoint another member in the vacant position.

### **III. Risk Management Committee:**

#### **Article 73: Purpose:**

The main purpose of the Risk Management Committee of the BOD, is to assist the BOD in performing the activities and tasks as delegated thereto by the BOD, in particular with aspects related to risk management, including but not limited to, the responsibility of supervising and monitoring the management of risks to which the company is exposed and following up the implementation of the policy risk tolerance.

#### **Article 74: Formation of the Committee**

The BOD shall obtain the Saudi Central Bank's NOC in writing to appoint members of the Risk Management Committee who possess the relevant qualifications and experience, provided that the number of its members is not less than three and not more than five BOD members, and the Risk Management Committee may consist of executive members. and non-executive, and the term of its membership is linked to the term of the BOD.

#### **Article 75: Appointment of the Chairman and Secretary of the Committee**

The Risk Management Committee elects one of its members as its chairman, and the BOD issues a resolution appointing him after obtaining a written NOC from the Saudi Central Bank. The minutes of the committee's meetings shall be kept in a special register, and its remuneration shall be determined by a resolution passed by the BOD.

#### **Article 76: Convening the Meeting and the Quorum**

- (a) The committee meets at the invitation of its chairperson, and the committee's meeting is not valid unless attended by majority of its members.
- (b) The committee meets periodically, provided that it is not less than four meetings per year, and the committee may hold other meetings whenever the need arises.
- (c) The Committee may hold its meetings remotely and through electronic means such as telephone and video calls.
- (d) The committee invites whomever it deems appropriate from inside or outside the company to attend its meetings if the need arises.
- (c) Non-members of the Committee shall not be entitled to attend the meetings of the Committee except upon an invitation therefrom.

#### **Article 77: Committee Decisions**

The decisions and recommendations of the committee are issued by majority of the members present, and when the votes are equal, the vote of the committee chairman is considered casting.

#### **Article 78: Committee responsibilities and tasks:**

- a) Determining the risks that the company may be exposed to, and maintaining an acceptable level of risks specific to the company.
- b) Overseeing risk management regulations and evaluating their effectiveness.
- c) Verifying the feasibility of the company's continuation and its successful continuation of its activities, with identification of the risks that threaten its continuity during the next twelve months.
- d) Developing a comprehensive risk management policy for the company, supervise its implementation, reviewing and updating it periodically, taking into account the relevant internal and external changes.
- e) Reviewing the risk management policies.
- h) Periodically reviewing and reassessing the level of the company's risk appetite, and the extent of its exposure to risks.
- f) Submitting detailed reports to the BOD about potential risks and giving recommendations on ways to manage them.
- g) Advising the BOD on matters relating to risk management.
- h) Ensuring the availability of adequate resources and regulations to manage risks.
- i) Reviewing the organizational structure of risk management and making recommendations in this regard prior to being approved by the BOD.
- j) Verifying the independence of risk management personnel from activities that may expose the company to risks.
- k) Verifying that the risk management staff understand the risks surrounding the company and working to raise awareness of the risk culture.
- l) Reviewing issues raised by the Audit Committee that may affect risk management in the company.

#### **Article 79: Reports of the Risk Management Committee**

The Risk Management Committee shall submit its reports to the BOD, provided that it includes, at a minimum, a summary of its work and the recommendations and decisions issued.

#### **Article 80: Remuneration and attendance allowance:**

A member of the Risk Management Committee shall be entitled to an attendance allowance for the sessions and remuneration as per the remuneration policies of the members of the BOD, its committees, and the approved executive management.

#### **Article 81: Evaluation of the Committee's Performance:**

- (a) The committee evaluates its performance annually according to the form prepared for this and submits its evaluation to the BOD
- (b) The Nomination and Remuneration Committee shall periodically evaluate the performance of the members of the Committee.

#### **Article 82: Expiry of Membership**

- (e) The membership of Risk Management Committee shall terminate upon the expiry of term of the BOD's membership. The committee or one of its members may be

renewed, or new members may be appointed, or in the event of a new BOD being elected after obtaining a written NOC by the Saudi Central Bank.

(f) The BOD, after obtaining the Saudi Central Bank's NOC, may dismiss any of the committee members in the event of losing the membership conditions or committing a violation of the provisions of the Cooperative Insurance Companies Control Law, its implementing regulations, the provisions of the Companies Law or the provisions of other relevant regulations and instructions.

(g) A member of the committee may resign, provided that he shall submit his resignation application to the BOD one month prior to the effective date of his resignation and at an appropriate time accepted by the BOD, otherwise he shall be deemed liable before the company. The company shall notify the Saudi Central bank in writing of the resignation of the member and reasons for his resignation and shall provide the Saudi Central bank with a copy of resignation application within five working days of the date thereof.

(h) A member is deemed to have resigned from the committee's membership if he fails, without an excuse acceptable to the BOD, to attend the committee's meetings for more than three consecutive sessions.

#### **Article 83: Vacancy in the Committee**

(c) If the position of one of the members of the Risk Management Committee becomes vacant during the term of membership and this affects the fulfillment of the statutory limit for forming the committee, the BOD shall, within a maximum period of 30 working days, appoint a member, after obtaining the Saudi Central Bank's written NOC.

(d) If the position of a member of the Executive Committee becomes vacant during the term of membership and does not affect the fulfillment of the statutory limit for forming the committee, the BOD may - after obtaining the Saudi Central Bank's NOC in writing - appoint another member in the vacant position.

### **IV. The Nomination and Remuneration Committee**

#### **Article 84: Purpose:**

The main purpose of the BOD Nomination and Remuneration Committee is to set criteria and policies for candidacy for BOD membership, review candidacy requests, and set policies and standards for remuneration and remuneration of BOD members and senior executives.

#### **Article 85: Formation of the Committee**

a) The Nomination and Remuneration Committee shall be composed of at least three members, chosen by the company's BOD for a period of no more than three years and not less than one year, and that two independent members shall be among the appointed members.

b) A member of the Nomination and Remuneration Committee shall not be entitled to be an executive member of the BOD, or anyone who performs technical or administrative work in the company, even as a matter of consultation.

### **Article 86: Appointment of the Chairman and Secretary of the Committee**

The committee shall choose from among its members a chairman. This committee cannot be presided over by the chairman of the BOD. It may also appoint from among its members or from the company's employees a secretary who prepares the minutes of its meetings and schedules their dates in coordination with the chairman of the committee. Such secretary shall carry out the administrative work, documenting and maintain the minutes of the audit committee's meetings in a special record therefor. This committee cannot be presided over by the chairman of the BOD.

### **Article 87: Convening the Meeting and the Quorum**

- a) The committee shall meet upon the convening notice served by its chairman, and the committee's meeting is not valid unless attended by majority of its members. A member of the committee may not authorize someone else to attend the committee's meetings.
- b) The Committee may hold its meetings remotely and through electronic means such as phone and video calls
- c) The Nomination and Remuneration Committee shall hold its meetings periodically and whenever needed, provided that the Committee shall hold at least two meetings.
- d) The Nomination and Remuneration Committee may invite whomever it deems appropriate from within the company to attend its meetings if needed.

### **Article 88: Committee Decisions**

The Committee decisions shall be issued by majority of the members present, and when the votes are equal, the vote of the committee chairman is considered casting, and it is not permissible to vote on its decisions for or on behalf of one of the members. The committee's deliberations shall be recorded by its secretary provided that it includes the opinions of all parties in the minutes of the meeting, and its decisions in minutes signed by the committee's chairman and secretary.

### **Article 89: Duties and Responsibilities of the Nomination and Remuneration Committee**

- (a) The duties of the committee with regards to nominations shall be as follows:
  - 1) Proposing clear policies and criteria for membership in the Board of Directors (BOD) and Executive Committees.
  - 2) Recommending to the BOD for nomination for BOD membership and its committees in accordance with the legal requirements, policies, and approved standards, considering not to nominate any person who was previously convicted of dishonesty. When nominating BOD members, the committee shall consider the relevant bylaws, regulations and instructions issued by the supervisory authorities, provided that the number of candidates for the BOD whose names are presented to the general assembly exceeds the number of seats available so that the assembly may have the opportunity to choose from among the candidates.
  - 3) Prepare a job description of the capabilities and qualifications required for membership in the BOD and its committees and occupying executive management positions.



- 4) Determining the time that the member shall allocate for the work of the BOD.
- 5) Annually reviewing the necessary needs or appropriate expertise for the BOD membership and its committees and the functions of the executive management.
- 6) Determining the time that the member shall allocate for the work of the BOD.
- 7) Evaluating and reviewing the structure and composition of the BOD and its committees, identifying their weaknesses on a regular basis, and suggesting the necessary steps to address them.
- 8) Evaluating the performance of the BOD members and BOD committees periodically.
- 9) Giving recommendation as to the appointment and dismissal of senior management members.
- 10) Establishing special procedures in case the position of a BOD member or senior executives becomes vacant.
- 11) Determining the weaknesses and strengths of the BOD and proposing solutions to address them in line with the company's interest.
- 12) Evaluating and monitoring the independence of the BOD members and BOD committees and ensure that there is no COI, including the annual verification of the independence of the independent members.
- 13) Supervising the induction program and periodic training for the BOD members
- 14) Giving Recommendation to the BOD as to the issues related to nominations.
- (b) The duties of the committee with regards to remuneration shall be as follows:
  - 1) Preparing a clear policy for the remuneration of the BOD members and the committees of the Board of Directors and the Executive Management, submitting the same to the BOD for consideration in preparation for its approval by the General Assembly, provided that such policy considers following standards related to performance, disclosure, and checking its implementation.
  - 2) Reviewing compensation plans for members of senior management.
  - 3) Clarifying the relationship between the remunerations granted and the applicable remunerations policy and indicating any material deviation from this policy.
  - 4) Periodically reviewing the remuneration policy and evaluating its effectiveness in achieving the sought goals.
  - 5) Recommending to the BOD as to the remuneration of the BOD members and BOD committees and senior executives of the company in accordance with the approved policy.
  - 6) Recommending to the BOD as to issues related to remuneration.

#### **Article 90: Reports of the Nomination and Remuneration Committee**

The Nomination and Remuneration Committee shall submit its reports to the BOD. Such reports shall contain, at a minimum, a summary of its work and the recommendations and decisions made.

#### **Article 91: Remuneration and Attendance Allowance:**

A member of the Nomination and Remuneration Committee shall be entitled to an attendance allowance for the sessions and a remuneration in accordance with the

remuneration policies of the BOD members, BOD committees, and the approved executive management.

#### **Article 92: Expiry of Membership**

(a) The membership of the Nomination and Remuneration Committee ends with the expiry of the BOD membership term. The committee or one of its members may be renewed, or new members may be appointed, or in the event of a new BOD being elected after obtaining a written NOC by the Saudi Central Bank.

(b) The BOD, after obtaining the Saudi Central Bank's NOC, may dismiss any of the committee members in the event of losing the membership conditions or committing a violation of the provisions of the Cooperative Insurance Companies Control Law, its implementing regulations, the provisions of the Companies Law or the provisions of other relevant regulations and instructions.

(c) A committee member may resign, provided that he submits his resignation request in advance to the BOD one month before the effective date of his resignation and at an appropriate time accepted by the BOD, otherwise he will be deemed liable before the company. The company shall notify the Saudi Central Bank in writing of the member's resignation and the reasons for his resignation and provide the Saudi Central Bank with a copy of the resignation request within five working days of the member's resignation date.

#### **Article 93: Vacancy in the Committee**

(A) If the position of one of the members of the Nomination and Remuneration Committee becomes vacant during the term of membership and this affects the satisfaction of the statutory limit for forming the committee, the BOD shall, within a maximum period of 30 working days, appoint a member, after obtaining the Saudi Central Bank's written NOC.

(B) If the position of one of the members of the Nomination and Remuneration Committee becomes vacant during the term of membership and does not affect the satisfaction of the statutory limit for forming the committee, the BOD may -after obtaining the Saudi Central Bank's NOC in writing- appoint another member to the vacant position.

### **V. Investment Committee:**

#### **Article 94: Purpose:**

The main purpose of the investment committee of the BOD shall be to assist the BOD with performing the activities and duties assigned thereto by the BOD, particularly with aspects related to investment, for example, but not limited to, the investment strategy, evaluation of the investment offers and investment opportunities of the company,

#### **Article 95: Formation of the Committee**

The BOD shall obtain the Saudi Central Bank's NOC in writing to appoint the members of the Risk Management Committee who possess the relevant qualifications and experience, provided that the number of its members shall not be

less than three and not more than five BOD members. The Investment Committee may consist of executive and non-executive members. and the term of its membership is linked to the term of the BOD.

#### **Article 96: Appointment of the Chairman and Secretary of the Committee**

The Investment Committee shall elect one of its members as its Chairman, and the BOD shall pass a resolution appointing him after obtaining a written NOC from the Saudi Central Bank. It may also choose from among its members or from among the company's employees a secretary for the Committee who shall prepare minutes of its meetings and schedule its dates in coordination with the Chairman of the Committee, and shall undertake the administrative work, documenting and keeping minutes of the committee's meetings in a special register therefor, and its remuneration shall be determined by a resolution passed by the BOD.

#### **Article 97: Convening the Meeting and the Quorum**

- (a) The committee shall meet when the call notice is served by its chairman, and the committee's meeting shall not be valid unless attended by majority of its members.
- (b) The committee shall periodically meet provided it shall be no less than four meetings per year, and the committee may hold other meetings whenever needed.
- (c) The Committee may hold its meetings remotely and through electronic means such as phone and video calls.
- (d) The committee shall invite whomever it deems appropriate from inside or outside the company to attend its meetings if need be.
- (e) Those other than members of the Committee shall not be entitled to attend the meetings of the Committee except when call notice is served thereto.

#### **Article 98: Duties and Responsibilities of the Committee:**

The duties and responsibilities of the Investment Committee shall be in accordance with the laws and regulations promulgated by the Saudi Central Bank, including but not limited to:

- (a) Reviewing and approving the investment strategy and policies submitted by the executive management.
- (b) Supervising the implementation of the investment strategy and policies and ensuring compliance with them.
- (c) Reviewing and evaluating investment offers and making decisions related to the company's investments within the limits of the powers granted by the BOD.
- (d) Appointing investment managers inside and outside the Kingdom, evaluating their services, terminating their duties, and determining their fees.
- (e) Setting investment limits inside and outside the Kingdom in accordance with the regulations and instructions issued by the Saudi Central Bank.
- (f) Supervising adherence to investment limits in each investment performance.
- (g) Reviewing and evaluating the company's existing investments through periodic reports thereon.
- (h) Informing the BOD of the work it does, the results it reaches, or the decisions it takes.



#### **Article 99: Reports of the Investment Committee**

The Investment Committee shall submit its reports to the BOD. Such reports shall contain, at a minimum, a summary of its work and the recommendations and decisions issued.

#### **Article 100: Remunerations and Attendance Allowance:**

A member of the Investment Committee shall be entitled to an attendance allowance for the sessions and a remuneration in accordance with the remuneration policies of the BOD members, BOD committees, and the approved executive management.

#### **Article 101: Evaluation of the Committee's Performance:**

- (a) The committee evaluates its performance annually according to the form prepared for this and submits its evaluation to the BOD
- (b) The Nomination and Remuneration Committee shall periodically evaluate the performance of the members of the Committee.

#### **Article 102: Expiry of Membership**

- (a) The membership of the Investment Committee shall expire upon the expiry of the term of BOD membership, and the Committee or one of its members may be renewed, or new members may be appointed, or in the event of a new BOD being elected after obtaining a written NOC by the Saudi Central Bank.
- (b) The BOD, after obtaining the Saudi Central Bank's NOC, may dismiss any of the committee members in the event of losing the membership conditions or committing a violation of the provisions of the Cooperative Insurance Companies Control Law, its implementing regulations, the provisions of the Companies Law or the provisions of other relevant regulations and instructions.
- (c) A member of the committee may resign provided he shall submit his resignation application to the BOD one month prior to the effective date of his resignation and at an appropriate time accepted by the BOD. Otherwise, he shall be deemed liable before the company. The company shall notify the Saudi Central Bank in writing of the member's resignation and reasons for his resignation and shall provide the Central Bank with a copy of the resignation application within five working days from the member's resignation date.
- (d) A member shall be deemed to have resigned from the committee's membership if he fails, without an excuse acceptable to the BOD, to attend the committee's meetings for more than three consecutive sessions.

### **PART V: Remuneration Policy for Board Members, Board Committees and Senior Executives**

#### **Chapter One: Remuneration and Compensation Policy:**

#### **Article 103: Objectives and Foundations of the Policy:**

- 1- Motivating to lead the company successfully in a positive manner for the company and its shareholders.
- 2- Achieving long-term growth in line with the company's strategy and achieving its objectives.
- 3- Ensuring that there is transparency and fairness in remuneration.
- 4- Contributing to attracting qualified cadres to the BOD, sub-committees and senior management, and employees of all grades.
- 5- Taking into consideration the best practices in determining the remunerations.
- 6- The BOD shall ensure that the level and structure of remuneration and compensation are fair and consistent with the objectives of the company, and that it does not cause a COI that shall adversely affect the company and its shareholders and achieve the interests of the insured and the shareholders.

#### **Article 104: Remuneration of Board Members, Sub-Committees and Senior Executives:**

##### **First: Remuneration of Board Members:**

- 1- The remuneration of the BOD members shall be in accordance with the provisions of the company's AOA and the relevant laws and regulations, provided that the BOD adopts the policy of remuneration and compensation for the BOD members, the sub-committees and the executives in accordance with the legal requirements, and in line with the company's strategy and achieving its objectives.
- 2- The remuneration of the BOD members shall be a certain amount, attendance allowance for sessions, in-kind benefits, or a certain percentage of the net profits, and two or more of these benefits may be combined.
- 3- In the event the company achieves profits, a percentage equivalent to (10%) of the rest of the net profit may be distributed after deducting the reserves decided by the General Assembly in application of the provisions of the Cooperative Insurance Companies Control Law, the Companies Law and this Law, and after distributing a profit to shareholders of no less than (5%) from the paid-up capital of the company, provided that the entitlement to this bonus is proportional to the number of sessions attended by the member, and any assessment to the contrary is void.
- 4- In all cases; the sum of what a BOD member receives in terms of financial or in-kind remunerations and benefits shall not exceed five hundred thousand Saudi riyals annually (with exception of members of the Audit Committee), in accordance with the regulations set by the Capital Market Authority.
- 5- The report of the BOD to the Ordinary General Assembly shall contain a comprehensive statement of all the bonuses, expenses allowances and other benefits received by the BOD members during the financial year. In addition, it shall also contain a statement of what the BOD members received in their capacity as workers or administrators, or what they received in return for technical or administrative work or consultancy. Furthermore, it shall include a statement of the number of BOD sessions and the number of sessions attended by each member from the date of the last meeting of the General Assembly.
- 6- A BOD member may not receive commissions or remunerations for the works that they contribute to concluding for the benefit of the company, and no portion of his

remuneration or compensation may be linked directly to the company's business volume (insurance premiums).

7- The remuneration may be suspended or refunded if it appears that it was decided based on inaccurate information provided by a BOD member.

8- The recommendation to the BOD about the remuneration of the BOD members shall be through the Nomination and Remuneration Committee and submit them to the General Assembly for approval.

9- A BOD member shall not be entitled to any remuneration in the event that he does not attend less than two-thirds of the meetings during the year or if he is absent for three consecutive sessions.

10- The remuneration of a BOD member is calculated according to the following criteria:

a- Performance and effectiveness.

b- Duties and Responsibilities.

c- Membership and chairmanship of the sub-committees,

d- The date of joining and the date of expiry of membership.

E- Active attendance at meetings.

F- Number of meetings attendance

g- Attending the meetings of the general assemblies of shareholders.

11- Disclosure of the remuneration and compensation paid to BOD members shall be in accordance with what is stipulated in Article 93 of the Corporate Governance Regulations issued by the Capital Market Authority

## **Second: Remuneration of Members of Board Committees:**

1- The remuneration of the members of the Audit Committee shall be in accordance with the resolution issued by the General Assembly when it is formed.

2- A committee member from within or outside the BOD shall be entitled to a flat remuneration due to his membership in the committees of the Board of Directors provided that it is within the limits stipulated in the company's AOA and other relevant laws and regulations.

3- It is not permissible for a member of any of the committees of the Board of Directors to receive commissions or remunerations in exchange for the works that they contribute to concluding for the benefit of the company, and no part of his remunerations or compensation may be linked directly to the company's business volume (insurance premiums).

4- The remuneration may be suspended or refunded if it appears that it was decided based on inaccurate information provided by a member of the committee emanating from the BOD.

5- Disclosure of remunerations and compensation paid to committee members shall be in accordance with what is stipulated in Article 93 of the Corporate Governance Regulations issued by the Capital Market Authority.

6- The committee member's remuneration shall be calculated from within the BOD or outside the BOD according to the following criteria:

a. Performance and effectiveness.

b. Duties and Responsibilities.

- c. Membership and chairmanship of the sub-committees.
- d. The date of joining and the date of expiry of membership.
- e. Active attendance at meetings.
- f. Number of meetings attendance

### **Third: Executive Management Remunerations:**

#### **1- Components of wages and remunerations:**

##### **a. Fixed Components:**

**Basic wage:** The basic wage for the executive management shall be determined according to the company's wage scale provided that in determining the wage, scientific and professional qualifications, practical experience, the nature of the job, the tasks and responsibilities assigned thereto, and in accordance with the prevailing wages in the market, in addition to other allowances according to the company's internal policy, such as housing and transportation allowances.

##### **b. Variable Components:**

**Performance-Based Remuneration;** shall include performance remuneration that is given discretionarily to motivate senior executives or executive management, and based on the performance of the company in general and the performance of the individual manager provided that the following criteria shall be observed:

- 1- Achieving the target profit.
- 2- Executing the assigned projects and works as required.
- 3- Meeting all regulatory requirements.
- 4- Reducing expenses in proportion to the volume of production.
- 5- Extraordinary achievements during the fiscal year.

#### **2- Controls for the Disbursement of Executive Management Remuneration:**

- 1- Performance-based remuneration shall be determined according to the evaluation prepared by the Nomination and Remuneration Committee and based on the basic salary and not on the total income or a percentage of operating profits.
- 2- It shall not be permissible for a member of the senior management (with exception of sales managers) to receive commissions or remunerations for the work that they contribute to make on behalf of the company, and it is not permissible to link any part of their remunerations and compensation (with exception of sales managers) to the company's business volume (insurance premiums) directly.
- 3- The BOD shall be recommended the executive management remuneration through the Nomination and Remuneration Committee.
- 4- It is permissible to stop the payment of the remuneration or to recover it if it is found that it was decided on basis of misinformation provided by the member of the executive management.
- 5- Remunerations and compensations paid to five senior executives who received the highest remunerations from the company, provided that they include the CEO and the financial manager, shall be in the BOD' report and in accordance with what is stipulated in Article 93 of the Corporate Governance Regulations issued by the Capital Market Authority.

## **Chapter Two: General Provisions:**

### **Article 105: Evaluation System:**

- 1- The company shall have a system for evaluating the performance of its employees at all levels in an objective and systematic manner and to be built over the long term.
- 2- The Nomination and Remuneration Committee shall ensure that an annual review of the remuneration and compensation practices in the company is conducted by the Internal Audit Department or a specialized external body without interference from the senior company's management.
- 3- The company shall have a structure for remunerations and compensations for employees of the control departments (the Internal Audit Department, and the Compliance Department) in a way that enhances the impartiality and independence of these jobs.

## **Part VI: Conflict of Interest Policy**

### **Chapter Six: Conflict of Interest Policy**

#### **Article 106: Scope of Conflict of Interest**

The concept of Conflict of Interest (COI) shall be based on the following basic elements:

1. A COI arises when it is proven that a BOD member, or a member of any of its committees, or any of the employees of the company, or its subsidiaries, is related to any business, or has a personal interest, or an organizational or professional interest, in any work or business that may directly or indirectly affect the objectivity of the decisions of that member or employee, or his ability to perform his duties and responsibilities towards the company or one of its subsidiaries.
2. A COI also arises when it is proven that a BOD member, or one of the employees of the company, or its subsidiaries, receives or obtains personal gains from any other party, whether directly or indirectly, benefiting from his position and his participation in the company's management.
3. Every BOD member, and every employee of the company and its subsidiaries, shall not use the company's assets, or its various resources, for any personal interest, or to exploit them for his own benefit, or other goals that do not fall within the scope of the company's business and work.



### **Article 107: Avoiding Conflicts of Interest:**

#### **a) A BOD member shall**

1. Exercise his duties honestly and impartially, and to put the interests of the company ahead of his personal interests, and not to use his position to achieve private interests.
2. Avoid cases of COI and inform the BOD of cases of conflict that may affect its impartiality when considering the issues presented to the BOD. The BOD shall not involve this member in the deliberations, and not count his vote on these topics in the meetings of the BOD and shareholders' assemblies.
3. Maintain confidentiality of information related to the company and its activities and not to disclose it to any person.

#### **b) A BOD member shall not:**

1. Vote on the resolution passed by the BOD or the General Assembly in the business and contracts made for the account of the company if he has a direct or indirect interest in them.
2. Exploit or benefit, directly or indirectly, from any of the company's assets, information or investment opportunities offered to him in his capacity as a BOD member, or offered to the company, including investment opportunities that fall within the company's activities, or that the company wants to benefiting therefrom, and the prohibition applies to a board member who resigns in order to take advantage of investment opportunities - directly or indirectly - that the company wishes to benefit from and which he learned about during the term of his membership in the BOD.

### **Article 108: Candidate Disclosure of COIs:**

Whoever wishes to nominate himself for membership in the BOD shall disclose to the BOD and the General Assembly any cases of COI - in accordance with the procedures established by the Authority - including:

- 1- Having a direct or indirect interest in the business and contracts made for the account of the company for which he wishes to run for its BOD.
- 2- His participation in a business that would compete with the company, or compete with one of the branches of the business it is engaged in.

### **Article 109: Company Competition Controls:**

Taking into account what is stated in Article 72 of the Companies Law and the relevant provisions in this Regulation, the Corporate Governance Regulations issued by the Capital Market Authority and the Insurance Companies Governance Regulations issued by the Saudi Central Bank, if a BOD member wishes to participate in a business that would compete with the company, or compete with it in one of the branches of the business that it is engaged in, the following shall be observed:

- 1- Reporting the BOD of the competing businesses that he wishes to practice and recording such report in the minutes of the BOD meeting.

- 2- The stakeholder member not participating in voting on the resolution passed in this regard in the BOD and the shareholders' assemblies.
- 3- The Chairman of the BOD shall inform the Ordinary General Assembly, when held, of the competing business practiced by the BOD member, after the BOD verifies that the BOD member competes with the company's business or with one of the branches of the business it is engaged in, according to the criteria issued by the General Assembly of the company, based on the proposal of the BOD. The same shall be published on the company's website provided that these businesses shall be verified annually.
- 4- Obtaining a license from the company's ordinary general assembly that allows the member to practice competing businesses.

#### **Article 110: Concept of Competition Business:**

The following are included in the concept of participating in any business that would compete with the company's business or compete with the company in one of the branches of the business it is engaged in:

- 1) A BOD member establishes a company or a sole proprietorship or owns an influential percentage of shares or stakes in a company or other establishment that engages in a business similar to that of the company or its group.
- 2) Accepting membership in the BOD of a company or an entity competing with the company or its group, or assuming the management of a competing sole proprietorship or a competing company of whatever form, with exception of the company's affiliates.
- 3) The member obtaining a commercial agency or the like, whether apparent or hidden, for a company of another establishment competing with the company or its group.

#### **Article 111: Refusal to Grant a License:**

If the General Assembly refuses to grant the license under Article 72 of the Companies Law and Article 109 of these Regulations, the BOD member shall submit his resignation within a period specified by the General Assembly, otherwise his membership in the BOD shall be considered terminated, unless he decides to abandon competing with the company or conciliate his status according to the Companies Law and its Implementing Regulations before the expiry of the deadline set by the Assembly.

#### **Article 112: Acceptance of Gifts:**

No BOD member nor senior executives may accept gifts from any person having commercial dealings with the company if such gift leads to a COI.

### **Part VII: Stakeholders**

#### **Article 113: Regulating the Relationship with Stakeholders:**

The BOD shall set clear and written policies and procedures to regulate the relationship with stakeholders in order to protect them and preserve their rights, provided that this policy contains in particular the following:

- 1- How to compensate stakeholders in the event of a breach of their rights determined by regulations or protected by contracts.
- 2- How to settle complaints or disputes that may arise between the company and stakeholders.
- 3- How to build good relationships with customers and suppliers and maintain the confidentiality of information related to them.
- 4- The rules of professional conduct for the directors and employees of the company to comply with sound professional and ethical standards and regulate the relationship between them and stakeholders, provided that the BOD establish mechanisms to monitor the application of these rules and adherence to them.
- 5- The company's social contribution.
- 6- Confirmation that the company's dealings with BOD members and related parties is carried out in accordance with the terms and conditions of follow-up with stakeholders without any discrimination or preference.
- 7- Stakeholders have access to information related to their activities in a way that enables them to perform their tasks, provided that such information is correct, sufficient, timely and regularly.
- 8- Treating the company's employees in accordance with the principles of justice, equality and non-discrimination.

#### **Article 114: Reporting the Violating Practices:**

- 1- The BOD, based on the proposal of the Audit Committee, sets a policy for reporting violations in line with the requirements of the Saudi Central Bank, for stakeholders to follow in submitting their complaints or reporting violating practices.
- 2- Facilitating the notification of stakeholders (including company employees) to the BOD of the actions or practices that may be issued by the executive departments that violate the applicable laws, regulations and rules or raise suspicion in the financial statements or internal control systems or others, whether such actions or practices are in Confronting them or not and conducting the necessary investigation in this regard.
- 3- Maintaining the confidentiality of reporting procedures by facilitating direct contact with an independent member of the Audit Committee or other competent committees.
- 4- Assigning a competent person to receive and deal with complaints or communications from stakeholders.
- 5- Allocating a phone or e-mail to receive complaints.
- 6- Providing the necessary protection for stakeholders.

### **Part VIII: Professional and Ethical Standards**

#### **Article 115: Professional Conduct Policy:**



The BOD sets a policy for the professional conduct and ethical values of the company taking into account in particular:

- 1- Emphasis on every BOD member, the executive management and the company's employees to exercise their duties of care and loyalty towards the company, and everyone who would safeguard the interests of the company, develop it, maximize its value, and put its interests above his personal interest in all cases.
- 2- A BOD member represents all shareholders in the company, committing to what achieves the interest of the company and the interests of the shareholders, and observing the rights of other stakeholders, not just the interest of the group that elected him.
- 3- Consolidating the principle of commitment of BOD members and BOD senior executives to all relevant rules, regulations, and instructions.
- 4- Preventing a BOD member or a member of the executive management from exploiting his position to achieve his own interest or someone else.
- 5- Emphasis on limiting the use of the company's assets and resources to achieving the company's purposes and objectives, and not using those assets or resources to achieve private interests.
- 6- Establishing accurate, precise, and clear rules regulating the validity and timing of access to the company's internal information in a way that prevents BOD members, Executive Management, and others from benefiting from it or disclosing the same to any person, except within the prescribed or legally permitted limits.

## Part IX: Disclosure and Transparency

### Article 116: Disclosure Policy and Procedure:

Without prejudice to the Rules on the Offer of Securities and Continuing Obligations, the Board of Directors shall set written disclosure policies, supervisory procedures and regulations according to the disclosure requirements contained in the Companies Law and the Capital Market Law, as the case may be, with their Implementing Regulations, and other regulations and instructions of the Saudi Central Bank, taking into account the following:

- 1- Those policies shall include appropriate disclosure methods that enable shareholders and stakeholders to access the financial and non-financial information related to the company, its performance, shareholding, and determine the company's position in an integrated manner.
- 2- The disclosure to shareholders and investors shall be without discrimination, in a clear, correct and not misleading manner, and it shall be timely, regular and accurate to enable shareholders and stakeholders to completely exercise their rights.
- 3- Reporting systems shall be set including defining the information that shall be disclosed, and the method of classifying the same in terms of its nature or periodicity of its disclosure.
- 4- Periodical review of disclosure policies, verifying their compliance with the best practices and with the Capital Market Law provisions and Implementing Regulations.

### Article 117: Board of Directors' Report

The Board of Directors' report shall contain a presentation of its operations during the last fiscal year, and all the factors affecting the company's business. The Board of Directors' report shall contain the following information:

- 1- The applied provisions of the Corporate Governance Regulations issued by the Capital Market Authority and non-applicable ones with the reasons therefor.
- 2- An analytical review of the company's financial performance during the last period.
- 3- The most important plans and decisions taken and their impact on the company's performance and position.
- 4- A clarification of any material differences in the operational results from the results of the previous year or any expectations declared by the company.
- 5- Evaluation of the company's strategy and financial position.
- 6- A description of the main types of activity for the company and its subsidiaries. If two or more types of activity are described, a statement shall be attached to each activity and its impact on the company's business volume and its contribution to the results.

- 7- The name of each subsidiary, its capital, the company's shareholding percentage, its main activity, the country where its operations are located, and the country where it is incorporated.
- 8- Details of shares and debt instruments issued for each subsidiary.
- 9- A description of the company's dividends policy.
- 10- A description of any interest in the class of voting shares belonging to persons (other than the company's Board Members, senior executives and their relatives) who notify the company of such rights pursuant to Article 67 of the Rules on the Offer of Securities and Continuing Obligations, and any change in those rights during the last fiscal year.
- 11- Names of shareholding companies and companies within and outside the Kingdom for which a member of the company's Board is a member of its current or previous Boards of Directors or one of its directors.
- 12- A description of any interest, contractual securities and subscription rights belonging to the company's Board Members, senior executives and their relatives in the shares or debt instruments of the company or any of its subsidiaries, and any change in that interest or those rights during the last fiscal year.
- 13- Information regarding any loans on the Company (whether payable at request or otherwise), a statement of total indebtedness of the company and its subsidiaries and any amounts paid by the company in repayment of loans during the year, original amount of the loan, name of the loan giver, its term and the remaining amount. If there are no loans on the company, it shall submit a declaration thereof.
- 14- A description of the classes and numbers of any convertible debt instruments and any contractual securities, memoranda of subscription right or similar rights issued or granted by the company during the fiscal year, with an explanation of any compensation received by the company in return.
- 15- A description of any transfer or subscription rights under convertible debt instruments, contractual securities, subscription right memoranda or similar rights issued or granted by the company.
- 16- A description of any refund, purchase or cancellation of any refundable debt instruments by the company, and the value of the remaining securities, with a distinction between the listed securities purchased by the company and those purchased by its subsidiaries.
- 17- The number of the company's requests for the shareholders' register, the dates and reasons for those requests.
- 18- Where applicable, providing the means relied upon by the Board in evaluating its performance and the performance of its committees and members, the third party that carries out the evaluation and its relationship with the company, if any.
- 19- The procedures carried out by the Board of Directors to notify its members - especially non-executives, of the shareholders' proposals and comments on the company and its performance.

- 20- Any penalty, precautionary measure, precautionary restriction, or penalty imposed on the company by any judicial, supervisory, or regulatory authority, with a statement of the reasons for the violation, the signatory thereto and means to rectify the same and avoid its repetition in the future.
- 21- Any penalty, precautionary restriction or penalty imposed on any of the Board members from any judicial, supervisory, or regulatory authority that has a relationship with the company.
- 22- The Audit Committee's recommendation regarding the duration of the need to appoint an internal auditor in the company in case of his absence.
- 23- An assessment of the risks surrounding the company and means to address and detect them.
- 24- A summary in the form of a table or a chart of the company's assets, liabilities and results of its operations in the last five fiscal years or since its incorporation, whichever is shorter.
- 25- An explanation of any difference from the accounting standards approved by the Saudi Organization for Chartered and Professional Public Accountants (SOCPA).
- 26- A geographical analysis of the total revenues of the company and its subsidiaries.
- 27- Expectations of future performance.
- 28- For the Board of Directors: the Board's competences, composition, name of the Chairman and Deputy Chairman, the start and end dates of the current session, number of independent Board members, number and dates of meetings held during the period, names of the attendees for each meeting, and the details of remuneration of Board members.
- 29- For each Board member: the member's name and classification (executive, non-executive, or independent), names of other companies in which the member holds the position of a Board member, the entity represented by the member, if any, and any other positions held by the member in the company, if any.
- 30- For each of the Board committees: the name, competences and functions of the Committee, names of its members and their classifications (Chairman of the Committee, executive and non-executive members, independent members, or other than a Board member), the number and dates of the meetings held during the period, the names of each meeting's attendees, and the details of the members' remuneration for their membership in the Committee.
- 31- A statement of the dates of the General Assemblies of shareholders held during the last fiscal year and the names of Board members attending these assemblies.
- 32- A list of the names, positions, qualifications and experience of each of Board members, Board committees and members of the Senior Management of the company, their current and previous jobs, qualifications and experience.
- 33- Total remuneration paid to Board members and the five highest paid members of the Senior Management, the CEO and the CFO, if they were not among those who received the highest remuneration during the period (divided into

salaries, fixed allowances, variable remunerations, and any other components), as well as a description of any performance-related bonuses available to members of Senior Management, including the CEO and CFO if they are not among them.

- 34- The shareholding of Board members and members of the Senior Management in the company (direct and indirect) and the changes in their shareholding during the ending fiscal year as approved in the Shareholders' Register.
- 35- Description of the transactions with related parties, including major shareholders, the Board and Senior Management members during the period, and the mechanism for approving them.
- 36- Details of the company's social contributions, if any.
- 37- Information relating to any business or contracts to which the Company is a party, or in which a member of the Board of Directors, senior executives or any person related to any of them with an interest, to include the names of those involved in the business or contracts, the nature of these business or contracts, their conditions, duration and price. If there is no such business or contracts, the company shall submit a declaration for that.
- 38- A statement of any arrangement or agreement, under which a member of the company's Board or a senior executive assign any remuneration.
- 39- A statement of any arrangement or agreement under which one of the company's shareholders waived rights to profits.
- 40- A statement of the value of the paid amounts and due statutory payments for any zakat, taxes, fees or any other entitlements that have not been paid until the end of the annual fiscal period, with a brief description thereof and a statement of their reasons.
- 41- A statement of the value of any investments or reserves established for the benefit of the company's employees.
- 42- Any cases where there may be a conflict of interest and the mechanism for dealing therewith.
- 43- The Audit Committee's recommendations that conflict with the decisions of the Board of Directors, or those not considered by the Board regarding the appointment and dismissal of the company's auditor, determining his fees, evaluating his performance or appointing the internal auditor, the justifications for those recommendations, and the reasons for not adopting them.
- 44- Names of major shareholders and the percentage of shareholding of each of them in the company.
- 45- The results of the annual review of the efficiency and effectiveness of the company's internal control system, in addition to the Audit Committee's opinion about the adequacy of the company's internal control system.
- 46- The following declarations:
  - (A) The accounting records are properly prepared.
  - (B) The internal control system is prepared on sound grounds and implemented effectively.
  - (C) There is no significant doubt about the company's ability to continue its activity.

- 47- If the auditor's report contains reservations on the annual financial statements, the Board of Directors' report shall clarify those reservations, their reasons and any information related thereto.
- 48- If the Board of Directors recommends changing the auditor before the end of the period for which he is appointed, the report shall contain the same, with a statement of the reasons for recommending the change.

#### **Article 118: The Audit Committee's Report**

1. The Audit Committee's report shall contain details of its performance of its functions and duties stipulated in the company's memorandum of association and its Implementing Regulations, provided that it shall contain its recommendations and opinion about the adequacy of the company's internal and financial control systems and risk management.
2. The Board of Directors shall deposit sufficient copies of the Audit Committee report at the company's Head Office and publish the same on the company's website and the Market's website when publishing the invitation to convene the General Assembly, to enable shareholders who wish to obtain a copy thereof. A summary of the report shall be read out during the General Assembly.

#### **Article 119: Disclosure of Board Members and Executive Management Members**

The Board of Directors shall regulate the disclosures of each of its members and members of the Executive Management, taking into account the following:

1. Setting a special register for the disclosures of Board members and the Executive Management and updating it periodically according to the disclosures required by the Companies Law, the Capital Market Law, the regulations, and instructions issued by the Saudi Central Bank and their Implementing Regulations.
2. Providing access to the company's Shareholders' Register without any financial return.

#### **Article 120: Disclosure of Rewards:**

The Board of Directors shall be committed to:

- 1) Disclose the remuneration policy and how the remuneration of the company's Board members and executive management members is determined.
- 2) Accurate, transparent and detailed disclosure in the Board of Directors' report on the remunerations granted to members of the Board of Directors and the Executive Management, directly or indirectly, without concealment or being misleading, whether they are amounts, benefits or advantages, of whatever nature and name. If the benefits are shares in the company, the value listed for the shares shall be the market value at the maturity date.
- 3) Explain the relationship between the granted rewards and the applicable rewards policy and indicate any material deviation from this policy.



- 4) A statement of the necessary details regarding the remuneration and compensation paid to each of the following separately:
  - A. Board members.
  - B. Five senior executives who receive the highest remuneration from the company, including the CEO and the CFO.
  - C. Committee members.

## **Part X: Internal Control**

### **Article 121: Internal Control System:**

The Board of Directors shall adopt an internal control system for the company to evaluate the policies and procedures related to risk management, apply the provisions of the company's approved corporate governance regulations and comply with the relevant laws and regulations. This system shall ensure that clear standards of responsibility are followed at all executive levels in the company and that related party transactions are carried out pursuant to their own provisions and controls.

### **Article 122: Establishing independent control departments in the company**

- 1- In order to implement the approved internal control system, the company establishes independent departments, which are the Compliance Department, the Risk Department and the Internal Audit Department.
- 2- The Compliance Department and the Internal Audit Department shall report to the Audit Committee emanating from the Board of Directors.
- 3- The Risk Department shall report to the Risk Management Committee emanating from the Board of Directors.
- 4- After obtaining the Saudi Central Bank's no-objection, the company may seek the assistance of external parties to exercise the functions and competencies of units or departments of risk assessment and management, and internal audit. This does not prejudice the company's responsibility for those duties and functions.

### **Article 122: Duties of the Control Department:**

#### **First: Compliance Management:**

The Compliance Department is an independent department through its reporting to the Audit Committee, and the Compliance Officer shall be appointed by the Audit Committee to ensure his independence. The compliance function shall be responsible for monitoring the company's compliance with all relevant laws, regulations and instructions issued by the Saudi Central Bank or other relevant regulatory authorities and taking the necessary measures to improve the level of regulatory compliance in the company. Its duties shall include, but are not limited to:

- 1- Ensuring that the company complies with all requirements of applicable and relevant laws and regulations issued by the Saudi Central Bank, the Capital

Market Authority, Council of Cooperative Health Insurance, Ministry of Commerce and any other regulatory and supervisory authority.

- 2- Communicating with the regulatory authorities in all matters relating to the company's regulatory and supervisory matters.
- 3- Assessing the risks of non-compliance by the company, and monitoring non-compliance cases.
- 4- Providing advice to the Board of Directors, committees, Senior Management and all employees of the company and departments related to the relevant laws, regulations and instructions to enable the company to abide by them.
- 5- Notifying the company of all developments and updates in the rules, regulations and instructions issued by the supervisory authorities and the competent authorities.
- 6- Preparing periodic reports on cases of non-compliance and making recommendations to address them and submitting them to the Audit Committee and the Board of Directors, as required.
- 7- Providing the regulatory authorities with the reports required by law.
- 8- Evaluating the work of all the company's departments and business to verify their compliance with the rules, regulations and instructions and preparing reports thereon.
- 9- Educating and making the company's employees at all levels of employment aware of the importance of compliance.
- 10- Monitoring the company's compliance with the Anti-Money Laundering and Terrorist Financing Law and their Implementing Regulations.

### **Second: The Internal Audit Department:**

The internal audit function shall evaluate the effectiveness and efficiency of internal controls, policies, procedures and the company's reporting mechanism and the extent of compliance with them and make recommendations for improvement through a plan approved by the Audit Committee that contains all the company's activities and business. The internal auditor shall be appointed by the Audit Committee to achieve its independence and enable it to perform its work in a way that improves the control level in the company.

The company shall keep audit reports and work documents, clearly including what has been accomplished, its conclusions and recommendations, and the decisions taken in their regard. Its duties and responsibilities include:

- 1- Evaluating the effectiveness and efficiency of internal controls, policies and procedures, the extent of the company's commitment to them, and making recommendations in their regard.
- 2- Assessing the risks in the company, regulations, and investments.
- 3- The failures in the application of internal control or weaknesses in its application that may affect the financial performance of the company.
- 4- Verifying the credibility and integrity of financial information and accounting and non-financial records.



- 5- Submitting comprehensive reports on the results of the internal audit and compliance and discussing them with the Audit Committee and the concerned directors, and submitting proposals to be applied to address and close the observations.
- 6- Submitting the necessary reports to the Board of Directors to inform it of the results and contributing to the provisions of the internal control procedures, while maintaining professional independence of the management.
- 7- The tasks and responsibilities stipulated in the various laws, regulations and instructions issued by the Saudi Central Bank, including but not limited to, reviewing the subscription and pricing instructions and surplus distribution.

## **Part XI: Senior Management**

### **Article 123: Senior Management**

- 1- The priority in Senior Management positions shall be given to Saudis. If there is a need to appoint a non-Saudi, the insurance company shall prove the absence of qualified Saudis to fill the required position based on the requirements for appointment to leading positions issued by the Saudi Central Bank.
- 2- Each position in the Senior Management shall have a documented and detailed job description that defines the roles, responsibilities, specifications, qualifications and reporting lines, mechanism of interaction with other internal parties and the powers and limits of such powers.
- 3- The Director General shall be appointed by a decision of the Board of Directors after obtaining the Central Bank's no-objection. He shall report to the Board of Directors. As indicated in Paragraph (Third) of Article 23 of these Regulations, the Board of Directors shall supervise the Executive Management's work. Without prejudice to the provisions of the Corporate Governance Regulations issued by the Capital Market Authority and any other regulatory or supervisory requirements, the Senior Management shall be responsible for supervising the company's daily activities. The Senior Management's duties shall include, but are not limited to:
  - A) Implementing the company's strategic plans.
  - B) Managing the company's daily activities.
  - C) Setting procedures for risk identification, measurement, reduction and control.
  - D) Setting the necessary policies and procedures to ensure the efficiency and effectiveness of the internal control system.
  - E) Maintaining documents and audit.
  - F) Acting in accordance with the directions of the Board of Directors and submitting reports to it.
  - G) Ensuring that all regulatory and supervisory requirements are fulfilled to the maximum extent as possible.

- 4- The Senior Management shall provide the Board of Directors with a comprehensive presentation on the management's performance at least during each Board meeting.

## Part XII: Appointed Actuary

### Article 124: Actuarial Works:

Without prejudice to the provisions of the actuarial work controls issued by the Central Bank and any other relevant instructions, the duties and responsibilities of the appointed actuary shall include, but are not limited to, the following:

- 1- Studying the general financial position of the company.
- 2- Evaluating the company's capital adequacy.
- 3- Evaluating of the company's ability to meet its future obligations.
- 4- Pricing protection, savings, health, and motor insurance products, with recommendations as to the adequacy of premium rates for other general insurance categories of products.
- 5- Setting the company's technical allocations and recommendation on them.
- 6- Coordinating with the officials in the company's Risk Management to evaluate the impact of the fundamental risks and determine the appropriate mechanism to mitigate their effects.
- 7- Evaluating the adequacy of reinsurance arrangements and appropriate levels of risk retention and recommending the optimal retention level.
- 8- Giving recommendations to the company's Board of Directors as to the company's investment policy, taking into account the nature and timing of obligations towards the insurance policy holders and the availability of appropriate assets.
- 9- Determining the company's surplus or deficit in general.
- 10- Preparing the appropriate reports pursuant to the financial reporting forms required by the Central Bank.
- 11- Reviewing the company's subscription evidence.
- 12- Preparing an annual report showing the efficiency of the company's technical reserves and prices of insurance products.
- 13- Analyzing the development of the insurance portfolio and analysis of costs.
- 14- Preparing a report showing the suitability of assets to responsibilities.
- 15- Providing advice on any other actuarial matters.

## Part XIII: Company's Auditor

### **Article 125: Assigning the Audit Task:**

The task of reviewing the company's annual accounts shall be entrusted to one or more independent, competent, experienced and qualified auditors to prepare an objective and independent report for the Board of Directors and the shareholders indicating whether the company's financial statements clearly and fairly express the company's financial position, and its performance in material aspects.

### **Article 126: Appointment of the Auditor:**

The Ordinary General Assembly shall appoint the company's auditor based on the nomination of the Board of Directors, taking into account the following:

- 1) His nomination shall be based on the Audit Committee's recommendation.
- 2) He shall be licensed and fulfill the conditions prescribed by the competent authority.
- 3) His interests shall not conflict with the company's interests.
- 4) The candidates shall be no less than two auditors.

### **Article 127: The Auditor's Duties and Responsibilities:**

The auditor shall:

- 1- Exercise due diligence and honesty for the company.
- 2- Inform the Authority if the Board of Directors fails to take the appropriate action regarding the suspicious issues raised thereby.
- 3- Request the Board of Directors to convene the Ordinary General Assembly if the Board does not facilitate his work. He shall be responsible for compensating the damage against the company, the shareholders or third parties due to his errors in performing his work. If there are multiple auditors and they share the error, they shall be jointly liable.

## Part XIV: Final Provisions

**Article 128: Maintaining Documents:**

The company shall maintain all records, papers, reports, and other documents required to be kept pursuant to the Corporate Governance Regulations issued by the Capital Market Authority and the Insurance Companies Governance Regulations issued by the Central Bank, at the company's Head Office for a period of no less than ten years. This shall include the Board of Directors' report and the Audit Committee's report. Without prejudice to this period, in case of a lawsuit (including any existing or threatened lawsuit), claim or any existing investigative actions relating to such records, papers, reports or documents, the company shall keep them till the end of that lawsuit, claim or existing investigative procedures.

**Article 129: Provision of Additional Information and Data:**

The Authority or the Central Bank may request the company to provide them with any additional information or as it deems necessary to verify compliance with the provisions of the Corporate Governance Regulations.