

مقتطفات من محضر اجتماع لجنة المراجعة والامتثال  
لشركة أكسا للتأمين التعاوني  
والمنعقد الكتروني عبر المؤتمرات السمعية و البصرية بتاريخ 6 مارس 2022 م في تمام الساعة 1:00 ظهراً  
الاجتماع رقم 2 / 2022

EXTRACTS FROM MINUTES OF THE AUDIT AND COMPLIANCE COMMITTEE MEETING  
OF AXA COOPERATIVE INSURANCE COMPANY HELD ELECTRONICALLY VIA AUDIO-VISUAL  
CONFERRANCING, ON 6<sup>th</sup> March 2022 AT 1:00 PM  
Meeting No. 2/2022

**Members Present:**

Mr. Khalid Al-Turaifi (KT), Chairman  
Mr. Turki Alobilan (TA)

**الأعضاء الحاضرون:**

السيد / خالد الطريقي ، الرئيس  
السيد / تركي العبيلان

**Committee Secretary:**

Mr. Hassan Alahmad (HA)

**سكرتير اللجنة:**

السيد / حسن الأحمد

**Invitees:**

Mr. Khalid Al-Shuwaier(KS), CEO  
Mr. Babar Ali (BA), CFO  
Ms. Manal Al Khathlan(MA), Strategy & PBR Senior  
Manager.  
Mr. Abdulrehman Javad (AJ) , Chief Actuary.  
Mr. Alaa Gharbawi (AG) | , Chief Information Officer  
Mr. Shaik Alaudeen(SA), Head of Technical  
Corporate Offering – P&C Underwriting.  
Mr. Junaid Paul(JP), Group Accounting and  
Reporting Senior Manager.

**المدعوين:**

السيد/ خالد الشويعر – الرئيس التنفيذي  
السيد / بابر علي – المدير المالي  
السيدة/ منال الخثلان – مدير أول الإستراتيجية والتخطيط والميزانية  
وإعداد التقارير  
السيد/ عبد الرحمن جواد – رئيس الاكتواريين  
السيد /علاء الغرباوي – رئيس قسم تكنولوجيا المعلومات  
السيد/ شيخ علاء الدين – رئيس قسم العروض الفنية للشركات - اكتتاب  
الممتلكات والحوادث  
السيد/ جنيد بول – مدير أول محاسبة المجموعة والتقارير.

**Apologies:**

Mr. Omar Jeraisy (OJ), Member

**اعتذارات:**

السيد / عمر الجريسي - عضو اللجنة

**1. Introduction**

The Chairman welcomed everyone and confirmed that (i) notice of the Meeting has been given in accordance with SAMA and CMA regulations and the Company Memorandum & Articles of Association; (ii) a quorum of Committee Members was present; (iii) the Meeting had been duly convened, and (iv) the Meeting was accordingly competent to precede with Agenda items."

**1. المقدمة:**

رحب رئيس اللجنة بالحضور وأكد (أ) أنه قد تم توجيه إشعار الاجتماع وفقاً لأنظمة البنك المركزي السعودي وهيئة السوق المالية وفقاً لعقد تأسيس الشركة ونظامها الأساسي، (ب) إكمال النصاب القانوني، (ج) تم عقد الاجتماع حسب الأصول، (د) وقد توفرت الأهلية القانونية لمناقشة بنود جدول الأعمال.

**2. External Auditors.**

**2.1 External Auditors' Fees for Q2 & Q3 2022, the Financial Year ending 2022 and Q1 2023:**

BA shared with the Committee external auditors' proposals received for the audit of Q2 & Q3 2022, the Financial Year ending 2022 and Q1 2023 as follow:

**2. المراجعون الخارجيون.**

**1.2 أتعاب المراجعين الخارجيين للربع الثاني والربع الثالث 2022 ، السنة المالية المنتهية في 2022 والربع الأول من عام 2023:**  
شارك السيد بابر علي مع اللجنة عروض المراجعة الخارجية التي تلقاها من أجل مراجعة الربع الثاني والربع الثالث من عام 2022 ، والسنة المالية المنتهية في 2022 والربع الأول من عام 2023 على النحو التالي:

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Statutory Auditors	Fee (Annual + Quarterly Reviews ) (SAR)
Ernst & Young Professional Services	960,000
Alkharashi & Co. Certified Accountants and Auditors	300,000
Allied Accountants Professional Services L.L.C	510,000
Ibrahim Ahmed Albassam & Co.(Albassam&Co.)	430,000

المحاسب القانوني	الرسم ( المراجعة على اساس سنوي + ربع سنوي ) ريال سعودي
شركة ارنست ويونغ للخدمات المهنية	960,000
شركة سليمان عبد الله الخراشي (الخراشي وشركاه محاسبون ومراجعون قانونيون)	300,000
شركة المحاسبون المتحدون للاستشارات المهنية	510,000
شركة إبراهيم أحمد البسام وشركاه محاسبون قانونيون (البسام وشركاه)	430,000

BA proposed that proposals from Ernst & Young Professional Services and Allied Accountants Professional Services L.L.C are suitable based on the firms' insurance industry experience and team credentials. In addition to that Ernst & Young Professional Services is GIG Group Statutory Auditor which will facilitate the consolidation of financial statements and financial reporting aspects.

KT requested the detailed list of the Allied Accountants Professional Services L.L.C clients and to negotiate with the both Audit firms (Ernst & Young Professional Services & Allied Accountants Professional Services L.L.C) for further reduction in fee

**Action1:** HA to share with the committee the detailed list of Allied Accountants Professional Services L.L.C clients. (Due Date: 31 March 2022)

**Action2:** BA to negotiate with Ernst & Young Professional Services and Allied Accountants Professional Services L.L.C for further reduction in fee. (Due Date: 31 March 2022)

اقترح السيد / بابر علي بأن عرض الاسعار المقدم من قبل شركة ارنست ويونغ للخدمات المهنية و شركة المحاسبون المتحدون للاستشارات المهنية مناسبة بناءً على أساس خبرتهم في قطاع التأمين الواسعة وكفاءات الفريق ، بالإضافة إلى أن شركة ارنست ويونغ للخدمات المهنية هي المراجع القانوني لمجموعة جي اي جي والذي سيسهل توحيد القوائم المالية وجوانب إعداد التقارير المالية.

طلب السيد / خالد الطريفي القائمة التفصيلية لعملاء شركة المحاسبون المتحدون للاستشارات المهنية . و طلب التفاوض مع شركتي المراجعة (شركة ارنست ويونغ للخدمات المهنية و شركة المحاسبون المتحدون للاستشارات المهنية ) من أجل تخفيض الرسوم المقدمة من قبلهم. إجراء 1: سوف يقوم السيد / حسن الأحمد بمشاركة القائمة التفصيلية لعملاء شركة المحاسبون المتحدون للاستشارات المهنية مع اللجنة. (تاريخ الاستحقاق: 31 مارس 2022)

إجراء 2: سوف يقوم السيد / بابر علي بالتفاوض مع شركتي ارنست ويونغ للخدمات المهنية و شركة المحاسبون المتحدون للاستشارات المهنية من أجل تخفيض الرسوم المقدمة من قبلهم. (تاريخ الاستحقاق: 31 مارس 2022)

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Subsequent to the Audit Committee meeting,  
On 7 March 2022, HA shared with the Audit committee members the detailed list of Allied Accountants Professional Services L.L.C clients and the revised proposal from Allied Accountants Professional Services L.L.C after reduction their proposed audit fee from SR 510,000 to SR 320,000.

وبعد اجتماع لجنة المراجعة ، قام السيد /حسن الأحمد بتاريخ 7 مارس 2022م بمشاركة القائمة التفصيلية لعملاء شركة المحاسبون المتحدون للاستشارات المهنية مع اعضاء لجنة المراجعة . كما قام بإرسال عرض اسعار المراجع الخارجي المقدم من شركة المحاسبون المتحدون للاستشارات المهنية بعد تخفيض اتعاب المراجعة من 510,000 ريال سعودي إلى 320,000 ريال سعودي.

On 20 March 2022, HA sent to the Audit Committee Members the revised proposal from Ernst & Young Professional Services after reduction their proposed audit fee from SR 960,000 to SR 915,000.

وبعد اجتماع لجنة المراجعة ، قام السيد / حسن الأحمد بتاريخ 20 مارس 2022م بإرسال عرض اسعار المراجع الخارجي المقدم من شركة ارنست ويونغ للخدمات المهنية بعد تخفيض اتعاب المراجعة من 960,000 ريال سعودي إلى 915,000 ريال سعودي .

**Decision 3/2022:** The Committee will recommend to the Board of Director and the shareholders to approve the appointment of Ernst & Young Professional Services and Allied Accountants Professional Services L.L.C as statutory auditors for the review of the financial statements of 2nd, 3rd quarters of 2022 and the annual financial statements of the fiscal year 2022 and the 1<sup>st</sup> quarter of 2023, As follow

قرار 3/2022: فإن اللجنة توصي لمجلس الإدارة والمساهمين بالموافقة على تعيين شركة ارنست ويونغ للخدمات المهنية وشركة المحاسبون المتحدون للاستشارات المهنية كمحاسبين قانونيين للشركة لمراجعة القوائم المالية للربع الثاني والثالث من عام 2022 والقوائم المالية السنوية للعام المالي 2022 والربع الأول من العام المالي 2023 كما يلي:

Statutory Auditors	Fee (Annual + Quarterly Reviews) (SAR)
Ernst & Young Professional Services	915,000
Allied Accountants Professional Services L.L.C	320,000

المحاسب القانوني	الرسم ( المراجعة على اساس سنوي + ربع سنوي ) ريال سعودي
شركة ارنست ويونغ للخدمات المهنية	915,000
شركة المحاسبون المتحدون للاستشارات المهنية	320,000

خالد الطريقي – رئيس اللجنة  
Mr. Khalid Al-Turaifi, Chairman

**Our fees are charged on the basis of time occupied and expenses incurred having regard to the degree of responsibility involved and the experience and skills required for the audit and review of the financial statements.**

For our professional services as mentioned in this proposal, we estimate our fee to be as follows:

Service	Fees*/ SAR
Statutory audit of the financial statements for the year ending December 31, 2022 in accordance with International Financial Reporting Standards (IFRSs) as endorsed in Kingdom of Saudi Arabia along with the requirements of the Regulations for Companies, Law on Supervision of Cooperative Insurance Companies and the Company's By-Laws with respect to the preparation and presentation of the financial statements. Audit shall be performed under audit standards generally accepted in Saudi Arabia;	292,000
Prepare and present a report of comments and recommendations on internal control system and general observations about the Audit process.	
Quarterly reviews of the interim condensed financial statements for the periods ending June 30, 2022, September 30, 2022 and March 31, 2023 prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in Kingdom of Saudi Arabia. (SR 46,000 each)	138,000
Electronic filing of the financial statements in Qawaem System	Nil
<b>TOTAL</b>	<b>430,000</b>

*\*Fees excluding VAT*

- The proposed fees are based on the assumption that all audit information requested by ourselves is available on the first day of the audit and are of a very high quality.
- It is our practice to request a 50% advance payment upon signing the engagement letter, and the remaining 50% upon issuance of each draft deliverables
- Out of pocket expenses, if any, would be billed on actual basis after being discussed with management.
- The acceptance of this engagement is subject to clearance of our internal Risk and Quality department other engagement acceptance procedures.



# Fees

Our fees are charged on the basis of time occupied and expenses incurred having regard to the degree of responsibility involved and the experience and skill required for the audit of the financial statements of the Companies. The fee estimate assumes we will receive appropriate assistance from your staff in preparation of schedules and other matters, and that this assistance is on a timely basis.

Engagements	Fee (SAR)
Audit for the year ending 31 December 2022	600,000
Quarterly reviews for the period ending 30 June 2022, 30 September 2022, and 31 March 2023 (SAR 105,000 per quarter)	315,000
<b>Total</b>	<b>915,000</b>

- Our estimated fees for the audit and review of the financial statements are based on our current understanding of the level of operations and information provided by you, utilizing an appropriate mix of staff and by giving due consideration to the nature and complexity of the work, as well as the level of assistance to be provided by your staff. However, future changes in the organizational structure and scope of operations may affect the effort required of us. Accordingly, we reserve the right to review the fees, subject to our mutual agreement should the level of operations required to perform the work is significantly different from that planned at this stage. However, we will discuss with you in advance the impact of any significant modifications to the scope of work or additional work request.
- A schedule of client-prepared deliverables will be agreed upon well in advance of our audit fieldwork to provide sufficient time for preparation and delivery to us prior to starting our fieldwork.
- Our policy is to request a 50% advance payment upon signing of the engagement letter, 40% at the commencement of our audit and 10% upon issuance of the draft audit report.
- The above fees exclude VAT and other applicable taxes which will be billed separately.

# COMMERCIALS

Our overriding philosophy is to provide with a high quality, value for money service. Our fees are based on the degree of skills and experience required for the engagement through combination of Senior Director level resources accompanied by Subject Matter Experts and consultants to ensure that tasks are done right at the first time.

Generally, our fees are based upon hours of professional services at standard rates, according to the level of individuals assigned to the engagement, plus out-of-pocket expenses. However, based on the preliminary information made available to us, we estimate our total fees as follows:

Sr.#	Services	Fees (SAR)
	<i>Audit and interim review services</i>	
1	Audit of the financial statements for the year ending 31 December 2022	200,000
2	Interim reviews (per interim period)	40,000

## Notes:

- As the Company is 50% owned by Gulf Insurance Group ("GIG"), and may require us to perform additional procedures in relation group reporting procedures as component auditors of GIG. We have not assessed the level of work required and accordingly have not included our fee in the above.
- The size and complexity of the business will not change significantly (changes might cause a revision to quoted fees upon signing the engagement letter).
- You will provide key documents on the dates agreed and there will not be any significant delays beyond our control.
- We will be able to place reasonable reliance on the Company's internal controls, documents and records.
- Our proposed fee (exclusive of applicable VAT). Out of pocket expenses for travelling and stay in outstation areas etc. will be billed at actual).
- Our proposal is subject to our customary client evaluation procedures which are in progress and signing of a formal engagement letter.



# OUR COMPETITIVE FEE

OFFERING YOU A COMPETITIVE AND TRANSPARENT FEE

## Our fee

Our fee is broken down as follows:

Scope	Interventions	Amount Per Intervention – SAR	Total SAR
Quarterly Review of Condensed Financial Statements	3	60,000	180,000
Annual Audit of Financial Statements	1	120,000	120,000
<b>Total</b>			<b>300,000</b>
<b>VAT isn't included in the above fees</b>			

## Notes and assumptions

1. Our fee is exclusive of VAT and disbursements.
2. We will not charge you extra for meetings, telephone calls or ad hoc queries that arise during the normal course of our work.
3. Fee quotes are based on information available to us at the time of preparing this document. Circumstances can change. It is our policy not to charge you more than the amount quoted. However, if circumstances change and we need to do extra work, we will agree a revised fee with you before undertaking the work. No surprises – we promise.
4. We have made a number of assumptions when putting our fee together:
  - a. Accounting records and internal controls are properly maintained.
  - b. Timetables agreed in advance with you are met and information is provided on time.
  - c. Financial statements and appropriate disclosures are prepared by the finance team with minimal assistance from our financial reporting technical team. We would agree the list of required information with you well in advance of the start of each phase of the audit.