

## Agenda of the General Assembly:



- 1.Voting on the Board Annual Report for the financial year ended on 31 December 2021.
- 2.Voting on the Financial Statements for the financial I year ended on 31 December 2021.
- 3.Voting on External Auditors Report for the fiscal year ended on 31 December 2021.
- 4.Voting on the appointment of External Auditors among the nominated based on the recommendation of the Audit Committee to review and audit the financial statements of the second & third quarter and annual statements for the year 2022 and first quarter of 2023, and determination of their fees.
- 5.Voting on payment of total SAR (3.491.000) as remuneration to the Board members of the fiscal year ended on 31 December 2021.
- 6.Voting on delegating the Board of Directors for its session starting from 08/05/2022 AD with the validity of the Ordinary General Assembly with the authorization contained in Paragraph (1) of Article 71 of the Companies Law, for a period of one year from the date of approval by the General Assembly or until the end of the Board session The authorized administration, whichever is earlier, in accordance with the conditions set forth in the regulatory controls and procedures issued in implementation of the Companies Law for Listed Joint Stock Companies (Attached)

7.Voting on releasing liability of Board members for the year ended on 31 December 2021

8.Voting on the approval of the Board of Directors businesses during the end of the Board of Directors period on 07/04/2022 until the Assembly General Meeting on 08/05/2022.

9.Voting to the amendment of the company's internal governance regulations.(Attached)

10.Voting for election of the Board members from among the candidates for the next term, commencing from 08/05/2022G, for a term of three years, ending on 07/05/2025G. )CVs of the Candidates are Attached)

11.Voting on the formation of the Audit Committee, and the definition of its duties, work regulations and remuneration of its members for the new term, starting from the date of 08/05/2022G until the end of the term on 07/05/2025G. The following are the names of the candidates, (whose CVs are attached):

- •Mr.AbdulazizKamelAl Hashimi.
- •Mr.MohammedAbdullah Al Jaafari.
- •Mr.MohammedOmer Al Oyaidi.
- •Mr.MohammedSaleh Al Ghamdi

12.Voting -Voting on the business and contracts concluded between the company and Waseelfor information transfer, in which the Executive Vice President Omar Al-Mahmoud has an indirect interest, which is a service fee of 5.309 thousand riyals. (Attached)

13.Voting on the business and contracts concluded between the company, a company and the Saudi Investment Bank, in which Board member Suleiman Al-Obaidhas an indirect interest, and they are current accounts and insurance policies for a period of one year, without any preferential conditions. In the amount of 8,998 thousand riyals (Attached)

14.Voting on the business and contracts concluded between the company and AlistithmarCapital Company, in which Board Member Sulaiman Al-Obeid has an indirect interest, which are current accounts, without any preferential terms, at an amount of 2,542 thousand riyals. (Attached)

15.Voting on the business and contracts concluded between the company and the Saudi Real Estate Company, in which board member Mohammed Saad Abdulaziz bin Dawoodhas an indirect interest, which is an insurance policy for one year, without any preferential conditions, in the amount of 1,000 riyals. (Attached)

16.Voting on the business and contracts that will take place between the company and Al-IssaGroup Holding Company, in which board member Mohammed Saad bin Daoudhas an indirect interest, and it is an insurance policy for a period of one year without any preferential conditions in the amount of 71,559 thousand riyals. (Attached)

17.Voting on the business and contracts that will be concluded between the company and Al-Ayidiand Al-SalloumCertified Public Accountants and Auditors in which Board member Mohammed Omar Al-Eyidihas a direct interest, which is an insurance policy for one year without any preferential conditions in the amount of 73 thousand riyals. (Attached)

# Audit Committee Report to the General Assembly

For the fiscal year ending on December 31, 2021



To: Shareholders of the Mediterranean & Gulf Cooperative Insurance & Reinsurance Company (MEDGULF)

Greeting,

## Introduction:

In compliance with article (104) of the Companies Law, the audit committee of the Mediterranean & Gulf Cooperative Insurance & Reinsurance Company (MEDGULF) is pleased to present its annual report about the adequacy of the internal control regulation and the works carried out by the committee for the financial year 2021 to the board of directors of the company and shareholders of the company at the meeting of the annual general assembly in accordance with paragraph (a) of article 91 of corporate governance regulations issued by Capital Market Authority and article (19) of the governance regulations of insurance companies issued by Saudi Central Bank and in line with their work regulations.

## Composition of the Committee:

The current committee is composed of three independent members including members specialized in financial and accounting affairs. The committee held nine meetings during 2021. It applied its responsibilities and role as mentioned in the charter of the audit committee as stipulated by the relevant laws and regulations. The committee is currently composed of the following members:

- 01 **Mr. Mohamad bin Omar Al-Ayidi**  
chairman of the audit committee, independent member from the inside of the board
- 02 **Mr. Abdulaziz bin Mohamad Ababtin**  
independent member of the audit committee, from the outside of the board
- 03 **Mr. Abdulaziz bin Kamil Al-Hashimi**  
independent member of the audit committee, from the outside of the board

## The Most Important Works of the Committee during 2021:

- Audit and discussion of annual financial statements with the external auditor and submission of the recommendation on them to the board of directors.
- Discussion of quarterly audited financial statements with the external auditor and submission of the recommendation on them to the board of directors.
- Discussion and follow-up of the plan proposed to apply IFRS-17.
- Follow-up of the company solvency margin position and the plan to raise it presented by the company management to Saudi Central Bank in this regard.
- Follow-up of the subject of the receipts of the receivables and related parties as directed by the board of directors and the Central Bank with the management and submission has been made to the executive committee regarding development of a plan for collection.
- Study and discussion of the remarks of the regulatory and supervisory entities and control bodies regarding any remarks and study of their reasons and instruct those who must solve such points in accordance with a specific timetable.
- Discussion of the remarks of Saudi Central Bank during the inspection visits to the departments of the company and review of the corrective plans provided by the management of the company and assignment of the relevant departments to verify the implementation of the corrective plans as presented to the central bank, audit committee and the board of directors.
- Evaluation of adequacy and objectivity of the works carried out by the auditors and the departments of internal audit and compliance.
- Recommendation that the board of directors appoint external auditors to carry out audit work for the financial year 2021 and the first quarter of 2022.
- Recommendation that the board of directors appoint the director –general of the compliance department.
- Discussion of the reports of the departments of compliance and internal audit and submission of recommendations thereon to the executive management and the board of directors.
- Review and discussion of the critical and high-risk points of the departments of the compliance and internal audit departments and submission of them to the board of directors and follow-up of implementation of their corrective plans.
- Discussion of the contracts of the related parties with the company according to laws and regulations.
- Follow-up and discussion of the remarks



regarding the regulation and environment of information technology and cybersecurity and submission of recommendations with respect thereto.

- Ascertaining the independence of the functions of the internal audit and compliance department in performing their activities and ascertaining that there is no restriction on the performance of their tasks.
- Discussion and approval of the work plans of the compliance and internal audit departments and follow-up of the implementation of them.
- Evaluation of efficiency, effectiveness and objectivity of works of internal audit and compliance departments.
- Discussion of pricing reports for 2021.
- Follow-up of the subject of the surplus distribution and the reports issued in this

regard.

- Review of the remarks regarding the policies and procedures and submission of recommendation regarding their updating.
- Ensuring adherence to the recommendations of the actuary by the company according to laws and regulations.
- Follow-up of the reports of the external consultant assigned to review the technical activities of the information technology and cybersecurity departments.
- Review and discussion of the remarks of Saudi Central Bank on the company and recommending work on an action plan to close it.
- Discussion of the Central Bank team regarding the company's performance in applying and implementing IFRS-17.

## Opinion of the committee on the adequacy and effectiveness of internal control system:

During 2021, the company faced some obstacles, including the large number of leaders' resignations.

The control departments represented by the Internal Audit and Compliance departments have worked to improve and develop the oversight work. A general manager has been appointed for the Compliance and Internal Audit departments. However, the Committee noted that there are gaps in the internal controls that can be identified through the following:

- 01 | Weak commitment to corporate governance guidelines, as the company still suffers from a lack of a number of policies and procedures.
- 02 | Delay / lack of cooperation and poor management response / in implementing the corrective action for the results of compliance and internal audit.
- 03 | Weakness in the company's information technology and cybersecurity system, and therefore there is a lack of optimal use and information technology controls needed to generate accurate and reliable information and data.
- 04 | The company is still suffering from delays in the implementation and application of IFRS-17.
- 05 | A large number of leadership positions remain vacant and succession planning.

Best Regards,  
Chairman of the Audit Committee  
Mohamad bin Omar Al-Ayidi

Thank you