

<p>The United Cooperative Assurance Company announces inviting its shareholders to attend the Extra Ordinary General Assembly Meeting (First Meeting) by means of Modern Technology</p>		<p>إعلان الشركة المتحدة للتأمين التعاوني عن دعوة مساهمينا إلى حضور اجتماع الجمعية العامة غير العادية (الاجتماع الأول) عن طريق وسائل التقنية الحديثة</p>	
<p>Introduction</p>	<p>The Board of Directors of the United Cooperative Assurance Company is pleased to invite the shareholders to attend and participate in the Extra Ordinary General Assembly Meeting (the first meeting), which will be held on Wednesday 23 Rabi Alawwal 1444H corresponding to 19 October 2022 at 18:30 PM by means of Modern Technology</p>	<p>يسر مجلس إدارة الشركة المتحدة للتأمين التعاوني أن يدعو المساهمين الكرام للمشاركة والتصويت في اجتماع الجمعية العامة غير العادية والمقرر انعقادها بمشيئة الله تعالى في تمام الساعة السادسة والنصف من مساء يوم الأربعاء 23 ربيع الأول 1444هـ (حسب تقويم أم القرى) الموافق 19 أكتوبر 2022م عن طريق وسائل التقنية الحديثة باستخدام منظومة تداولاتي.</p>	<p>مقدمة</p>
<p>City and Location of the General Assembly's Meeting</p>	<p>At the Company's Head Office in Jeddah – Al Khaledia District – Prince Saud Al Faisal Street by Means of Modern Technology.</p>	<p>عن طريق وسائل التقنية الحديثة بمقر مبنى الشركة الرئيسي بمدينة جدة - حي الخالدية - شارع الأمير سعود الفيصل</p>	<p>مدينة و مكان انعقاد الجمعية العامة</p>
<p>URL for the Meeting Location</p>	<p>www.tadawulaty.com.sa</p>	<p>www.tadawulaty.com.sa</p>	<p>رابط بمقر الاجتماع</p>
<p>Date of the General Assembly's Meeting</p>	<p>2022-10-19 Corresponding to 1444-03-23</p>	<p>19-10-2022 الموافق 23-03-1444</p>	<p>تاريخ انعقاد الجمعية العامة</p>
<p>Time of the General Assembly's Meeting</p>	<p>18:30</p>	<p>18:30</p>	<p>وقت انعقاد الجمعية العامة</p>
<p>Attendance Eligibility</p>	<p>The shareholders whom are registered in the Company's Shareholders register at Edaa Center at the end of the trading session preceding the assembly meeting are eligible to attend the meeting according to the Rules and Regulations.</p>	<p>يحق لكل مساهم من المساهمين المقيدين في سجل مساهمي الشركة لدى مركز الإيداع بنهاية جلسة التداول التي تسبق اجتماع الجمعية العامة حضور اجتماع الجمعية وبحسب الأنظمة واللوائح.</p>	<p>حق الحضور</p>

<p>Quorum for Convening the General Assembly's Meeting</p>	<p>As per Article (33) of the Company Articles of Association, the quorum for holding the Extra Ordinary General Assembly meeting is the presence of shareholders representing at least (50%) of the Share Capital.</p> <p>If such quorum is not met, a second meeting shall be held within an hour following the time set for the first meeting, where the second meeting shall be valid if attended by shareholders representing at least 25% of the Share Capital.</p>	<p>طبقاً للمادة (33) من النظام الأساسي للشركة، يكون اجتماع الجمعية العامة غير العادية صحيحاً إذا حضره مساهمون يمثلون 50% من رأس المال على الأقل.</p> <p>وإذا لم يتوفر النصاب اللازم لعقد هذا الاجتماع، سيتم عقد الاجتماع الثاني بعد ساعة من انتهاء المدة المحددة لانعقاد الاجتماع الأول، ويكون الاجتماع الثاني صحيحاً إذا حضره مساهمون يمثلون 25% من رأس المال على الأقل.</p>	<p>النصاب اللازم لإنعقاد الجمعية</p>
<p>General Assembly Meeting Agenda</p>	<ol style="list-style-type: none"> Voting on the amendment of Article No. (4) of the Company's Articles of Association related to (Participation and Ownership in Companies). Attached Voting on the amendment of Article No. (5) of the Company's Articles of Association related to (The Company's Head Office). Attached Voting on the amendment of Article No. (7) of the Company's Articles of Association related to (Company Investment). Attached Voting on the amendment of Article No. (12) of the Company's Articles of Association related to (Shares Trading). Attached Voting on the amendment of Article No. (13) of the Company's Articles of Association related to (Capital Increase). Attached Voting on the amendment of Article No. (14) of the Company's Articles of Association related to (Capital Reduction). Attached Voting on the amendment of Article No. (15) of the Company's Articles of Association related to (Company Management). Attached Voting on the amendment of Article No. (16) of the Company's Articles of Association related to (Termination of Board Membership). Attached Voting on the amendment of Article No. (17) of the Company's Articles of Association related to (Board Vacancies). Attached Voting on the amendment of Article No. (24) of the Company's Articles of Association 	<ol style="list-style-type: none"> التصويت على تعديل المادة (4) من نظام الشركة الأساس المتعلقة بـ (المشاركة والتملك في الشركات). مرفق التصويت على تعديل المادة (5) من نظام الشركة الأساس المتعلقة بـ (المركز الرئيسي للشركة). مرفق التصويت على تعديل المادة (7) من نظام الشركة الأساس المتعلقة بـ (إستثمارات الشركة). مرفق التصويت على تعديل المادة (12) من نظام الشركة الأساس المتعلقة بـ (تداول الأسهم). مرفق التصويت على تعديل المادة (13) من نظام الشركة الأساس المتعلقة بـ (زيادة رأس المال). مرفق التصويت على تعديل المادة (14) من نظام الشركة الأساس المتعلقة بـ (تخفيض رأس المال). مرفق التصويت على تعديل المادة (15) من نظام الشركة الأساس المتعلقة بـ (إدارة الشركة). مرفق التصويت على تعديل المادة (16) من نظام الشركة الأساس المتعلقة بـ (إنهاء عضوية المجلس). مرفق التصويت على تعديل المادة (17) من نظام الشركة الأساس المتعلقة بـ (المركز الشاغر في المجلس). مرفق التصويت على تعديل المادة (24) من نظام الشركة الأساس المتعلقة بـ (الإتفاقيات والعقود). مرفق التصويت على تعديل المادة (27) من نظام الشركة الأساس المتعلقة بـ (إختصاصات الجمعية التأسيسية). مرفق التصويت على تعديل المادة (30) من نظام الشركة الأساس المتعلقة بـ (دعوة الجمعيات). مرفق التصويت على تعديل المادة (32) من نظام الشركة الأساس المتعلقة بـ (نصاب اجتماع الجمعية العامة العادية). مرفق التصويت على تعديل المادة (33) من نظام الشركة الأساس المتعلقة بـ (نصاب اجتماع الجمعية العامة غير العادية). مرفق التصويت على تعديل المادة (43) من نظام الشركة الأساس المتعلقة بـ (الوثائق المالية). مرفق التصويت على تعديل المادة (45) من نظام الشركة الأساس المتعلقة بـ (توزيع الأرباح). مرفق التصويت على تعديل المادة (46) من نظام الشركة الأساس المتعلقة بـ (استحقاق الأرباح). مرفق 	<p>جدول أعمال الجمعية</p>

	<p>related to (Agreements and Contracts). Attached</p> <p>11. Voting on the amendment of Article No. (27) of the Company's Articles of Association related to (Competences of the Constituent Assembly). Attached</p> <p>12. Voting on the amendment Article No. (30) of the Company's Articles of Association related to (Call for Assemblies). Attached</p> <p>13. Voting on the amendment of Article No. (32) of the Company's Articles of Association related to (Quorum for the Ordinary General Assembly Meeting). Attached</p> <p>14. Voting on the amendment of Article No. (33) of the Company's Articles of Association related to (Quorum for the Extra Ordinary General Assembly Meeting). Attached</p> <p>15. Voting on the amendment of Article No. (43) of the Company's Articles of Association related to (Financial Documents). Attached</p> <p>16. Voting on the amendment of Article No. (45) of the Company's Articles of Association related to (Dividends Distribution). Attached</p> <p>17. Voting on the amendment of Article No. (46) of the Company's Articles of Association related to (Dividends Entitlement). Attached</p> <p>18. Voting on the amendment of Article No. (47) of the Company's Articles of Association related to (Company Losses). Attached</p> <p>19. Voting on the Board of Directors Report for the fiscal year ended on 31 December 2021.</p> <p>20. Voting on relieving the Directors from their liability for the year ending 31 December 2021.</p> <p>21. Voting on the amendment of the Company's Corporate Governance Charter.(attached)</p> <p>22. Voting on the Conflict of Interest Policy. (attached)</p> <p>23. Voting on the Remuneration and Compensation Policy related to Board members and the Executive Management. (attached)</p> <p>24. Voting on the amendment of the Audit Committee Charter. (attached)</p> <p>25. Voting on the Nomination and Remuneration Committee Charter. (attached)</p>	<p>18. التصويت على تعديل المادة (47) من نظام الشركة الأساس المتعلقة بـ (خسائر الشركة). مرفق</p> <p>19. التصويت على تقرير مجلس الإدارة للعام المالي المنتهي في 31 ديسمبر 2021م.</p> <p>20. التصويت على ابراء ذمة اعضاء مجلس الادارة عن العام المالي المنتهي في 31 ديسمبر 2021م.</p> <p>21. التصويت على تعديل لائحة حوكمة الشركة. (مرفق)</p> <p>22. التصويت على سياسة تضارب المصالح. (مرفق)</p> <p>23. التصويت على سياسة التقييم والمكافآت لأعضاء مجلس الادارة واللجان والادارة العليا.(مرفق)</p> <p>24. التصويت على تعديل ميثاق لجنة المراجعة. (مرفق)</p> <p>25. التصويت على ميثاق لجنة الترشيحات والمكافآت. (مرفق)</p> <p>26. التصويت على تفويض مجلس الإدارة بصلاحيه الجمعية العامة العادية بالترخيص الوارد من الفقرة (1) من المادة الحادية والسبعين من نظام الشركات، وذلك لمدة عام من تاريخ موافقة الجمعية العامة أو حتى نهاية دورة مجلس الإدارة المفوض أيهما أسبق، وذلك وفقاً للشروط الواردة في الضوابط والإجراءات التنظيمية الصادرة تنفيذاً لنظام الشركات الخاصة بشركات المساهمة المدرجة.</p>
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	<p>26. Voting on delegating to the Board of Directors the authorization powers of the General Assembly as stipulated in paragraph (1) of Article 71 of the Companies Law, for a period of one year from the date of approval of the General Assembly or until the end of the delegated Board of Director's term, whichever is earlier, in accordance with the conditions contained in the Controls and Procedures of the Regulations issued in Implementation of the Companies Law for Listed Joint Stock Companies.</p>		
Proxy Form			نموذج التوكيل
E-Vote	<p>Shareholders registered in the Tadawulaty services can vote remotely on the items of the Assembly starting from 01:00 AM Saturday 19-03-1444H corresponding to 15-10-2022 until the end of the time of the assembly.</p> <p>Noting that the registration and voting in Tadawulaty services will be available and free for all shareholders using the following link http://www.tadawulaty.com.sa</p>	<p>سيكون بإمكان المساهمين الكرام المسجلين في موقع خدمات تداولتي التصويت عن يُعد على بنود جدول اعمال الجمعية بدءاً من الساعة (01:00) صباحاً من يوم السبت بتاريخ 19-03-1444 هـ الموافق 15-10-2022م وحتى نهاية وقت انعقاد الجمعية.</p> <p>علماً بأن التسجيل والتصويت في خدمات تداولتي متاح مجاناً لجميع المساهمين باستخدام الرابط التالي http://www.tadawulaty.com.sa</p>	التصويت الإلكتروني
Eligibility for Attendance Registration and Voting	<p>Eligibility for Registering the attendance of the General Assembly's Meeting ends upon the Convenience of the General Assembly's Meeting. Eligibility for Voting on the Business of the Meeting Agenda Ends upon the Counting Committee Concludes Counting the Votes</p>	<p>احقية تسجيل الحضور لاجتماع الجمعية تنتهي وقت انعقاد اجتماع الجمعية. كما ان احقية التصويت على بنود الجمعية للحاضرين تنتهي عند انتهاء لجنة الفرز من فرز الاصوات</p>	أحقية التسجيل والحضور
Method of Communication	<p>Shareholder questions and inquiries on the General Assembly Meeting items will be received starting from Saturday 19-03-1444H corresponding to 15-10-2022 till the end time of the general assembly meeting via the contact details below:</p> <p>Telephone: 0122609200 Ext 2500 Email: Shareholder.affairs@uca.com.sa</p>	<p>سيتم إستقبال أسئلة وإستفسارات المساهمين بخصوص بنود الجمعية العامة غير العادية إبتداء من يوم السبت 19-03-1444 هـ الموافق 15-10-2022م إلى إنتهاء وقت الجمعية عبر قنوات التواصل أدناه:</p> <p>هاتف 0122609200 تحويلة 2500 البريد الإلكتروني Shareholder.affairs@uca.com.sa</p>	طريقة التواصل
Attached Documents			الملفات الملحقه



المتحدة للتأمين التعاوني
UNITED COOPERATIVE ASSURANCE



Article 1 till 18

Company bylaw amendments table

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United cooperative assurance bylaw amendments table

Article	Before amendment	After amendment	Amendment
Article 4: Participation and Ownership in Companies:	The Company may establish limited liability companies or sole proprietorship companies. It may also own shares and stocks in other existing companies or merge with them and has the right to participate with others in establishing joint stock companies or Limited liability companies - provided that the companies established by the Company or in which it participates or merges with it shall be engaged in activities similar to its business or financial business or that help it achieve its purpose - after fulfilling the requirements of the regulations and instructions followed in this regard, after obtaining the approval of SAMA	The Company may establish limited liability companies or sole proprietorship companies. It may also own shares and stocks in other existing companies or merge with them and has the right to participate with others in establishing joint stock companies or Limited liability companies - provided that the companies established by the Company or in which it participates or merges with it shall be engaged in activities similar to its business or financial business or that help it achieve its purpose - after fulfilling the requirements of the regulations and instructions followed in this regard, after obtaining the approval of the Saudi Central Bank	Amending the name of SAMA from Saudi Arabian Monetary Agency to be the Saudi Central Bank
Article 5: Head Office of the Company:	The head office of the Company shall be in Jeddah in the Kingdom of Saudi Arabia. It is permissible, by a Resolution of the Extraordinary General Assembly, to transfer its head office to any other city in the Kingdom of Saudi Arabia with the approval of the Saudi Arabian Monetary Agency "SAMA". The Company may establish branches, offices, or agencies inside or outside the Kingdom of Saudi Arabia after the approval of the SAMA.	The head office of the Company shall be in Riyadh in the Kingdom of Saudi Arabia. It is permissible, by a Resolution of the Extraordinary General Assembly, to transfer its head office to any other city in the Kingdom of Saudi Arabia with the approval of the Saudi Central Bank . The Company may establish branches, offices, or agencies inside or outside the Kingdom of Saudi Arabia after the approval of the Saudi Central Bank .	Amending the company Head Office from Jeddah to Riyadh Amending the name of SAMA from the Saudi Arabian Monetary Agency to be the Saudi Central Bank
Article 7: Company Investments:	The Company shall invest what it has from the insured and shareholders' funds in the Company in accordance with the rules established by the Board of Directors and in a manner that does not conflict with the Cooperative Insurance Companies Control Law and	The Company shall invest what it has from the insured and shareholders' funds in the Company in accordance with the rules established by the Board of Directors and in a manner that does not conflict with the Cooperative Insurance Companies Control Law and its implementing regulations and other relevant	Amending the name of SAMA from Saudi Arabian Monetary Agency to be the Saudi Central Bank

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	its implementing regulations and other relevant regulations, and instructions issued by the Saudi Arabian Monetary Agency "SAMA" or any other related party.	regulations, and instructions issued by the Saudi Central Bank or any other related party.	
Article 12: Shares Trading:	<ul style="list-style-type: none"> Shares subscribed by the founders may not be traded except after publishing the financial statements for two fiscal years, each of which is not less than (12) twelve months from the date of incorporation of the Company, after obtaining SAMA approval, The bonds of these shares shall be endorsed indicating their type, the date of incorporation of the Company and the period during which they are prohibited from being traded. It is permissible during the prohibition period to transfer the ownership of shares in accordance with the provisions of the sale of rights from one of the founders to another founder or from the heirs of one of the founders in the event of his death to others or in the case of seizure of the funds of the insolvent or bankrupt founder, provided that the priority of owning those shares is given to the other founders. The provisions of this article shall apply to what the founders subscribe to in the event of an increase in the capital prior to the expiry of the prohibition period. 	<ul style="list-style-type: none"> Shares subscribed by the founders may not be traded except after publishing the financial statements for two fiscal years, each of which is not less than (12) twelve months from the date of incorporation of the Company, after obtaining Saudi Central Bank approval The bonds of these shares shall be endorsed indicating their type, the date of incorporation of the Company and the period during which they are prohibited from being traded. It is permissible during the prohibition period to transfer the ownership of shares in accordance with the provisions of the sale of rights from one of the founders to another founder or from the heirs of one of the founders in the event of his death to others or in the case of seizure of the funds of the insolvent or bankrupt founder, provided that the priority of owning those shares is given to the other founders. The provisions of this article shall apply to what the founders subscribe to in the event of an increase in the capital prior to the expiry of the prohibition period 	Amending the name of SAMA from Saudi Arabian Monetary Agency to be the Saudi Central Bank
Article 13: Capital Increase:	<ul style="list-style-type: none"> The Extraordinary General Assembly may decide to increase the capital of the Company - after the approval of SAMA and Capital Market Authority provided that the Capital shall be paid in full, 	<ul style="list-style-type: none"> The Extraordinary General Assembly may decide to increase the capital of the Company - after the approval of Saudi Central Bank and Capital Market Authority provided that the Capital shall be paid in full, provided that the original capital 	Amending the name of SAMA from Saudi Arabian

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	<p>provided that the original capital shall have been paid in full unless the unpaid portion relates to convertible debt instruments or sukuk that have not matured.</p> <ul style="list-style-type: none"> • In all cases, the Extraordinary General Assembly may allocate all the shares issued as a result of a capital increase or part thereof to the Company and/or subsidiaries' employees. The shareholder may not exercise his pre-emptive rights on shares allocated to employees. • The shareholder who owns the share - at the time of the Extraordinary General Assembly issuing the approval of the capital increase - has pre-emptive right in subscribing for new shares issued in exchange for cash shares, and they inform them of their pre-emptive right by publishing in the daily newspaper or by informing them via registered mail of the resolution of capital increase, the terms and conditions of subscription, and its start and end date. • The Extraordinary General Assembly may suspend 	<p>shall have been paid in full unless the unpaid portion relates to convertible debt instruments or sukuk that have not matured.</p> <ul style="list-style-type: none"> • In all cases, the Extraordinary General Assembly may allocate all the shares issued as a result of a capital increase or part thereof to the Company and/or subsidiaries' employees. The shareholder may not exercise his pre-emptive rights on shares allocated to employees. • The shareholder who owns the share - at the time of the Extraordinary General Assembly issuing the approval of the capital increase - has pre-emptive right in subscribing for new shares issued in exchange for cash shares, and they inform them of their pre-emptive right by publishing in the daily newspaper or by informing them via registered mail of the resolution of capital increase, the terms and conditions of subscription, and its start and end date. • The Extraordinary General Assembly may suspend the shareholder's pre-emptive rights in a cash capital increase or grant them to others if it considers it in the Company's best interest. • A shareholder may sell or assign its pre-emptive rights during 	<p>Monetary Agency to be the Saudi Central Bank</p>
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	<p>the shareholder's pre-emptive rights in a cash capital increase or grant them to others if it considers it in the Company's best interest.</p> <ul style="list-style-type: none"> A shareholder may sell or assign its pre-emptive rights during the period from the date of the General Assembly Resolution approving the capital increase until the subscription closing date, in accordance with the guidelines set by the competent authority. 	<p>the period from the date of the General Assembly Resolution approving the capital increase until the subscription closing date, in accordance with the guidelines set by the competent authority.</p>	
<p>Article 14: Capital Reduction:</p>	<ul style="list-style-type: none"> The Extraordinary General Assembly may decide to reduce the capital if it exceeds the Company's need or if it suffers losses - after the approval of the Saudi Arabian Monetary Agency and Capital Market Authority - provided that the paid-up capital of the insurance company after reducing the capital is not less than (100) one hundred million riyals, and the paid capital is not less than (200) two hundred million riyals for a reinsurance company or an insurance company that carries out at the same time reinsurance business. The reduction Resolution shall not be issued except after reading a special report prepared by the auditor on the reasons that necessitate it, the obligations of the Company, and the impact of the reduction on these obligations. 	<ul style="list-style-type: none"> The Extraordinary General Assembly may decide to reduce the capital if it exceeds the Company's need or if it suffers losses - after the approval of the Saudi Central Bank and Capital Market Authority - provided that the paid-up capital of the insurance company after reducing the capital is not less than (100) one hundred million riyals, and the paid capital is not less than (200) two hundred million riyals for a reinsurance company or an insurance company that carries out at the same time reinsurance business. The reduction Resolution shall not be issued except after reading a special report prepared by the auditor on the reasons that necessitate it, the obligations of the Company, and the impact of the reduction on these obligations. If the reason for the capital reduction is that the capital is in excess of the Company's needs, the Company's creditors must 	<p>Amending the name of SAMA from Saudi Arabian Monetary Agency to be the Saudi Central Bank</p>

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	<ul style="list-style-type: none"> If the reason for the capital reduction is that the capital is in excess of the Company's needs, the Company's creditors must be invited to express their objection to such a reduction within sixty days from the date of publication of the resolution relating to the reduction in a daily newspaper published in the region where the Company's head office is located. Should any creditor object and present to the Company evidentiary documents within the time limit set above; then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date. 	<p>be invited to express their objection to such a reduction within sixty days from the date of publication of the resolution relating to the reduction in a daily newspaper published in the region where the Company's head office is located. Should any creditor object and present to the Company evidentiary documents within the time limit set above; then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.</p>	
<p>Article 15: Company Management:</p>	<p>The Company shall be managed by a Board consisting of (7) seven members elected by the Ordinary General Assembly for a period not exceeding three years. The composition of the Board of Directors shall reflect adequate representation from 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, whichever is greater. As an exception to this, the Constituent Assembly shall appoint the members of the first Board of Directors for a period not exceeding (3) three years starting from the date on which the Ministry of</p>	<p>The Company shall be managed by a Board consisting of (7) seven members elected by the Ordinary General Assembly for a period not exceeding three years. The composition of the Board of Directors shall reflect adequate representation from 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, whichever is greater. As an exception to this, the Constituent Assembly shall appoint the members of the first Board of Directors for a period not exceeding (3) three years starting from the date on which the Ministry of Commerce announced the Resolution to establish the Company.</p>	<p>Amending the name of Ministry of Commerce and Investment to be the Ministry of Commerce.</p>

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	Commerce and investment announced the Resolution to establish the Company.		
Article 16: Termination of Board Membership:	<ul style="list-style-type: none"> Membership of the Board of Directors shall end with the end of the term of appointment, resignation, or death, or if it is proven to the Board of Directors that the member has violated his duties in a way that harms the interest of the Company, provided that this is accompanied by the approval of the Ordinary General Assembly, or with the expiration of his membership according to any law or instructions in force in the Kingdom of Saudi Arabia, or if there is a judgment declaring his bankruptcy or insolvency, filing a request for settlement with his creditors, ceasing to pay his debts, becoming unconscious, afflicted with a mental illness, or if it is proven that he has committed an act of dishonesty and misconduct, or was convicted of forgery. Nevertheless, the Ordinary General Assembly may at all times dismiss all or some of the members of the Board of Directors without prejudice to the right of the dismissed member towards the Company to claim compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time. A 	<ul style="list-style-type: none"> Membership of the Board of Directors shall end with the end of the term of appointment, resignation, or death, or if it is proven to the Board of Directors that the member has violated his duties in a way that harms the interest of the Company, provided that this is accompanied by the approval of the Ordinary General Assembly, or with the expiration of his membership according to any law or instructions in force in the Kingdom of Saudi Arabia, or if there is a judgment declaring his bankruptcy or insolvency, filing a request for settlement with his creditors, ceasing to pay his debts, becoming unconscious, afflicted with a mental illness, or if it is proven that he has committed an act of dishonesty and misconduct, or was convicted of forgery. Nevertheless, the Ordinary General Assembly may at all times dismiss all or some of the members of the Board of Directors without prejudice to the right of the dismissed member towards the Company to claim compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time. A Director may resign, provided that such resignation is made at a proper time; otherwise, he shall be responsible to the Company for damages resulting from such resignation. 	Amending the name of SAMA from Saudi Arabian Monetary Agency to be the Saudi Central Bank

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	<p>Director may resign, provided that such resignation is made at a proper time; otherwise, he shall be responsible to the Company for damages resulting from such resignation.</p> <ul style="list-style-type: none"> • If a member of the Board of Directors resigns and he has comments on the company's performance, he must submit a written statement to the Chairman of the Board of Directors and this statement must be presented to the members of the Board of Directors • SAMA must be informed of the resignation of any member of the Board or the termination of his membership for any reason upon the end of the Board session, within five working days from the date of leaving the job, taking into account the relevant disclosure requirements. 	<ul style="list-style-type: none"> • If a member of the Board of Directors resigns and he has comments on the company's performance, he must submit a written statement to the Chairman of the Board of Directors and this statement must be presented to the members of the Board of Directors • Saudi Central Bank must be informed of the resignation of any member of the Board or the termination of his membership for any reason upon the end of the Board session, within five working days from the date of leaving the job, taking into account the relevant disclosure requirements. 	
<p>Article17: Board Vacancies:</p>	<p>In the event that the position of one of the members of the Board of Directors becomes vacant, the Board had the right to appoint - temporarily - a member for the vacant position who had sufficient experience and after obtaining the non-objection of the Saudi Arabian Monetary Agency and without considering obtaining votes in the General Assembly in which the Board of Directors was elected during that period. Ministry of commerce and investment</p>	<p>In the event that the position of one of the members of the Board of Directors becomes vacant, the Board had the right to appoint - temporarily - a member for the vacant position who had sufficient experience and after obtaining the non-objection of the Saudi Central Bank and without considering obtaining votes in the General Assembly in which the Board of Directors was elected during that period. The ministry of commerce shall be notified of that within five (5) five business days from the date of the appointment, and this</p>	<p>Amending the name of SAMA from the Saudi Arabian Monetary Agency to be the Saudi Central Bank Amending the name of the Ministry of Commerce and</p>

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	<p>shall be notified of that within five (5) five business days from the date of the appointment, and this appointment shall be presented to the Ordinary General Assembly at its first meeting, and the new member completes the term of his predecessor only.</p>	<p>appointment shall be presented to the Ordinary General Assembly at its first meeting, and the new member completes the term of his predecessor only.</p>	<p>Investment to be the Ministry of Commerce</p>
<p>Article24: Agreements and Contracts:</p>	<ul style="list-style-type: none"> The Company has the right - after obtaining the Saudi Arabian Monetary Agency's non-objection - to enter into an agreement to manage technical services with one or more companies qualified in the field of insurance. Board members may not have any direct or indirect interest in contracts and agreement concluded for the interest of the company except under permission from the General Ordinary Assembly. A member of the Board of Directors shall inform the Board of his or indirect interest in the business and contracts that are made for the Company's account and this notification shall be recorded in the minutes of the meeting. This member may not participate in voting on the Resolution to be issued in this regard by the Board of Directors and the shareholders' assemblies. 	<ul style="list-style-type: none"> The Company has the right - after obtaining the Saudi Central Bank non-objection - to enter into an agreement to manage technical services with one or more companies qualified in the field of insurance. Board members may not have any direct or indirect interest in contracts and agreement concluded for the interest of the company except under permission from the General Ordinary Assembly. A member of the Board of Directors shall inform the Board of his or indirect interest in the business and contracts that are made for the Company's account and this notification shall be recorded in the minutes of the meeting. This member may not participate in voting on the Resolution to be issued in this regard by the Board of Directors and the shareholders' assemblies. The chairman of the Board of Directors shall inform the 	<p>Amending the name of SAMA from Saudi Arabian Monetary Agency to be the Saudi Central Bank</p>

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	<ul style="list-style-type: none"> • The chairman of the Board of Directors shall inform the Ordinary General Assembly when it is convened about the business and contracts in which one of the Board members has a direct or indirect interest in it, and the notification shall be accompanied by a special report from the Company's External Auditor. • If a member of the Board fails to disclose his interest, the Company or any interested party may claim before the competent judicial authority to annul the contract or oblige the member to pay any profit or benefit achieved for him from that. • The member who is interested in the work or the contract shall bear the responsibility for the damages resulting from the business and contracts referred to in paragraph 1 of this article, and the members of the board of directors shall also be responsible for that if the actions were done in violation of the provisions of this paragraph or if it was proven to be unfair or involve a conflict of interest and harm the shareholders • The members of the board of directors who oppose 	<p>Ordinary General Assembly when it is convened about the business and contracts in which one of the Board members has a direct or indirect interest in it, and the notification shall be accompanied by a special report from the Company's External Auditor.</p> <ul style="list-style-type: none"> • If a member of the Board fails to disclose his interest, the Company or any interested party may claim before the competent judicial authority to annul the contract or oblige the member to pay any profit or benefit achieved for him from that. • The member who is interested in the work or the contract shall bear the responsibility for the damages resulting from the business and contracts referred to in paragraph 1 of this article, and the members of the board of directors shall also be responsible for that if the actions were done in violation of the provisions of this paragraph or if it was proven to be unfair or involve a conflict of interest and harm the shareholders • The members of the board of directors who oppose the resolution are exempted from liability if they express their objection in the minutes of the meeting. Absence from attending the meeting at which the decision is issued is not a 	
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	<p>the resolution are exempted from liability if they express their objection in the minutes of the meeting. Absence from attending the meeting at which the decision is issued is not a reason for exemption from responsibility unless it is proven that the absent member was not aware of the decision or was unable to object to it after becoming aware of it.</p> <p>A member of the Board of Directors may not participate in any business that would compete with the company, or compete with the company in one of the branches of the activity that he is engaged in; Otherwise, the company shall have the right to demand the appropriate compensation from him before the competent judicial authority, unless he obtained a previous license from the Ordinary General Assembly - renewed every year - allowing him to do so.</p>	<p>reason for exemption from responsibility unless it is proven that the absent member was not aware of the decision or was unable to object to it after becoming aware of it.</p> <p>A member of the Board of Directors may not participate in any business that would compete with the company, or compete with the company in one of the branches of the activity that he is engaged in; Otherwise, the company shall have the right to demand the appropriate compensation from him before the competent judicial authority, unless he obtained a previous license from the Ordinary General Assembly - renewed every year - allowing him to do so.</p>	
<p>Article 27: Competences of the</p>	<p>The Constituent Assembly shall be concerned with the following matters:</p> <ol style="list-style-type: none"> 1. Verification of the underwriting of all the Company's shares, the fulfillment of the minimum 	<p>The Constituent Assembly shall be concerned with the following matters:</p> <ol style="list-style-type: none"> 1. Verification of the underwriting of all the Company's shares, 	<p>Amending the name of the Ministry of Commerce and Investment to be the Ministry of Commerce</p>

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<p>Constituent Assembly:</p>	<p>capital, and the amount due from the value of the shares According to Law</p> <ol style="list-style-type: none"> 2. Deliberating on the report of In-kind Shares 3. Approval of the final texts of the Company's Articles of Association, provided that substantial amendments are not made to the Articles of Association presented to it except with the approval of all subscribers represented therein. 4. Appointing the members of the first Board of Directors of the Company for a period not exceeding (3) five years if they have not been appointed in the Company's MOA or its Articles of Association. 5. Discussing the founders' reports on the business and expenditures required for establishing the Company. The Ministry of Commerce and investment and Capital Market Authority may delegate on representative or more in his capacity as supervisor to attend the constituting Assembly of the Company to assure the application of the Law. 	<p>the fulfillment of the minimum capital, and the amount due from the value of the shares According to Law</p> <ol style="list-style-type: none"> 2. Deliberating on the report of In-kind Shares 3. Approval of the final texts of the Company's Articles of Association, provided that substantial amendments are not made to the Articles of Association presented to it except with the approval of all subscribers represented therein. 4. Appointing the members of the first Board of Directors of the Company for a period not exceeding (3) five years if they have not been appointed in the Company's MOA or its Articles of Association. 5. Discussing the founders' reports on the business and expenditures required for establishing the Company. The Ministry of Commerce and Capital Market Authority may delegate on representative or more in his capacity as supervisor to attend the constituting Assembly of the Company to assure the application of the Law. 	
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<p>Article 30: Call for Assemblies:</p>	<ul style="list-style-type: none"> • The general or private assemblies of the shareholders shall convene at the call of the Board of Directors. The Board of Directors shall call the Ordinary General Assembly to convene if requested by the Auditor, the Audit Committee, or a number of shareholders representing at least 5% of the capital. The auditor may call the Assembly to convene if the Board does not invite the Assembly within thirty (30) days from the date of the Auditor's request. • It is permissible, by resolution of the competent authority, to call the Ordinary General Assembly to convene in the following cases: • If the period specified for the meeting expires (during the six months following the company's Fiscal Year) without it being held. • If the number of members of the Board of Directors falls below the minimum validity of its meeting • If it appears that there are violations of the provisions of the law or the Company's articles of association, or a defect has occurred in the Company's management 	<ul style="list-style-type: none"> • The general or private assemblies of the shareholders shall convene at the call of the Board of Directors. The Board of Directors shall call the Ordinary General Assembly to convene if requested by the Auditor, the Audit Committee, or a number of shareholders representing at least 5% of the capital. The auditor may call the Assembly to convene if the Board does not invite the Assembly within thirty (30) days from the date of the Auditor's request. • It is permissible, by resolution of the competent authority, to call the Ordinary General Assembly to convene in the following cases: • If the period specified for the meeting expires (during the six months following the company's Fiscal Year) without it being held. • If the number of members of the Board of Directors falls below the minimum validity of its meeting • If it appears that there are violations of the provisions of the law or the Company's articles of association, or a defect has occurred in the Company's management • If the Board does not invite the General Assembly to convene within fifteen days from the date of the request by the Auditor, 	<p>Amending the name from Ministry of Commerce and Investment to Ministry of Commerce</p>
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	<ul style="list-style-type: none"> • If the Board does not invite the General Assembly to convene within fifteen days from the date of the request by the Auditor, the Audit Committee, or a number of shareholders representing at least 5% of the capital • A number of shareholders representing at least 2% of the capital may submit a request to the Capital Market Authority to call the Ordinary General Assembly to convene, if any of the cases stipulated in paragraph 2 are available. The Capital Market Authority shall direct the invitation to convene within thirty days from the date of submitting the shareholders' request, provided that the invitation shall include a schedule of the Assembly's work and the items required to be approved by the shareholders • The invitation to convene the General Assembly shall be published in a daily newspaper distributed in the region in which the Company's head office is located at least twenty-one (21) days before the date set for the meeting of the General Assembly. However, it is permissible to address the invitation to all 	<p>the Audit Committee, or a number of shareholders representing at least 5% of the capital</p> <ul style="list-style-type: none"> • A number of shareholders representing at least 2% of the capital may submit a request to the Capital Market Authority to call the Ordinary General Assembly to convene, if any of the cases stipulated in paragraph 2 are available. The Capital Market Authority shall direct the invitation to convene within thirty days from the date of submitting the shareholders' request, provided that the invitation shall include a schedule of the Assembly's work and the items required to be approved by the shareholders • The invitation to convene the General Assembly shall be published in a daily newspaper distributed in the region in which the Company's head office is located at least twenty-one (21) days before the date set for the meeting of the General Assembly. However, it is permissible to address the invitation to all shareholders by registered letters. A copy of the invitation and the agenda shall be sent to the Ministry of Commerce, as well as a copy to the Capital Market Authority, within the specified period for publication. 	
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	<p>shareholders by registered letters. A copy of the invitation and the agenda shall be sent to the Ministry of Commerce and Capital market Authority, as well as a copy to the Capital Market Authority, within the specified period for publication.</p>		
<p>Article32: Quorum for the Ordinary General Assembly Meeting:</p>	<ul style="list-style-type: none"> The meeting of the Ordinary General Assembly shall not be valid unless attended by shareholders representing at least (a quarter) of the Company's capital. <p>1. If this quorum is not available at the first meeting as in paragraph (1), a call will be issued to a second meeting to be held within the thirty days following the previous meeting. This invitation shall be published in the manner stipulated in Article (30) herein. Nevertheless, the second meeting may take place an hour after the end of the period specified for the first meeting, provided that the call to hold the first meeting includes evidence indicating the possibility of holding this meeting. In all cases, the second meeting shall be valid, regardless of the number of shares represented in it. and the</p>	<ul style="list-style-type: none"> The meeting of the Ordinary General Assembly shall not be valid unless attended by shareholders representing at least (a quarter) of the Company's capital. If this quorum is not available at the first meeting as in paragraph (1), a call will be issued to a second meeting to be held within the thirty days following the previous meeting. This invitation shall be published in the manner stipulated in Article (30) herein. Nevertheless, the second meeting may take place an hour after the end of the period specified for the first meeting, provided that the call to hold the first meeting includes evidence indicating the possibility of holding this meeting. In all cases, the second meeting shall be valid, regardless of the number of shares represented in it. 	<p>Remove text (and the shareholder may participate in their deliberations and vote on their Resolutions by means of modern technology, according to the controls laid down by the Capital Market Authority.)</p>

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	<p>shareholder may participate in their deliberations and vote on their Resolutions by means of modern technology, according to the controls laid down by the Capital Market Authority.</p>		
<p>Article33: Quorum for the Extraordinary General Assembly Meeting:</p>	<ul style="list-style-type: none"> • The meeting of the Extraordinary General Assembly shall be valid only if attended by Shareholders representing at least fifty percent (50%) of the Company's capital. • If such a quorum cannot be attained at the first meeting, a notice for convening a second meeting shall be sent in the same conditions stipulated in Article (30) herein. The second meeting may be held one hour after the end of the period specified for the first meeting, provided that the call to hold the first meeting includes evidence indicating the possibility of holding this meeting. In all cases the second meeting will be valid if attended by a number of shareholders representing at least (a quarter) of the capital. • If the necessary quorum is not met in the second meeting, an invitation to a third meeting to be 	<ul style="list-style-type: none"> • The meeting of the Extraordinary General Assembly shall be valid only if attended by Shareholders representing at least fifty percent (50%) of the Company's capital. • If such a quorum cannot be attained at the first meeting, a notice for convening a second meeting shall be sent in the same conditions stipulated in Article (30) herein. The second meeting may be held one hour after the end of the period specified for the first meeting, provided that the call to hold the first meeting includes evidence indicating the possibility of holding this meeting. In all cases the second meeting will be valid if attended by a number of shareholders representing at least (a quarter) of the capital. <p>If the necessary quorum is not met in the second meeting, an invitation to a third meeting to be held according to the same conditions stipulated in Article (30) herein, and the third meeting will be valid regardless of the number of shares represented in it, after the approval of the Capital Market Authority</p>	<p>Remove text (and the shareholder may participate in their deliberations and vote on their Resolutions by means of modern technology, according to the controls laid down by the Capital Market Authority.)</p>

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	<p>held according to the same conditions stipulated in Article (30) herein, and the third meeting will be valid regardless of the number of shares represented in it, after the approval of the Capital Market Authority and the shareholder may participate in their deliberations and vote on their Resolutions by means of modern technology, according to the controls laid down by the Capital Market Authority.</p>		
<p>Article 43: Financial documents:</p>	<p>1. The Board of Directors shall prepare the Company's financial statements at the end of each fiscal year (the financial statements shall include: financial position statement for insurance and shareholders' operations, statement of surplus "deficit" of insurance operations, shareholders' equity statement, cash flows statements for insurance operations and shareholders' cash flow statement) together with a report of its activities and financial position for the preceding financial year. This report shall include the proposed method for distributing profits. The Board of</p>	<p>1.The Board of Directors shall prepare the Company's financial statements at the end of each fiscal year (the financial statements shall include: financial position statement for insurance and shareholders' operations, statement of surplus "deficit" of insurance operations, shareholders' equity statement, cash flows statements for insurance operations and shareholders' cash flow statement) together with a report of its activities and financial position for the preceding financial year. This report shall include the proposed method for distributing profits. The Board of</p>	<p>Amending the name of Ministry of Commerce and Investment to be the Ministry of Commerce Remove (or Audit committee chairman) in the 2nd part related to signature of the documents</p>

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	<p>Directors shall place such documents at the disposition of the Auditor at least 45 (forty-five) days prior to the date set for convening the General Assembly.</p> <p>2. The Chairman, Company CEO, and Chief Financial Officer shall sign the documents referred to in Paragraph (1) of this Article. A copy thereof shall be placed in the Company's head office to be available for Shareholders at least 21 days prior to the date set for General Assembly meeting.</p> <p>3. The Chairman shall provide Shareholders with Company financial statements, the Board of Directors' report and the Auditor's report unless these reports are published in a daily newspaper that is distributed in the locality of the head office of the Company. In addition, the Chairman shall send a copy of these documents to the Ministry of Commerce and Investment and a copy to Capital Market Authority at least fifteen days prior to the date set for convening the General Assembly.</p>	<p>Directors shall place such documents at the disposition of the Auditor at least 45 (forty-five) days prior to the date set for convening the General Assembly.</p> <p>2.The Chairman, Company CEO, and Chief Financial Officer shall sign the documents referred to in Paragraph (1) of this Article. A copy thereof shall be placed in the Company's head office to be available for Shareholders at least 21 days prior to the date set for General Assembly meeting.</p> <p>3.The Chairman shall provide Shareholders with Company financial statements, the Board of Directors' report and the Auditor's report unless these reports are published in a daily newspaper that is distributed in the locality of the head office of the Company. In addition, the Chairman shall send a copy of these documents to the Ministry of Commerce and a copy to Capital Market Authority at least fifteen days prior to the date set for convening the General Assembly.</p>	
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<p>Article 45: Dividends Distribution:</p>	<p>The Company shall:</p> <ul style="list-style-type: none"> • Set aside of Zakat and established income tax. • Set aside (20%) of the net profits to form a statutory reserve. The Ordinary General Assembly may stop this deduction whenever the total reserve reaches 100% of the paid capital. • When determining the shares in the net profits, the Ordinary General Assembly may decide to create other reserves, to the extent that it serves the interest of the Company or guarantees the distribution of fixed profits as possible to the shareholders. <p>The company's annual net profits determined by the company shall be distributed after deducting all general expenses and other costs, and the necessary reserves shall be made to face doubtful debts, investments losses and emergency obligations that the board of directors deems necessary in accordance with the provisions of the Cooperative Insurance Companies Control Law and the</p>	<p>The Company shall:</p> <ul style="list-style-type: none"> • Set aside of Zakat and established income tax. • Set aside (20%) of the net profits to form a statutory reserve. The Ordinary General Assembly may stop this deduction whenever the total reserve reaches 100% of the paid capital. • When determining the shares in the net profits, the Ordinary General Assembly may decide to create other reserves, to the extent that it serves the interest of the Company or guarantees the distribution of fixed profits as possible to the shareholders. <p>The company's annual net profits determined by the company shall be distributed after deducting all general expenses and other costs, and the necessary reserves shall be made to face doubtful debts, investments losses and emergency obligations that the board of directors deems necessary in accordance with the provisions of the Cooperative Insurance Companies Control Law and the provisions issued by Saudi Central Bank. The remainder of the profits shall be allocated after deducting the prescribed reserves under the relevant regulations and zakat at a rate of no less than 5% of the paid-up capital for distribution to shareholders in accordance with what the board of directors proposes and the general assembly decides. If the remaining percentage of the</p>	<p>Amending the name from SAMA Saudi arabian monetary agency to be the Saudi Central Bank</p>
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	<p>provisions issued by SAMA. The remainder of the profits shall be allocated after deducting the prescribed reserves under the relevant regulations and zakat at a rate of no less than 5% of the paid-up capital for distribution to shareholders in accordance with what the board of directors proposes and the general assembly decides. If the remaining percentage of the profits due to shareholders is not sufficient to pay this percentage, the shareholders may not demand payment of it in the following year or years. The General Assembly may not decide to distribute a percentage of the profits from what the Board of Directors has proposed</p>	<p>profits due to shareholders is not sufficient to pay this percentage, the shareholders may not demand payment of it in the following year or years. The General Assembly may not decide to distribute a percentage of the profits from what the Board of Directors has proposed</p>	
<p>Article 46: Dividends Entitlement:</p>	<p>Shareholders shall be entitled to their share of profits pursuant to the General Assembly resolution adopted in this regard. Such resolution shall specify the entitlement date and distribution date. Shareholders registered in the shareholders register shall be entitled to their shares of profit by the end of the day of their entitlement. The Company shall inform the Capital Market Authority without delay of any Resolutions to distribute profits or recommend it, and the profits to be distributed to the shareholders shall be paid at the place and time determined by the Board of Directors, in accordance with the instructions issued by the competent authority, subject to the prior written approval of SAMA.</p>	<p>Shareholders shall be entitled to their share of profits pursuant to the General Assembly resolution adopted in this regard. Such resolution shall specify the entitlement date and distribution date. Shareholders registered in the shareholders register shall be entitled to their shares of profit by the end of the day of their entitlement. The Company shall inform the Capital Market Authority without delay of any Resolutions to distribute profits or recommend it, and the profits to be distributed to the shareholders shall be paid at the place and time determined by the Board of Directors, in accordance with the instructions issued by the competent authority, subject to the prior written approval of Saudi Central Bank.</p>	<p>Amending the name from SAMA Saudi Arabian Monetary Agency to be the Saudi Central Bank</p>

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<p>Article 47: Company losses:</p>	<p>If the Company's losses reach 50% of the paid-up capital at any time during the fiscal year, the Auditor or any officer of the Company shall notify the Chairman immediately upon becoming aware of such losses, who in turn shall immediately notify the Board of Directors. During 15 days of becoming aware of that, the Board of Directors shall convene an Extraordinary General Assembly within no more than 45 days of becoming aware of the Company's losses reaching 50% of its capital, to either increase or decrease the Company's capital in accordance with the Companies Law to the extent that the losses decrease to less than 50% of the paid-up capital, or to dissolve the Company before the expiry of its term stated herein. In all cases, the Assembly's Resolution shall be published in the Ministry of Commerce and Investment Website. The Company shall be deemed dissolved by operation of law if the Extraordinary General Assembly does not convene within the period prescribed above or if it, convened but is unable to adopt a resolution on this matter, or approves increasing the Company's capital in accordance with this Article and the increase shares are not fully subscribed to within 90 days from the date of the capital increase resolution.</p>	<p>If the Company's losses reach 50% of the paid-up capital at any time during the fiscal year, the Auditor or any officer of the Company shall notify the Chairman immediately upon becoming aware of such losses, who in turn shall immediately notify the Board of Directors. During 15 days of becoming aware of that, the Board of Directors shall convene an Extraordinary General Assembly within no more than 45 days of becoming aware of the Company's losses reaching 50% of its capital, to either increase or decrease the Company's capital in accordance with the Companies Law to the extent that the losses decrease to less than 50% of the paid-up capital, or to dissolve the Company before the expiry of its term stated herein. In all cases, the Assembly's Resolution shall be published in the Ministry of Commerce Website. The Company shall be deemed dissolved by operation of law if the Extraordinary General Assembly does not convene within the period prescribed above or if it, convened but is unable to adopt a resolution on this matter, or approves increasing the Company's capital in accordance with this Article and the increase shares are not fully subscribed to within 90 days from the date of the capital increase resolution.</p>	<p>Amending the name from Ministry of Commerce and Investment to be the Ministry of Commerce</p>
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UNITED COOPERATIVE ASSURANCE

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VISION 2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

Article 19

Board of directors report for year 2021

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UNITED COOPERATIVE ASSURANCE

BOARD OF DIRECTORS ANNUAL REPORT

Board of Directors' Report for the Year 2021

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Board of Directors' Report for the Year 2021

Board Chair's Statement /Introduction

The Board of Directors of the United Cooperative Assurance Company would like to take the opportunity to present to the shareholders its annual report accompanied by the audited financial statements and notes for the fiscal year ending on December 31, 2021. This report includes the results of insurance operations and shareholder accounts with comparison to results of the previous year ending on December 31, 2020, as well as the most important developments during 2021. It also includes all required disclosures pursuant to applicable cooperative insurance regulations and laws, registration and listing rules, and corporate governance regulation issued by the Capital Market Authority and the regulatory authorities to enable shareholders to clearly and correctly evaluate the company's assets, liabilities and financial position.

Company Profile

- United Cooperative Assurance (UCA) is a cooperative insurance company with over 40 years of experience, listed on Tadawul since May 2008 with a paid-up capital of SAR 200 million. The company started underwriting insurance business on 1st January 2009 after it entered into an agreement to purchase the insurance portfolio and net assets and liabilities of UCA Insurance, Bahrain, in the Kingdom of Saudi Arabia after the approval of the Ordinary General Assembly of the shareholders of the company and the final approval of SAMA in accordance with its letter No. 2361 date 21/12/1431 on the purchase of the portfolio and the numbers of transferred assets and liabilities. The balance of the final commercial goodwill value was paid to the company in 2012, amounting to 78.4 million Saudi Riyals.
- The United Cooperative Assurance Company is a Saudi joint stock company registered in the Kingdom of Saudi Arabia under the Commercial Registration No. 4030179955 on 06/06/1429. It was established based on Council of Ministers' Resolution No. 94 dated 14/3/1428 and based on the Royal Decree No. M / 24 dated 15/3/1428 and its address is in Jeddah, Al-Khalidiya District, Prince Saud Al-Faisal Street (formerly Al-Rawdah) Al-Mukmal Tower (2), first and fourth floors, PO Box: 5019, Postal Code 21422.
- Company activity: According to Article 3 of the Company's Articles of Associations, the company's activity is to engage in cooperative insurance business and all that is related to these businesses. Also, the company has the right to do all the work that needs to be done to achieve its objectives, whether in the field of insurance or investing its money, and to own and move fixed and cash funds, or sell, replace, or lease them directly or through companies that establish or buy them, or in partnership with other parties. The Company may own or have an interest or participate in any way with the bodies that carry out activities similar to their business or financial business or that help them to achieve their objectives or to include them in or buy them, and the company undertakes all the works mentioned in this article, whether inside or outside the Kingdom.
- The company does not own any subsidiary companies in the Kingdom, nor does its own any branches or subsidiary companies outside the territory of the Kingdom, and therefore there are no shares or debt instruments issued to subsidiary companies.
- As an organization, UCA was founded in the 1970's and it was one of the top 3 insurers to attain their official license. UCA has a long-standing goodwill and reputation as an insurance company. Since its foundation, the company has appointed experienced staff with specialized technical capabilities to fulfill the immediate and future needs of their clients, having constantly anticipated the daily demand of new insurance coverage and claims services.

Board of Directors' Report for the Year 2021

The Company's Capital:

A. Establishment of the company with a capital of 200 million riyals

The Company was established on May 5, 2008, with a capital of 200 million Saudi riyals divided into 20 million shares, the value of each share is 10 Saudi riyals. The founders subscribed with a total of 12 million shares and paid their value in cash, which represents 60% of the total shares of the company's capital. The remaining 8 million shares, at a value of 80 million riyals, for public subscription, and immediately after the subscription, the number of the company's shares was completed and became 20 million shares.

B. Increase the capital to 280 million riyals

It was approved by the Extraordinary General Assembly on 26/6/2013 to increase the company's capital of 200 million Saudi riyals by 80 million riyals, to become after the increase 280 million riyals, i.e. an increase of 40%, thus increasing the number of shares from 20 million shares to 28 million shares, by granting 2 free shares for every 5 shares, and the eligibility for the shareholders registered in the company's records at the end of trading on the day of the extraordinary general assembly meeting, provided that the increase is covered by a capitalization of 80 million riyals of the retained profits with the approval of the relevant authorities

C. Increase the capital to 490 million riyals

On 02/18/2015, the capital was increased by an increase of 75% from 280 million riyals to 490 million Saudi riyals through Preferred Shares, and the number of the preferred shares reached 21 million shares at the offering price of 10 riyals per share, with a total value of 210 million riyals. The eligibility for shareholders registered in the company's records was at the end of trading on the day of the extraordinary general assembly meeting, and the increase was made with the approval of the competent authorities. The company's goal of increasing the capital is to enhance the solvency margin and support the growth of the future activity of the company. Developments in the use of the proceeds from the increase in capital have been announced according to the Law.

D. Reducing the capital from 490 million riyals to 400 million riyals

The company announced the Board of Directors' recommendation to the Extraordinary General Assembly in its meeting held on 13/9/1438 corresponding to 06/08/2017 to reduce the company's capital from 490 million riyals divided into 49 million shares, so that the capital after the reduction becomes 400 million Saudi riyals divided into 40 million shares, meaning that 9 million shares will be reduced from the company's shares, and the reduction will be 18.37% of the capital by reducing 1 share for every 5.44 shares. The Company explained that the reason for the reduction is the restructuring of the company's capital in line with Article 150 of the Companies Law as well as the amortization of accumulated losses amounting to 90 million riyals (by canceling 9 million shares), which resulted mainly from the increase in the technical provisions. It also made clear that there is no substantial impact on the reduction of the company's capital on its financial obligations and that it is conditional on the approval of the official authorities and the extraordinary general assembly on the reduction.

The company then announced that it had received on Wednesday 10/11/1438 corresponding to 02/08/2017 the approval of SAMA to reduce its capital by (90) million riyals so that the company's capital after the reduction would be 400 million riyals. The company appointed BMG Group as a financial advisor to reduce the company's capital on Thursday 11/11/1438 corresponding to 3/8/2017

Board of Directors' Report for the Year 2021

The extraordinary general assembly held on Thursday 29/09/1439 corresponding to 07/06/2018 approved the proposed reduction of the capital from 490 million riyals to 400 million riyals, and the reduction was made on 10/6/2018, which corresponds to the end of the second trading day following the meeting of the extraordinary assembly in which the capital and the number of shares has been reduced.

The fractions resulting from the capital reduction process were collected and sold on 26/6/2018. The number of shares sold reached 13,827 shares, and the revenue from the sale of fractional shares reached 193,871.90 riyals. The average selling price for each share of the sold shares was 14.02 riyals, and the sums returned from selling fractional shares were deposited in the accounts of eligible shareholders on Thursday 19/07/2018.

The company announced on 10/6/2018 that its accumulated losses decreased to 20% of its capital, as the value of its accumulated losses became 13.42 million Saudi riyals, or 3.35% of the company's capital of 400 million Saudi riyals. The main reason for the decrease in accumulated losses is the reduction of the capital. Company funds from 490 million Saudi riyals to 400 Saudi riyals.

The company applies an information system with a high degree of efficiency and performance that links the main center of the company with its spread branches, and the company develops this system from time to time to accommodate its plans permanently and continuously, and the company's management has focused on adopting it in daily transactions with various internal departments and external bodies on electronic transactions and reducing non-electronic transactions as much as possible.

Description Of the Company's Significant Plans and Decision Including Changes To The Structure, Expanding The Company's Operations Or Halting Them

Notwithstanding the losses during FY-2021, UCA's management has actively worked towards placing the Company amongst elite KSA insurers via focusing on the following five functional areas of business management:

- Corporate Strategy
- Sales and Marketing
- Finance
- Human Capital
- IT & Cyber Security

These efforts have directly resulted in implicit and explicit gains for the Company that have been summarized below.

Corporate Strategy

The organization strategy is based on the following pillars;

- Driving organic growth through
- Consolidating capabilities
- Digital transformation
- Financial restructuring

UCA's management has undertaken key strategic initiatives in line with the corporate strategy to ensure healthy market penetration and retention levels, while remaining in compliance with applicable regulatory requirements.

The initiatives were meticulously planned, with a forward-looking approach, to prepare the Company for eventual shift in KSA insurance industry's regulatory landscape. The resultant business mix witnessed during FY-

Board of Directors' Report for the Year 2021

2021 has been a deliberate product of meticulous planning towards ensuring the Company's long-term growth targets. Consequently, management has strengthened its future outlook by seeking to raise its capital.

The Company during FY-2021 announced its Board of Directors' recommendation to increase the share capital by offering right issue amounting to SAR 300 million.

Sales & Marketing

The Company has actively worked towards revitalizing its sales and marketing function during 2021. Following are the major initiatives that have been kick-started by the management, with a clear deliverables' plan and timeline, in support of its corporate strategy:

- a. Strengthening UCA's sales/service propositions, development of workflow standards and policies and procedures to ensure maximum persistency levels related to all current client base
- b. Strengthening UCA's product management/development capabilities with the aim of creating a slate of diversified insurance products in support of an organic growth and targeted persistency levels
- c. Identification, and promotion of, customer/channel segmentation initiatives and opportunity generation in line with standard principles of "hunting and farming"

Finance

The company's management has invested significant time and effort towards strengthening the finance division's capabilities by;

- Acquiring expert skill sets
- Defining comprehensive finance policies and procedures
- Investing in advanced finance platforms (ERP).

The result of these endeavors is apparent in the Company's financial performance where, negative operating cashflows have declined from a level of SAR 94.6M during FY-2020 to SAR 5.93M during FY-2021. This significant decline is a direct result of the Company's sound leadership during the very trying times of the Covid-19 pandemic.

Human Capital

The company's management continues to develop a progressive work environment as we serve a promising and vital sector. Today UCA welcomes and supports national youth energies in line with the vision 2030 of the Kingdom of Saudi Arabia. We further seek to empower women in society and raise the rate of Saudization, train national cadres, and qualify them for leadership positions, which in turn will constitute an important pillar for young talents in the Kingdom.

As a testament to our efforts on this front, UCA has been Certified from Great Place to Work Organization for 2021 and has been ranked #15 in 2021 Best Workplaces in KSA.

IT & Cyber Security

Aware of the opportunities and challenges posed by today's globalized economy, and to ensure the Company's sustainable contribution towards KSA's vision 2030, we have invested heavily in strengthening and securing our digital space.

As a trustee towards our stakeholders, UCA's digital well-being has formed the core of our corporate strategy. Accordingly, a battery of digital transformation projects was initiated in tandem with cyber security projects to ensure top notch client service and data privacy.

The Company's endeavors in IT & Cyber Security were recognized when, both, UCA's Chief Information Officer (CIO) and Chief Cyber Security Officer (CISO) won the prestigious CIO of the Year and CISO of the Year awards.

Board of Directors' Report for the Year 2021

Geographical Presence

Our geographical presence in the Kingdom of Saudi Arabia is shown here below:

Branch	Address
Head office in Jeddah	Prince Saud Al-Faisal Street (formerly Al-Rawdah), Al-Khalidiya District, Al-Mukmal Tower (2)
Riyadh Branch	King Fahd Street - Al-Morouj District - Riyadh - 12264 - Al-Saeedan Building
Khobar Branch	Al-Safa District - Dammam - 3576 - Eithar Tower
Khobar Branch "Claims Center"	Abu Hadriyah Street - King Fahd Suburb - Dammam - 9312 - Jawharat Al Maared Building

UCA's board approved digital transformation strategy has allowed the company to access online selling and move away from obsolete and outdated point of sales facilities thereby promoting greater market penetration and client access.

UCA management is studying the market in a comprehensive manner to spread through typical modern mixed sales points that provide a basket of services such as sales and claims and provide the beneficiary with the option of traditional or digital selling for several products according to its choice, after taking the necessary approvals from the supervisory authorities.

Looking ahead

UCA desire and determination to compete and be successful in a domain which serves our national industries and community as a whole.

UCA's vision is "To create the Kingdom's most innovative, professional and sustainable insurer"

Consequently, our Mission is clear...UCA will achieve its vision by focusing our strength and resources to;

- Create an environment which promotes the development of young Saudi insurance professionals at the core
- Develop leading edge agile platforms designed around our clients and their needs
- Strengthen our partnerships with our regulators, intermediaries, and world class reinsurers
- Embed sustainable and transparent business practices

The company seeks to better improve its competitive positioning by placing a strong focus on its service proposition and overall customer experience in addition to enhancing its targeting of preferred underwriting risks. Management also seeks to provide optimal technical prices in various productive sectors by taking into account the recommendations of the actuarial experts, and keen to employ technicians with experience and competence in the field of insurance and reinsurance to increase production and market share objectives.

Board of Directors' Report for the Year 2021

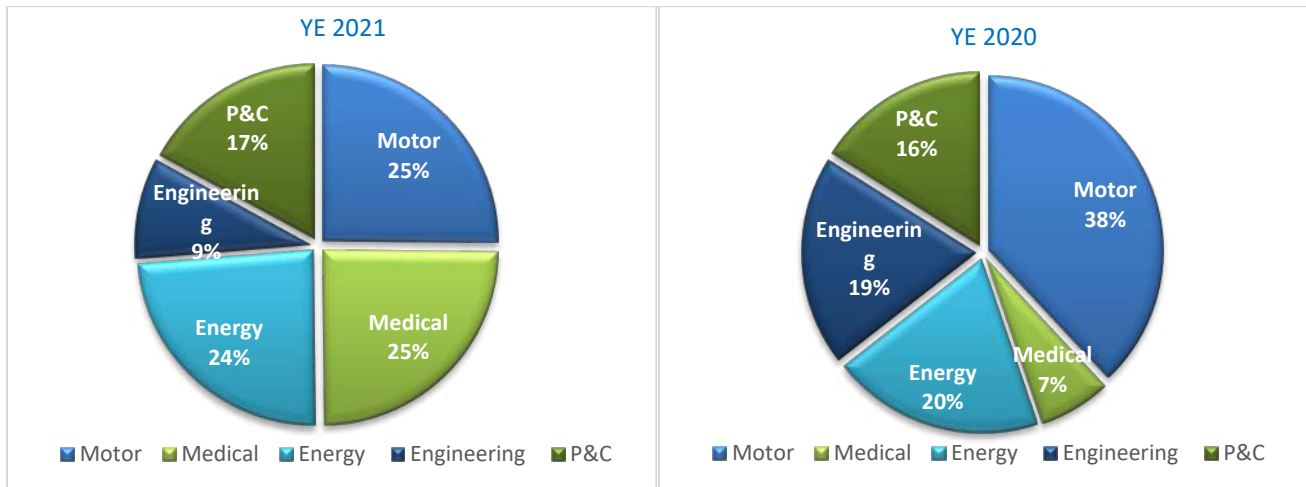
Financial Highlights

- Major Insurance Line of Business Portfolio Mix

The total Written premiums at the end of December 31, 2021 amounted to 409,756 thousand riyals in each of the following insurance branches (Motor, Engineering, Energy, Medical, P&C)

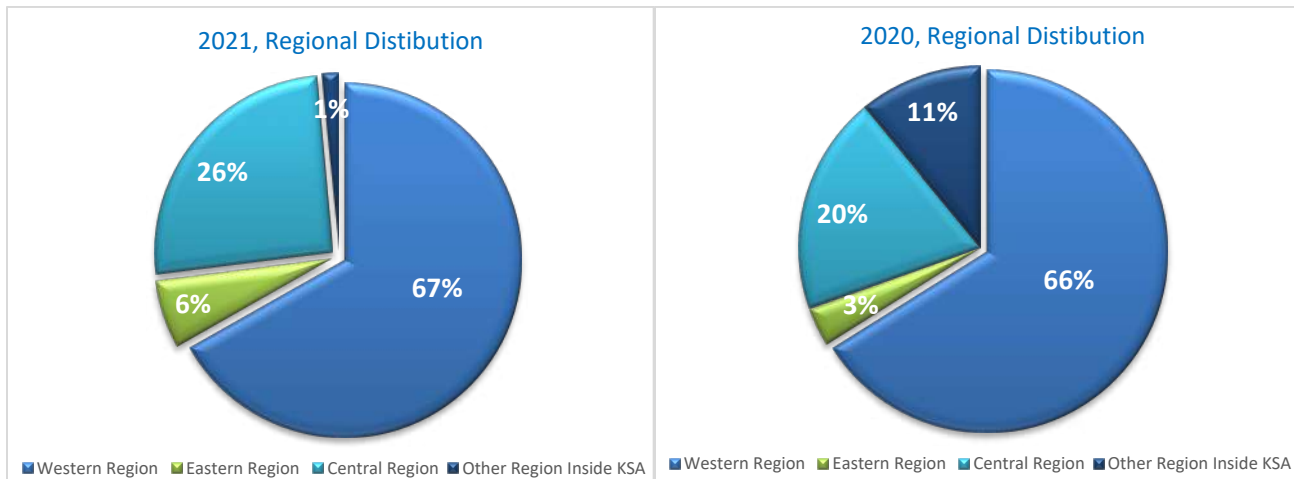
All figures are in (Thousands) Saudi Arabia, Riyals

Insurance line	2021's GWP	2020's GWP
Motor	103,182	234,595
Medical	100,968	41,509
Energy	97,922	121,539
Engineering	37,722	120,102
Property and Casualty Insurance	69,962	99,116
Total	409,756	616,861



2021, GWP Regional Distribution

The following chart depicts the regional contributions during the years ending on 31st of December 2021 & 31st of December 2020



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Geographical Distribution of Written Premiums During The Last Five Fiscal Years Ending on December 31 2021:

The company's activity is carried out in the Kingdom of Saudi Arabia only.

All figures are in (Thousands) Saudi Arabia, Riyals

Geographical sectors	2021	2020	2019	2018	2017
Western Region	273,760	407,671	370,955	317,388	470,313
Central Region	104,678	120,598	40,273	41,788	65,916
Eastern Region	25,363	21,228	6,632	10,951	14,597
Others - within the kingdom	5,955	67,364	2,432	21,841	29,739
Total	409,756	616,861	420,292	391,968	580,565

Financial Indicators

The financial results of the United Cooperative Insurance Company for the year ended 31/12/2021 compared to the results of the previous year ending 31/12/2020

1. The net loss before zakat and tax during the current year is 65,671 thousand riyals, compared to a net loss of 15,880 thousand riyals for the previous year.
2. The loss per share after zakat and tax during the current year amounted to 1.84 riyals, compared to a loss of 1.10 riyals for the previous year.
3. The insurance operations deficit less the policyholders' investment returns (operating results) during the current year amounted to 67,826 thousand riyals compared to a deficit of 27,533 thousand riyals for the previous year.
4. The GWP during the current year amounted to 409,756 thousand riyals, compared to 616,861 thousand riyals for the previous year, decrease of 34%. The net subscribed insurance premiums (NWP) during the current year amounted to 175,280 thousand riyals, compared to 200,107 thousand riyals for the previous year decrease of 12%.
5. The net claims incurred during the current year amounted to 182,436 thousand riyals, compared to 85,699 thousand riyals for the previous year, an increase of 113%.
6. The net investment profits of policyholders' investments during the current year amounted to 3,516 thousand riyals, compared to 4,409 thousand riyals for the previous year, a decrease of 20%. The net profit of investments of shareholders' funds during the current year amounted to 4,992 thousand riyals compared to a net profit of 10,219 thousand riyals for the previous year decrease of 51%.
7. The reasons for the increase in net loss before zakat & tax compared to the last year are due to the decrease in net underwriting results which is primarily driven by the increase in net claims incurred, in addition to a decrease in the total income of policyholders' and shareholders' investments.
8. The Loss Per Share is calculated based on Net Loss after Zakat and Income Tax. Zakat and Income Tax is 8 million Saudi riyals for the period ended 31-12-2021 (Twelve months). And 28 million Saudi riyals for the period ended 31-12-2020 (Twelve months). The LPS for the current year is SAR 1.84 versus LPS of SAR 1.10 for the previous year, which is calculated based on the weighted average number of ordinary shares outstanding for the year.
9. Total shareholders' equity (no minority rights) as of December 31, 2021, amounted to 250,115 thousand riyals compared with 332,939 thousand riyals as of December 31, 2020, with a decrease of 25%

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10. The total comprehensive loss for the year 2021 amounted to 82,823 thousand riyals, compared to the total comprehensive loss of 42,497 thousand riyals for the previous year 2020.
11. The accumulated losses for the period ended 31-12-2021 is SAR 149,752 thousand, which is 37.44% of the paid-up capital of SAR 400 million based on the Annual Financial Statements for the period ended on 31-12-2021. The primarily reason behind these losses is due to the increase in net claims incurred. Therefore, the company will apply the procedures and instructions for companies listed in the Saudi Capital Market whose accumulated losses are equal to or more than 35% and less than 50% of its share capital.

Statutory Reserve

As required by Saudi Arabian Insurance Regulations, 20% of the net income from shareholders' operations shall be set aside as a statutory reserve until this reserve amounts to 100% of share capital. As the Company has accumulated losses at year end, no transfer to statutory reserve has been made during the year. The reserve is not available for distribution to the shareholders until the liquidation of the Company.

As at 31 December 2021 and 31 December 2020, the authorised, subscribed and paid up share capital of the Company is SAR 400,000,000, divided into 40,000,000 shares of SAR 10 each.

The Company transferred the amount of statutory reserve amounting to SAR 32 million to the accumulated losses as approved by the General assembly meeting dated 18 August 2021.

Dividend Policy

The company's policy regarding the distribution of profits is based on Article (45) of the Company's Articles of Association, which states:

In the event that the company achieves profits:

1. Set aside of Zakat and established income tax.
2. Set aside (20%) of the net profits to form a statutory reserve. The Ordinary General Assembly may stop this deduction whenever the total reserve reaches 100% of the paid capital.
3. When determining the shares in the net profits, the Ordinary General Assembly may decide to create other reserves, to the extent that it serves the interest of the Company or guarantees the distribution of fixed profits as possible to the shareholders.
4. The company's annual net profits determined by the company shall be distributed after deducting all general expenses and other costs, and the necessary reserves shall be made to face doubtful debts, investments losses and emergency obligations that the board of directors deems necessary in accordance with the provisions of the Cooperative Insurance Companies Control Law and the provisions issued by SAMA. The remainder of the profits shall be allocated after deducting the prescribed reserves under the relevant regulations and zakat at a rate of no less than 5% of the paid-up capital for distribution to shareholders in accordance with what the board of directors proposes and the general assembly decides. If the remaining percentage of the profits due to shareholders is not sufficient to pay this percentage, the shareholders may not demand payment of it in the following year or years. The General Assembly may not decide to distribute a percentage of the profits from what the Board of Directors has proposed

Entitlements to profits (article 46)

Shareholders shall be entitled to their share of profits pursuant to the General Assembly resolution adopted in this regard. Such resolution shall specify the entitlement date and distribution date. Shareholders registered in

Board of Directors' Report for the Year 2021

the shareholders register shall be entitled to their shares of profit by the end of the day of their entitlement. The Company shall inform the Capital Market Authority without delay of any Resolutions to distribute profits or recommend it, and the profits to be distributed to the shareholders shall be paid at the place and time determined by the Board of Directors, in accordance with the instructions issued by the competent authority, subject to the prior written approval of SAMA.

Zakat, Income Tax, and Statutory Payments

Due and paid Statutory reserves

All figures are in (Thousands) Saudi Arabia, Riyals

Party	Description	2021	2020	2019	2018	2017
General Authority of Zakat and Tax	Cumulative reserve	14,846	21,750	28,936	22,488	23,708
Council of Cooperative Health Insurance	Subscription fee (paid)	766	494	399	889	711
Saudi Central Bank	Supervision and control fees (paid)	2,530	2,296	2,150	2,389	2,802
The Saudi Stock Exchange (Tadawul)	Subscription fee (paid)	432	315	315	315	300

Status of Zakat and Vat:

The Zakat is applicable on 99% of the shareholders while income tax on 1% of the shareholders. The Company has filed its zakat and income tax declarations for the years ended 31 December 2009 to 2020 and obtained restricted zakat and tax certificates.

Assessment years 2005, 2006, 2007 and 2008

During 2017, the Company received the zakat assessments for the years 2005 to 2008 from the ZATCA with regards to the insurance operations transferred from UCA Insurance Bahrain BSC claiming zakat liability amounting to SAR 6.01 million and withholding tax liability amounting to SAR 16.09 million. Management has filed an objection against the above assessments and is confident of receiving a favorable outcome. Further, the Company has issued a bank guarantee in favor of ZATCA amounting to SAR 22.09 million (2020: SAR 22.09 million) against such assessments (see note 17). Management is of the view that any additional liability as a result of these assessments will eventually be charged to the shareholders of the UCA Insurance Bahrain BSC.

Assessment years 2012 and 2013

During 2018, ZATCA had issued assessments for the years 2012 and 2013 claiming additional zakat and income tax liability amounting to SAR 15.84 million. The Company will escalate the case to the GSTC in order to assign a hearing session and will proceed for final settlement with the Dispute Resolution Committee and expect to settle about SAR 7.05 million.

Assessment years 2019 and 2020

During the year, ZATCA has issued a final assessment for the years 2019 and 2020, which resulted in additional Zakat liability for the year 2019 of SR 1.46 million and credit balance for the year 2020 of SAR 1.732 million due to refund of Zakat on certain items. The Company has filed and objection for the said years against the ZATCA's amendments and waiting for ZATCA discussion.

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VAT assessment

On 25 August 2020, the Company received an assessment from ZATCA to pay additional principal VAT of SAR 12.28 million for the years 2018 and 2019 as well as additional fines of SAR 20.25 million for those years. In order to avoid incurring additional fines the Company paid the principal VAT on 28 October 2020 without prejudice to its position and objected to the items issued for the evaluation. On 20 February 2021, the Company filed an appeal with the General Secretariat of Tax Committees (GSTC) against the decision of the ZATCA for which management is confident of a favorable outcome. The objected items are zero rated supplies, self-invoicing, and reinsurance commission.

The fines imposed on the assessments amounting to SAR 20.25 million for the years 2018 and 2019 were subsequently canceled as the Company has taken advantage of ZATCA's initiative to stabilize the economy and boost the private sector.

The Company has booked a provision against VAT on zero rated supplies. On other objected items, the Company's tax consultant is confident of a favorable outcome.

Risk Management

Current risks:

The company's risk management has adopted a comprehensive strategy to understand and manage the various types of risks resulting from its activities. It also plays its role in identifying and addressing current risks and developing a plan to address the expected risks and mitigate their impact.

Risk management aims to monitor the risks related to the company represented in financial and non-financial risks, including market risks, credit and counterparty risk, liquidity risks, interest rate risks and Human Resource risk, Information technical and Cybersecurity risk, Operational risks, Underwriting Risk (including pricing, actuarial, and product development), Claim Handling Risk, Compliance (Legal/Regulatory) Risk, reputation, and business continuity. The management also aims to ensure the extent of compliance with the laws and regulations in force through the following:

- Set, re-develop, revise and monitoring the UCA Risk Appetite and Statement Framework; that includes financial and non-financial Key Risk Indicators KRIs.
- Updating the UCA Register and Controls.
- Developing and Enhancing the Risk management policies, framework, and methodology.
- Increasing the Risk Management Culture Building and awareness.
- Submitting reports to the senior management regarding the general situation of risks in the various departments of the company that may affect its operational operations, in order to take the necessary actions and submit them to the supervisory authorities.
- Evaluating the capital requirements to ensure that the required solvency margin is achieved according to the statutory regulations. An annual report is prepared to review risk management and the company's financial position report and submitted to SAMA.
- Reviewing procedures and policies for combating fraud periodically to ensure compliance with the new regulations issued or any additions thereto.
- Reviewing the statement of financial position and cash flows with regard to liquidity in accordance with the asset liability management regulation.
- Commitment to operating standards for the various operating sectors of insurance.

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Anticipated future risks:

Anticipated future risks are the risks that have been identified and measures taken to prevent or limit the negative impact when it occurs.

Among the most prominent expected risks that insurance companies may face during their work are the following:

- **Risk of political wars and Contagious Disease Outbreak/Pandemic Risk:**

A pandemic/epidemic of infectious disease that has spread through human populations across a large region for six to ten weeks; this kind of risk may affect the company and led to other type of risk such as political or geographical wars; Pandemics can cause economic damage through multiple channels, including short-term fiscal shocks and longer-term negative shocks to economic growth. Successful contingency planning and response required in order to mitigate such risks... UCA have already updated their Business contingency plan and have done the BIA (Business Impact Analyses).

- **The risk of fraud and financial fraud crimes:**

Fraud is one of the most complex crimes in terms of all activities, and the occurrence of fraud results in material and moral damages at all levels. Therefore, the company is interested in developing plans and strategies to avoid this risk in coordination with all internal departments. A special unit for combating fraud and financial crime has been established to counter this threat...

- **Insurance risk:**

It is the risk related to actual claims owed to policyholders that may exceed the carrying amount of insurance liabilities. Due to the nature of the insurance contract, the estimates may differ from the related statistics. Therefore, the more similar insurance contracts are, the closer the expectations are to the actual loss rate. UCA prepared a Mitigation Action Plan to mitigate this risk by developing the IT core system, the Claims Handling system and enhance/streaming the claims management process.

- **Liquidity risk:**

Liquidity risk is the difficulty that the company may encounter in providing cash The funds required to meet its financial obligations, liquidity risk may arise from the inability to sell a financial asset within a short period at an amount close to its fair value, for this purpose the company's needs are monitored on a monthly basis. The management aims to ensure the availability of sufficient financial liquidity to meet any liabilities as soon as they arise, as all of the company's assets are current assets with the exception of furniture, office equipment, intangible assets, and statutory deposit as they are considered non-current in nature.

In addition, a large part of the company's funds are invested in short-term deposits with local banks to face liquidity crises in compliance with the applicable regulations issued by SAMA.

- **Legal risks:** They are the risks that arise through the legal liabilities of the company for insurance policy holders, such as cases that are filed against the company as a result of third-party claims.

- **Risks of compliance with regulatory requirements:** These are the risks related to the company's operations being subject to regulatory requirements in the Kingdom of Saudi Arabia. These regulations not only provide for approval and monitoring of activities, but also impose some restrictive provisions (such as capital adequacy) to reduce the risks of default and insolvency on the part of insurance companies in Fulfill unexpected obligations as they arise.

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- **Technical and Cyber-attack risks:** These are the risks that may expose the company to human errors, natural disasters, loss of energy, loss of data and customer privacy, or sabotage operations with high costs that negatively affect the financial results. It is worth mentioning that UCA has improved and established a well information technology system and an integrated framework for cyber-security.
- **Employee turnover risk:** It is the risks related to the movement of employees and workers in the company during a short period. This movement includes the entry or exit of human cadres to and from the company, which may negatively affect the overall productivity of the company.
- **Reinsurance risk:** It is the risk related to assigning part of the insurance company's obligations to reinsurance companies, in order to reduce the possibility of financial exposure resulting from a large number of claims or claims with high amounts. Therefore, one of the most important goals of reinsurance is to increase the insurance company's opportunity to diversify and expand in the field of business and its ability to grow, and to ensure the stability of underwriting results.

As insurance companies have agreements with reinsurance companies to protect them when losses exceed a certain limit, this agreement covers all individual and collective contracts issued by insurance operations in the Kingdom of Saudi Arabia, and to ensure the eligibility of the reinsurance company, insurance companies resort to assessing the financial position of reinsurers to avoid their exposure for large financial losses resulting from the insolvency of the reinsurance companies or their inability to fulfill their obligations.

Compliance With Corporate Governance

Disclosure according to the executive regulations:

The company is bound by the rules and regulations applicable in the Kingdom of Saudi Arabia, which include the following:

- Rules for registration and listing of the Market Behavior Regulations issued by the Capital Market Authority
- Regulations for the Cooperative Insurance Companies Control Law issued by the Central Bank of Saudi Arabia.
- The Regulation for Insurance Market Conduct issued by the Central Bank of Saudi Arabia.
- Anti-money laundering rules for insurance companies issued by the Central Bank of Saudi Arabia.
- Regulations for combating fraud in insurance companies issued by the Central Bank of Saudi Arabia.
- The executive regulations of the Cooperative Health Insurance Law issued by the Council of Cooperative Health Insurance.
- The unified document issued by the Cooperative Health Insurance Council.
- Rules for Zakat and Income Tax issued by the General Authority of Zakat and Tax.
- The requirements of the compulsory third-party liability insurance law arising from motor vehicle accidents.

According to Paragraph (22) of Article (27) of the Registration and Listing Rules, the company acknowledges that:

1. The account records have been properly prepared.
2. The internal control system was prepared on a sound basis and was effectively implemented.
3. There is no doubt about the company's ability to continue its activity.

- Governance system:

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The company has its own governance regulation that is updated and revised permanently, which sets the rules and standards that regulate the performance of the company and is in full compliance with the regulations issued by the Capital Market Authority and the Saudi Central Bank regulations and the law issued in the Kingdom of Saudi Arabia. All provisions of these bylaws have been complied with, including the cumulative vote based on the number of shares owned by the shareholder, as each share represents one vote in electing members of the Board of Directors. In 2021, United Cooperative Assurance was in full compliance with the CMA corporate governance regulations, Insurance Corporate Governance regulations issued by SAMA, and other guidelines except the following issues- where the company has paid penalty for noncompliance:

Regulatory penalties, a fine was imposed on the company in the amount of 100,000 Saudi riyals paid directly to the account of the Central Bank of Saudi Arabia for the following reasons:

- o The company received an email from the Central Bank of Saudi Arabia on 6/10/1442, corresponding to 18/05/2021, which includes imposing a fine of 40,000 Saudi riyals due to:

1. Dealing with unauthorized Brokers

The concerned department has been directed to validate all existing Brokers and to find automatic solutions to track the Brokers licenses validation

- o The company received a letter dated 14/11/1442 corresponding to 24/06/2021 containing the imposition of a fine on the company in the amount of 60,000 Saudi riyals due to:

1. Non-existence of a customer care policy which includes the authority for the Head of customer care to solve complaints with a limit of 10,000 SAR
2. Non-existence of Complaint system which required to monitor all Complaint

The concerned department has been directed to create and obtain BoD approval for customer care policy and to find automatic solution to monitor received Complaint

Subject	Fines Issued Against the company in 2021		Fines Issued Against the company in 2020	
	Number of Fines	Total amount of fines in Saudi Riyal	Number of Fines	Total amount of fines in Saudi Riyal
Breaches of the supervisory instructions of SAMA	1	40,000	1	100,000
Breaches of SAMA instructions for customer care	1	60,000	-	-
Total	2	100,000	1	100,000

The audit committee, risk committee and the internal control departments of the company have been directed to work on correcting the observations.

- No other penalty, fine or statutory reserve restriction was imposed by the Capital Market Authority or any other supervisory, or regulatory other than the aforementioned.
- The company applies all the provisions issued in the Corporate Governance Regulations.

Non implemented article from Corporate Governance Regulations

Article No.	The Provision of Article / Paragraph	Reasons for not applying
N/A	N/A	N/A

Board of Directors' Report for the Year 2021

A List of The Date of General Assembly Meetings Held During 2021 and The Names of The Board Members Who Attended Them

Board Member Name	Extraordinary General Assembly 13/01/2021	Ordinary General Assembly 07/07/2021	Ordinary General Assembly 18/08/2021
Khaled Hussein Alireza	✓	X	X
Khaled Ahmed Abdulaziz Al-Hamdan	✓	✓	✓
Mohammed Abdullah Al Yahya	X	✓	✓
Mansour Abdulaziz Al Saghayer	X	✓	✓
Bhaa El-Din Omar Khashoggi	✓	✓	✓
Faisal Hussain Badran*(1)	✓	X	X
Khalid Baker Alem*(2)	✓	X	X
Khaled Mohammed AlQazlan*(3)	NA	NA	NA

*(1) The member, Faisal Hussain Badran, has resigned from BOD on 6/10/2021

*(2) The member, Khalid Baker Alem, has resigned from BOD on 14/10/2021

*(3) The member, Khled AlQazlan was appointed on 17th Nov 2021 till the conclusion of the remaining term of the Board

Decisions of The General Assembly of Shareholders and The Names of The Attendees of These Meetings.

Decisions taken in Board of Directors meetings and general assemblies of shareholders during the year 2021.

- **The Company's Extraordinary General Assembly decided in its meeting (second meeting) on 29 Jumada Al-Awwal 1442, corresponding to 13 January 2021, the following:**
 - Clause 1: Approval of Endorse the board activities for the period from 13 December 2020 until the date of the extraordinary general assembly on 13 January 21.
 - Clause2: Approval of the election of members of the Board of Directors among the candidates for the next session, which starts from the date of the extraordinary general assembly on 13-01-2021 and has a duration of three years, ending on 12-01-2024 and they are:
 1. Khalid hussein Alireza
 2. Khalid bin ahmed bin abdulaziz al hamdan
 3. Muhammad al yahya.
 4. Mansour al sagheer.
 5. Bahaa aldeen omer khashoggi.
 6. Faisal badran.
 7. Khaled baker alem.
 - Clause 3: Approval of amending Article No. (1) of the company's articles of association related to incorporation.
 - Clause 4: Approval of amending Article No. (3) of the company's articles of association related to the company's objectives.
 - Clause 5: Approval of amending Article No. (4) of the Company's Articles of Association related to participation and ownership in companies.

Board of Directors' Report for the Year 2021

- Clause 6: Approval of amending Article No. (12) of the Company's Articles of Association related to stock trading.
- Clause 7: Approval of amending Article No. (13) of the Company's Articles of Association related to the capital increase.
- Clause 8: Approval of the amendment of Article No. (14) of the company's articles of association related to the capital reduction.
- Clause 9: Approval of the amendment of Article No. (15) of the company's bylaws relating to the management of the company.
- Clause 10: Approval of amending Article No. (16) of the Company's Articles of Association related to the expiration of the Board's membership.
- Clause 11: Approval to amend Article No. (17) of the Company's Articles of Association relating to the vacant position in the Board.
- Clause 12: Approval of amending Article No. (18) of the Company's Articles of Association related to the Board's validity.
- Clause 13: Approval of the amendment of Article No. (19) of the Company's Articles of Association relating to remuneration for board members and the remuneration for the chairman and managing director.
- Clause 14: Approval of amending Article No. (20) of the Company's Articles of Association related to the powers of the Chairman of the Board of Directors, the term of his membership, the membership of the Deputy, the Managing Director and the Secretary.
- Clause 15: Approving the amendment of Article No. (22) of the Company's Articles of Association related to the quorum for the Board meeting.
- Clause 16: Approval of amending Article No. (24) of the Company's Articles of Association relating to agreements and contracts.
- Article 17: Approval of the amendment of Article No. (25) of the company's bylaws relating to assembly attendance.
- Article 18: Approval of the amendment of Article No. (26) of the company's bylaws relating to the constituent assembly.
- Clause 19: Approval of amending Article No. (27) of the Company's Articles of Association relating to the competencies of the Constituent Assembly.
- Clause 20: Approval of the amendment of Article No. (30) of the company's bylaws relating to assemblies' invitation.
- Clause 21: Approval of the amendment of Article No. (32) of the Company's Articles of Association relating to the quorum for the Ordinary General Assembly meeting.
- Clause 22: Approval of the amendment of Article No. (33) of the company's bylaws relating to the quorum for the extraordinary general assembly meeting.
- Clause 23: Approving the amendment of Article No. (39) of the Company's Articles of Association relating to the appointment of the auditor.
- Clause 24: Approval of amending Article No. (41) of the Company's Articles of Association relating to the obligations of the auditor.
- Clause 25: Approval of the amendment of Article No. (43) of the company's bylaws relating to financial documents.

Board of Directors' Report for the Year 2021

- Clause 26: Approval of amending Article No. (45) of the Company's Articles of Association relating to zakat and reserves.
- Clause 27: Approval of amending Article No. (49) of the Company's Articles of Association relating to the responsibility of members of the Board of Directors.
- Clause 28: Approving the amendment of Article No. (50) of the company's bylaws relating to the company's termination.

The meeting was attended by members of the board of directors, Mr. Khaled Hussein Alireza (Chairman of the Board of Directors), Mr. Khaled Ahmed Al-Hamdan (Vice Chairman of the Board of Directors), Mr. Jack George Sassi, Mr. Karim Marawan Hamadeh, Mr. Bahaa El-Din Omar Bahaa El-Din Khashoggi, Mr. Faisal Badran, and Mr, Khalid Alem.

The call to the Ordinary General Assembly held on 22/12/2020 was announced on the Saudi Stock Exchange website (Tadawul) and in the daily newspaper in addition to the company's official website, and reminder announcements were published to confirm its date and provide a number of shareholders with the call to the assembly through correspondence. Electronic voting for shareholders on the agenda items has taken place through Tadawulati website.

- **The Company's ordinary General Assembly decided in its meeting (first meeting) on 27 the Dhul Qidah 1442, corresponding to 7 July 2021, the following:**

- Clause 1: Approval of the report of the Board of Directors for the fiscal year ending on 31/12/2020.
- Clause2: Approval of the auditors' report for the fiscal year ending on 31/12/2020.
- Clause 3: Approval of the financial statements for the fiscal year ending on 31/12/2020.
- Clause 4: Approval to absolve the members of the Board of Directors from liability for the fiscal year ending on 31/12/2020
- Clause 5: Approval of the disbursement of 1,443,000 riyals as a bonus to the members of the Board of Directors for the fiscal year ending on 31/12/2020.
- Clause 6: Approval on the appointment of the company's auditors from among the candidates based on the recommendation of the Board of Directors to examine, review and audit the financial statements for the second, third, fourth and annual quarters of the fiscal year 2021 and the first quarter of the fiscal year 2022 and determine their fees. and they are:
 1. KPMG office (as First External Auditor)
 2. Al-Azm, Al-Sudairy, Al-Sheikh and Partners Company (as a second External Auditor).
- Clause 7: Approval on the business and contracts that will take place between the company and the Haj Hussein Alireza group of companies, in which the board member, Mr. Khaled Hussein Alireza has an indirect interest, and license them for the coming year, knowing that the nature of the transactions is insurance contracts and the duration of these contracts for multiple periods, and that the value of transactions The ones that took place in the year 2020 are 5,650,000 riyals. These contracts are subject to all the approved terms that the company applies in its contracts with other parties, and there are no preferential terms for these contracts.

The meeting was attended by members of the board of directors Mr. Khaled Ahmed Al-Hamdan (Vice Chairman of the Board of Directors), Mr: Manour Abdulaziz AlSogaier , Mr. Bahaa El-Din Omar Bahaa El-Din Khashoggi, Mr. Mohammed AlYahya.

Board of Directors' Report for the Year 2021

The call to the Ordinary General Assembly held on 16/06/2021 was announced on the Saudi Stock Exchange website (Tadawul) and in the daily newspaper in addition to the company's official website, and reminder announcements were published to confirm its date and provide a number of shareholders with the call to the assembly through correspondence. Electronic voting for shareholders on the agenda items has taken place through Tadawulati website.

- **The Company's ordinary General Assembly decided in its meeting (first meeting) on Muharram 10,1443H corresponding to 18 August 2021, the following:**
- Clause 1: Approval of on the formation of the Audit Committee determining its tasks, working controls, and remunerations for its members for the new session, starting from 18/8/2021 until the end of the session on 12/1/2024, noting that the candidates are:
 1. Mohammed Abdullah Al Yahya - Chairman of the Audit Committee.
 2. Ahmed Tawfiq Al-Khamis - Member from outside the Board.
 3. Tariq bin Ali Al-Fayez - a member from outside the Board.
 4. Muhammad bin Hadi Al-Duwais - a member from outside the Board.
- Clause2: Approval on the use of the amount (31,944) thousands riyals from the statutory reserves, which represents the entire value of the statutory reserves as in the period ending on march 31,2021 (three months) to cover part of the company's losses This decision aims to reduce the company's accumulated losses from (137,015) thousand riyals as in the period ending on March 31, 2021 (three months), (representing 34% of the capital) to (105,071) thousand riyals (which represents 26% of the capital).
- Clause 3: non-Approval on the board of directors remuneration policy.
- Clause 4: Approval of the audit committee charter.

The meeting was attended by members of the board of directors Mr. Khaled Ahmed Al-Hamdan (Vice Chairman of the Board of Directors), Mr: Manour Abdulaziz ALSogaier , Mr. Bahaa El-Din Omar Bahaa El-Din Khashoggi, Mr. Mohammed AlYahya.

The call to the Ordinary General Assembly held on 28/07/2021 was announced on the Saudi Stock Exchange website (Tadawul) and in the daily newspaper in addition to the company's official website, and reminder announcements were published to confirm its date and provide a number of shareholders with the call to the assembly through correspondence. Electronic voting for shareholders on the agenda items has taken place through Tadawulati website.

Through these meetings, shareholders' inquiries about the company's operating status and performance were answered, especially what was included in the agenda items of the meetings. It was also indicated what had been implemented during the year 2021 until the date of the assembly and the confirmation that shareholders were informed of all developments through announcements on (Tadawul) site. The Assembly's minutes have been recorded and kept in the company's records, and the supervisory authorities have been provided with a copy according to the law and within the stipulated period.

Board of Directors' Report for the Year 2021

Shareholders Structure During 2021

Shareholders' Name	Nationality	Number of Shares	Ownership Percentage
UCA Holding	Bahrain	12,529,819	31.32
Audience		27,470,181	68.68
Total		40,000,000	100

A Description of Any Interest of Board Members and Their Spouses and Minor Children in The Shares or Debt Instruments of The Company or Any of Its Subsidiaries:

Name	Position Membership type	Balance at the start of the period 2021 SAR	Balance at the end of the period 2021 SAR	The net change in the number of shares	The percentage change in the number of shares
Khaled Hussain Ali Rida	Chairman of the Board Non-Executive	48,571	48,571	N/A	N/A
Khaled Ahmed Abdulaziz Al-Hamdan	Vice-Chairman	N/A	N/A	N/A	N/A
Mohammed Abdullah Al Yahya	Independent Member	N/A	N/A	N/A	N/A
Mansour Abdulaziz Al Saghayer	Independent Member	N/A	N/A	N/A	N/A
Bhaa El-Din Omar Khashoggi	Non-Executive Member	N/A	N/A	N/A	N/A
Faisal Hussain Badran*(1)	Independent Member	N/A	N/A	N/A	N/A
Khalid Baker Alem*(2)	Independent Member	N/A	N/A	N/A	N/A
Khaled Mohammed AlQazlan*(3)	Independent Member	N/A	N/A	N/A	N/A

*(1) The member, Faisal Hussain Badran, has resigned from BOD on 6/10/2021

*(2) The member, Khalid Baker Alem, has resigned from BOD on 14/10/2021

*(3) The member, Khled AlQazlan was appointed on 17th Nov 2021 till the conclusion of the remaining term of the Board

Related Party Transactions

The following table shows the important transactions that took place between the company and the relevant authorities for the members of the Board of Directors to have a personal interest in it and the value of these transactions during the year ending in 2021

All figures are in (Thousands) Saudi Arabia, Riyals

The contracting party	Term of the contract	The nature of the transaction	Balance as at December 31, 2021	Balance as at December 31, 2020	The name of the beneficiary	Role
Al Haj Hussain Alireza & Partners Co.	Multiple insurance policies for	Premiums Written	5,732	5,650	Khaled Hussein AliRiza	Director
		Payment Received	(6,306)	(7,201)		

Board of Directors' Report for the Year 2021

	multiple periods	Claims Paid	(2,780)	(617)		
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Transaction With Major Parties

The following table shows the important transactions that took place between the company and the major parties which none of the Board members nor executive management own interest in them.

All figures are in (Thousands) Saudi Arabia, Riyals

The contracting party	Term of the contract	The nature of the transaction	Balance as at December 31, 2021	Balance as at December 31, 2020
Saudi Bin Laden Group	Multiple insurance policies for multiple periods	Premiums Written	30,489	114,167
		Payment Received	(117,852)	(103,530)
		Claims Paid	(140)	(263)
Construction Produce Company	Multiple insurance policies for multiple periods	Premiums Written	7,086	7,163
		Payment Received	(23,226)	(5,457)
		Claims Paid	(665)	(257)

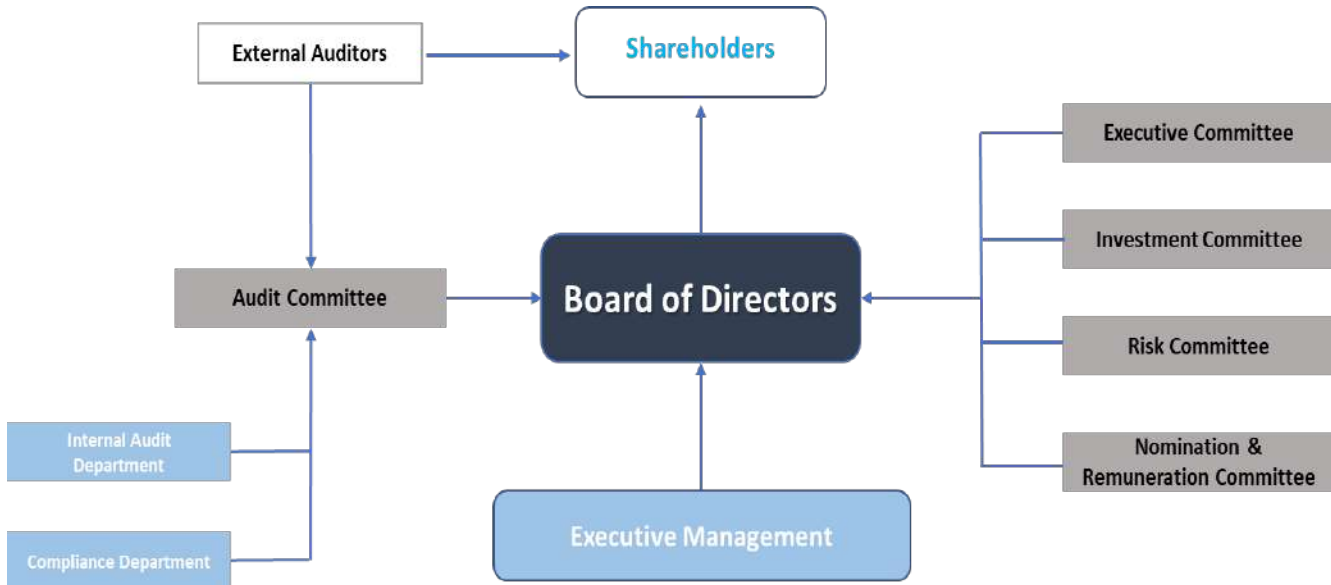
The Number of The Company's Applications for The Shareholders' Registry During The Year 2021 and The Dates of Those Applications

The shareholders' records were requested by the company 7 times during 2021, through the electronic service provided by Tadawulati. The following is a statement of the number of requests, dates, and reasons for those requests.

Request Date	Reason to Request
11-01-2021	The Extraordinary General Assembly will be held 13/01/2021
20-01-2021	Internal procedures to manage shareholders affairs and verify the identity of the registered shareholders when answering their questions
06-04-2021	Internal procedures to manage shareholders affairs and verify the identity of the registered shareholders when answering their questions
24-05-2021	Internal procedures to manage shareholders affairs and verify the identity of the registered shareholders when answering their questions
07-07-2021	The Ordinary General Assembly will be held 07/07/2021
18/08/2021	The Ordinary General Assembly will be held 18/08/2021
14/12/2021	Internal procedures to manage shareholders affairs and verify the identity of the registered shareholders when answering their questions

Board of Directors' Report for the Year 2021

Governance Structure



Board of Director

The board of directors consist of seven members appointed by the general assembly every three years. The board of directors have been elected for the fifth session through cumulative voting in the general meeting of shareholders held on January 13, 2021 for a period of three years ending on January 12, 2024. The board of director shall meet at least every three months, or whenever the need arises, at invitation of the Chairman of the board or at the request of two members. The quorum for a meeting of the board is complete if attended by two third of the members, provided that the number of attending members shall not be less than four members including an independent member.

Board Responsibilities

The Board of Directors approves strategic, accounting, organizational, and financing policies adopted by the Company as well as strategic plans and major transactions. Its responsibilities include the appointment and appropriate succession planning of executive officers and authorized signatories of the Company, in addition to supervision over the Company's management and performance. The Board of Directors also ensures the integrity of the accounting and financial reporting as well as the appropriateness of its disclosure. It promotes high standards of Corporate Governance and ensures compliance with applicable laws and regulation. It ensures that the interest of the shareholders and policyholders are always protected. The Board of Directors is also entrusted with organizing the Shareholders' meetings and carrying out Shareholders' resolutions. The Board of Directors shall also review and approve on annual or periodic basis the policies and procedures of the Company. The Board shall also assess the performance of the Board Committees on periodic basis

Names, Qualifications, and Experience of The Board Members:

	Name	Current Positions	Previous Positions	Qualifications	Experience
1	Khaled Hussein Alireza	Chairman of the Board of Directors Director of Financial Planning -	He held several administrative positions, including a member of the Board of Directors of Natco Computer Systems Company.	Bachelor's in business administration - University of	Mr. Alireza has held several administrative positions, including a member of the Board of Directors of Natco Computer Systems Company.

Board of Directors' Report for the Year 2021

		Chairman of the Board of Directors - Haji Hussain Alireza & Co Member of Board - Al Wasila Car Rental Company		Southern California, USA. Master's in marketing - Pepperdine University, USA.	
2	Khaled Ahmed Abdulaziz Al-Hamdan	Vice Chairman of the Board of Directors Member of Board - the Counselor Ahmed Abdulaziz Al-Hamdan Group	- Member of Board - Al-Watan Newspaper. -Member of Board - Saudi Arabian Refineries Company. -Member of Board - Onaizah Investment Company. -Member of Board - Qassim Development Company. -Member of Board - Al-Baha Investment Company. -Member of Board - Al-Wasatah Capital. -Chairman - Commercial Committee, Jeddah	Bachelor's in business administration - Cairo University.	Mr. Al-Hamdan holds a number of board positions in prestigious organizations across the kingdom.
3	Mohammed Abdullah AlYahya	Board of Directors Member	-Joined SABB Takaful's Board (Chairman) -Chief Risk Officer at the Saudi British Bank, as well as 26 years of working experience with them. -Worked with the Royal Air Forces	Bachelor's of Science (Florida A&M University) Major Civil Engineering	Mr. AlYahya has 31 years of working experience, with multiple Managerial positions in the Banking industry.
4	Mansour Abdulaziz AlSaghayer	Board of Directors Member	-CEO at the National Bank of Bahrain -BOD Member at the Saudi Fisheries Company. -BOD Member at the Southern Province Cement Co. -Head of business management at the Saudi British Bank -BOD Member at SABB Takaful -Regional Head of Corporate banking at the Saudi British Bank -Chief Corporate Banker at the National Commercial Bank -Unit Head at Banque Saudi Fransi	Executive MBA (London Business School) Bachelor's in Accounting (King Abdulaziz University)	Mr. AlSaghayer has 25 years of experience in Credit, Marketing, Financial Management, and leadership.
5	Bhaa Aldeen Omar Khashoggi	-Board of Directors Member -Country Head of Micro, Small and Medium entities (MSME) at Banque Saudi Fransi	-Assistant Regional General Manager at Banque Saudi Fransi, and 19 years of working experience with them.	Bachelor of Business Administration (Texas Christian University) Majors: Accounting & Finance Minor: Economics	Mr. Khashoggi has more than 19 years of experience in the field of management and corporate banking at Banque Saudi Fransi, which has earned him extensive experience in the field of management.
6	Faisal Hussain Badran*(1)	-Board of Directors Member -Partner - CdR Capital	-Audit Committee Member at Allianz Saudi Fransi (Non-Executive Director) - Non-Executive Director at National Port Services Co Limited -BOD Member at Herfy Food Services Company -Chief Investment Officer at Savola Group. -Mentor at Endeavor	-Oxford Private Equity Programme at University of Oxford-Said Business School -Executive Program, Transition to General Management at INSEAD	Mr. Badran has more than 27 years of global working experience, with comprehensive knowledge of financial markets and company valuations.

Board of Directors' Report for the Year 2021

		<ul style="list-style-type: none"> - Investment Committee Member at Eastgate Capital Group. - Chief Investment Officer & Head of Asset Management at NCB Capital. -BOD Member at HC Securities & Investment. -Senior VP Head of International Expansion & Strategy at NCB. -Co-founder of Filovault SARL. -VP Risk Management at middle east Capital Group (MECG). - Managing Partner at Vector Asset Management. -Portfolio Manager at UBS. - VP Forex Trading at Bankers Trust -AVP at Chase Manhattan Bank 	<ul style="list-style-type: none"> -Executive program, Corporate Strategy and M&A at INSEAD -Executive Education, NCB Leadership Program at INSEAD -Economics & Monetary Policy at the University of Chicago 		
7	Khalid Baker Alem*(2)	<ul style="list-style-type: none"> - Board of Directors Member -Deputy CEO at international Medical Center 	<ul style="list-style-type: none"> -Director of North Jeddah project and KAUST. -Deputy Chief Medical Officer at International Medical center. -Chairman of Family Medicine at International Medical 	<ul style="list-style-type: none"> -Medical Council of Canada Evaluation Examination for Graduates of Foreign Medical Schools. -MBBS (King Abdulaziz University) 	Mr. Alem held several administrative positions in the Medical field. He also gained a Jordanian fellowship in Family Medicine.
8	Khaled Mohammed AlQazlan*(3)	<ul style="list-style-type: none"> -Board of Directors Member -Adviser to the Minister of Hajj and Umrah 	<ul style="list-style-type: none"> -Human Resources Manager at Gulf General Cooperative Assurance -Human Resources Manager at MedGulf. -Human Resources Manager at NCB – AlAhli Takaful -Manager of the Training& Development dept at Bankalbilad -Talent and Recruitment Manager at the Saudi British Bank -Chief of Technical dept at College of Technology 	<ul style="list-style-type: none"> Master's in Business Administration (Colorado Technical university) Major: Project Management & Management Information Systems 	Mr. Alqazlan has more than 18 years of experience in Human Resources Management at the Banking and Insurance industry.

*(1) The member, Faisal Hussain Badran, has resigned from BOD on 6/10/2021

*(2) The member, Khalid Baker Alem, has resigned from BOD on 14/10/2021

*(3) The member, Khaled AlQazlan was appointed in 17th Nov 2021 till the conclusion of the remaining term of the Board

On Wednesday 28/02/1443, corresponding to 05/10/2021, the member of the Board of Directors, Mr. Faisal Hussain Badran, submitted his resignation from his position as an independent board member. The reason for his resignation is due to his other work obligations. The Board of Directors approved this resignation on 29/02/1443 corresponding to 06/10/2021, provided that it shall take effect from 29/02/1443 corresponding to 06/10/2021.

On Tuesday 06/03/1443, corresponding to 12/10/2021, the member of the Board of Directors, Mr. Khalid Bakor Alem, submitted his resignation from his position as an independent board member. The reason for the resignation is due to personal issues. The Board of Directors approved this resignation on 08/03/1443 corresponding to 14/10/2021, provided that it shall take effect from 08/03/1443 corresponding to 14/10/2021. Khaled alQazlan was an external member to the Nomination & Remuneration Committee. The Board of Directors approved the appointment of Mr. Khalid Mohammed AlQazlan to the company's board of directors, according to the decision of the board held on 08/03/1443 corresponding to 14/10/2021 and SAMA no

Board of Directors' Report for the Year 2021

objection letter dated 11/04/1443 corresponding to 17/11/2021, Board Approval May not be Deemed Final, this Appointment Shall Be Put before the First General Assembly Meeting for Approval

Board Structure

Board Member Name	Type of Membership	Classification of Membership
Khaled Hussein Alireza	Chairman	Non-Executive
Khaled Ahmed Abdulaziz Al-Hamdan	Vice-Chairman	Independent
Mohammed Abdullah Al Yahya	Member	Independent
Mansour Abdulaziz Al Saghayer	Member	Independent
Bhaa El-Din Omar Khashoggi	Member	Non-Executive
Faisal Hussain Badran*(1)	Member	Independent
Khalid Baker Alem*(2)	Member	Independent
Khaled Mohammed AlQazlan*(3)	Member	Independent

*(1) The member, Faisal Hussain Badran, has resigned from BOD on 6/10/2021

*(2) The member, Khalid Baker Alem, has resigned from BOD on 14/10/2021

*(3) The member, Khalid AlQazlan was appointed in 17th Nov 2021 till the conclusion of the remaining term of the Board

Board Meeting for The Year

During 2021, the BOD held Seven (10) meetings according to the attendance record shown in the table below:

Name	Meeting and attendance									
	1 st meeting 13/01/20 21	2 nd meeting 21/03/20 21	3 rd meeting 11/04/20 21	4 th meeting 22/04/20 21	5 th meeting 09/05/20 21	6 th meeting 02/06/20 21	7 th meeting 08/09/20 21	8 th meeting 14/10/20 21	9 th meeting 04/11/20 21	10 th meeting 23/12/20 21
1 Khaled Hussein Alireza	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2 Khaled Ahmed Abdulaziz Al-Hamdan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3 Mohammed Abdullah Al Yahya	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4 Mansour Abdulaziz Al Saghayer	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5 Bhaa El-Din Omar Khashoggi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Board of Directors' Report for the Year 2021

6	Faisal Hussain Badran*(1)	✓	✓	✓	✓	✓	✓	✓			
7	Khalid Baker Alem*(2)	✓	✓	✓	✓	✓	✓	✓			
8	Khaled Mohammed AlQazlan*(3)										✓

*(1) The member, Faisal Hussain Badran, has resigned from BOD on 6/10/2021

*(2) The member, Khalid Baker Alem, has resigned from BOD on 14/10/2021

*(3) The member, Khalid AlQazlan was appointed in 17th Nov 2021 till the conclusion of the remaining term of the Board

Membership of Board Members in Other Companies

Member Name	Name Of the Company Which a Board Member Is Currently a Member of Their Board Or Manager	Inside / Outside KSA
Khaled Hussein Alireza	1) Chairman at United Cooperative Assurance 2) Financial Planning Manager & Director at Haji Hussein Alireza & Co Ltd.	1) Inside 2) Outside
Khaled Ahmed Abdulaziz Al-Hamdan	Vice Chairman: United Cooperative Assurance Alhamdan Group Consultancy and Development Saudi Arabian Refineries Company 2) Vice Chairman: Takana Import & Export 3) Board Member: Qassim Construction Unizah Investment Company Alwatan Newspaper Canadian Saudi Arabian Business Council 4) Board Member Spot Coffee 5) General Manager: Takana Trading Est Takana Agency for Advertisement and event Management	1) Inside 2) Outside 3) Inside 4) Outside 5) Inside
Mohammed Abdullah Al Yahya	1) Board Member at United Cooperative Assurance	1) Inside
Mansour Abdulaziz Al Saghayer	Board Member: United Cooperative Assurance Saudi Fisheries Company Southern Province Cement Co 2) CEO at National Bank of Bahrain	1) Inside 2) Inside
Bhaa El-Din Omar Khashoggi	1) Board Member at United Cooperative Assurance 2) Country Head of Micro, Small and Medium Entities (MSME) at Banque Saudi Fransi	1) Inside 2) Inside
Faisal Hussain Badran	1) Board Member at United Cooperative Assurance 2) Partner at CdR Capital	1) Inside 2) Outside

Board of Directors' Report for the Year 2021

Khalid Baker Alem	1) Board Member at United Cooperative Assurance 2) Deputy CEO at International Medical Center	1) Inside 2) Inside
Khaled Mohammed AlQazlan	1) Board Member at United Cooperative Assurance 2) Advisor to the Minister of Hajj and Umrah	1) Inside 2) Inside

Board's Sub-Committees

The company has five committees emanating from the board of directors, each committee submits its recommendations to the Board of Directors within the framework of its competence as follows:

Executive Committee

This committee consist of three board members in order to manage the affairs of the company and exercises all the powers assigned to them by the board in accordance with the instructions and directives of the board. It follows up with the company's management regarding the board's recommendations as well as they add any suggestions for future plans. The following is a table showing the names of the members of the Executive Committee and the number of their meetings during the year 2021:

Key Role and Responsibilities

The Executive Committee shall participate in preparing the Company's strategy, review the company's performance, including, but not limited to, the following responsibilities:

- Review Capital investment guarantee requests and approve project within the power of the committee.
- Review management report.
- Provide recommendation to the board of directors.
- Reviewing the policies and procedures proposed by the executive management.
- Periodic reviewing governance roles.
- Execution of tasks assigned by the board.

Executive Committee Meetings

	Name	Position	Membership type	Meeting and attendance					
				1 st meeting 06/07/2021	2 nd meeting 20/09/2021	3 rd meeting 28/09/2021	4 th meeting 14/10/2021	5 th meeting 06/12/2021	6 th meeting 29/12/2021
1	Khaled Hussein Alireza	Committee Chairman	Non-Executive	✓	✓	✓	✓	✓	✓
2	Khaled Ahmed Abdulaziz Al-Hamdan	Board Member	Independent	✓	✓	✓	✓	✓	✓
3	Mansour Abdulaziz Al Saghayer	Board Member	Independent	✓	✓	✓	✓	✓	✓

Investment Committee

The board of directors appointed an investment committee to exercise oversight into investment activities, which shall be responsible of submitting recommendations to the board about all matter related to investment such as the company's investment policy and assets distribution plans. The committee shall be authorized to issue resolution connected to investment within the context of company investments policies and assets distribution plans endorsed by the Board and to choose the most appropriate investment for the company's funds within the rules and controls stipulated by the Monetary Authority with the least possible risk. The investment policy of the company has been prepared and approved by the Board of Directors with full

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compliance with the executive regulations and regulations issued by the supervisory authorities. The committee shall also be responsible for the supervision of the investment portfolio performance.

Key Role and Responsibilities

The Investment Committee shall formulate, prepare the investment policy, review its performance, and implement it quarterly, including, but not limited to, the following matters:

- Reviewing the performance of all asset categories.
- Submitting the portfolio performance report to the Board of Directors.
- prepare a written policy that includes risk limits and delegated powers and a recommendation in the event of any amendments and obtain the approval of the Board.
- Reviewing all risk limits and exposures in investment activities on periodically basis to ensure its suitability to the current market conditions and the company's ability to take risks in general.
- Ensuring that all investment-related activities commit to the requirements of the investment regulations issued by SAMA and the requirements of other relevant laws and regulations.

Below is a table showing the names of the members of the Investment Committee and the number of their meetings in 2021.

Meeting of The Investment Committee

	Name	Position	Membership type	Meeting and attendance	
				1 st meeting 29/07/2021	2 nd meeting 21/10/2021
1	Faisal Hussain Badran*(1)	Committee Chairman	Independent	✓	
2	Bhaa El-Din Omar Khashoggi	Board Member	Non-Executive	✓	✓
3	Mansour Abdulaziz Al Saghayer*(2)	Board Member	Independent	✓	✓

*(1) The member, Faisal Hussain Badran, has resigned from BOD on 6/10/2021

*(2) The member Mansour Al Saghayer was appointed on 28th Dec 2021 as the committee Chairman

Risk Committee

The formation of the committee and the preparation of its regulations were approved at the general meeting held on December 14, 2017, while Two meeting of the committee was held during the year 2021, which contributed to keeping pace with rapid developments that may affect the effectiveness of risk management in the company.

Key Role and Responsibilities

The key roles of the Committee are:

1. Developing comprehensive strategies and policies for risk management that are consistent with the nature and volume of the Company's activities.
2. Monitoring the implementation of defined risk management strategies and policies and reviewing and updating them based on relevant internal and external changing factors.
3. Ensuring that Company's exposure to risk is at an acceptable level that its risk exposure does not exceed such level.
4. Ensuring the Company's business continuity.
5. Ensuring that the Company's senior management continuously identify the risks that threaten the Company's existence and effectively identifies the risk exposures of the Company on annual basis.

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6. Overseeing the Company's risk management system and assessing the effectiveness of the systems and mechanisms for determining and monitoring the risks that threaten the Company.
7. Regularly reassessing the Company's ability to accept such risks.
8. Advising the Board on issues related to risk management.
9. Reviewing any issues faced by the Audit Committee that may affect the Company's risk management activities.

Key Responsibilities of The Committee

The key responsibilities of the Committee shall be to assist the Board in its risk management oversight responsibilities including the following:

1. Establish the risk management framework of the Company.
2. Define the risk appetite of the Company.
3. Ensure implementation of action plans and controls to reduce and manage risks.
4. Ensure rigorous Board oversight over significant risks issues.

The Company will assess, manage, and monitor risks on a continuous basis. The main responsibilities of the Risk Management Committee shall comprise the following:

1. The committee's mandate includes monitoring the performance and implementation of the internal control systems of the Company, ensuring the effectiveness and efficiency of those systems, verifying the implementation of internal control decisions and actions.
2. Identifying risks that may imperil the Company and maintaining an acceptable risk profile for the Company.
3. Overseeing the risk management system and assessing its effectiveness.
4. Defining a comprehensive risk management strategy for the Company, overseeing its implementation, and reviewing and updating it on a regular basis by taking into account developments that are internal and external to the Company.
5. Reviewing risk management policies.
6. Re-evaluating the Company's tolerance for, and exposure to, risk on a regular basis (e.g., through stress testing exercises).
7. Reviewing the Products development Committee reports to assist the Insurer in monitoring risks of its Insurance Product effectively.
8. Reporting to the Board details of risk exposures and recommending actions to manage them.
9. Ensuring the availability of adequate resources and systems for risk management.
10. Verifying the independence of the risk management employees from activities that may expose the Company to risk.
11. Evaluating the performance of the Head of Risk Management as well as the activities of the Risk Management Department.
12. Review and approve the request for information from management, staff of Company or any other party with regard to activities, decisions, and resolutions of the Committee.

Risk Committee Meetings

Name	Position	Membership type	Meeting and attendance	
			1 st meeting 26/09/2021	2 nd meeting 09/12/2021

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1	Bhaa El-Din Omar Khashoggi	Committee Chairman	Non-Executive	✓	✓
2	Faisal Hussain Badran*(1)	Board Member	Independent	✗	
3	Khalid Baker Alem*(2)	Board Member	Independent	✓	
4	Khaled Mohammed AlQazlan*(3)	Board Member	Independent	NA	✓
5	Ahmed Tawfiq AlKhamis*(4)	RC Member	External member	NA	NA

*(1) The member, Faisal Hussain Badran, has resigned from BOD on 6/10/2021

*(2) The member, Khalid Baker Alem, has resigned from BOD on 14/10/2021

*(3) The member was appointed as a board member in 17th Nov 2021 till the conclusion of the remaining term of the Board & as a risk committee member on 22th Nov 2021.

*(4) Risk Committee member from outside Bod as of 28/12/2021

Nomination & Remuneration Committee

This committee works according to the law approved by the Board of Directors and is responsible for recommendations for nomination for membership of the Board of Directors and for the annual review of the required needs of appropriate skills for membership of the Board. It also reviews the structure of the Board of Directors and makes recommendations regarding the changes that can be made, in addition to establishing clear policies for the remuneration of the Board of Directors and senior executives. It is taken into account when setting these policies to use performance-related criteria.

Key Role and Responsibilities

- Preparing a clear policy for the remuneration of members of the Board, the committees emanating from the Board and the executive management and submitting it to the Board for consideration in preparation for its approval by the General Assembly, provided that in such policy, performance-related standards shall be followed, disclosed and verified.
- Clarifying the relationship between the remuneration granted and the applicable remuneration policy and indicating any material deviation from this policy.
- Periodically reviewing the remuneration policy and evaluating its effectiveness in achieving its intended objectives.
- Recommending to the Board the remuneration of members and committees emanating therefrom and senior executives of the company in accordance with approved policy.
- Reviewing the CEO's financial remunerations, including long and short-term incentives, in addition to determining the ceiling of results expected to be achieved by the CEO and making recommendations in this regard to the Board of Directors.
- Reviewing and authorizing the CEO's recommendations on financial remuneration for senior executives
- Ensuring of the company's commitment and compliance with the policy of remuneration of board members, members of committees emanating from the board of directors and executive management approved by the General Assembly of shareholders.
- Suggesting clear policies and standards for membership in the Board and the Executive Management.
- Recommending the Board to nominate and re-nominate members in accordance with the approved policies and standards, considering not to nominate any person previously convicted of a breach of trust.
- Preparing a description of the capabilities and qualifications required for membership of the Board and the executive management positions.
- Determining the time that the member shall allocate for the work of the Board.

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- Annual reviewing of the necessary needs of appropriate skills or expertise to the membership of the Board and the positions of the executive management, with the identifying the weaknesses and strengths in the Board and the Executive Management and proposing to address them in conformity with the interest of the company.
- Reviewing the structure of the Board and the Executive Management and make recommendations regarding changes that can be made.
- Annually verifying the independence of the independent members and that there is no conflict of interest if the member is a member of the board of directors of another company.
- Setting job descriptions for executive, non-executive, and independent members and senior executives.
- Establishing special procedures in the event of a vacancy in the position of a member of the Board or senior executives.
- Identifying the weaknesses and strengths in the Board and proposing solutions to address them in conformity with the interest of the company.
- Providing an appropriate level of training and familiarization with the new board members about the company's tasks and achievements so that they can perform their work with the required efficiency.
- Studying and reviewing the performance of the executive management.
- Studying and reviewing the job placement plans for the company in general, the Board, the CEO, and senior executives.
- Studying and reviewing the CEO's recommendations for appointing and terminating senior executives, except for the Director of the Internal Audit Department, who was appointed and dismissed on the recommendation of Audit Committee the company

Meeting of The Nomination & Remuneration Committee

	Name	Position	Membership type	Meeting and attendance			
				1 st meeting 17/08/2021	2 nd meeting 05/10/2021	3 rd meeting 02/11/2021	4 th meeting 28/12/2021
1	Khaled Mohammed AlQazlan*	Committee Chairman	Independent	✓	✓	✓	✓
2	Mohammed Abdullah Al Yahya	Board Member	Independent	✓	✓	✓	✓
3	Khaled Ahmed Abdulaziz Al-Hamdan	Board Member	Independent	✓	✓	✓	✓

* External member and was appointed as a board member on 17th Nov 2021 till the conclusion of the remaining term of the Board

Audit Committee

Members of the Audit Committee (from outside the company) were elected for on August 08, 2021, and for a period of three years ending on January 12, 2024, at the general meeting of shareholders held on August 8, 2021.

Key Role and Responsibilities

The duties of the audit committee include, but are not limited to, the following:

- Exercise oversight over the internal audit function.
- Recommending to the Board of Directors to approve the appointment or reappointment and dismissal of external auditors, determine their fees and evaluate their performance after verifying their independence

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and reviewing their work and terms of contracting with them. This includes ensuring that the nominated external auditors have the expertise needed to audit the business of insurance and / or reinsurance companies.

- Appointing and dismissing the director of the compliance department or the compliance officer after obtaining a no-objection from the concerned authority in writing.
- Appointing and dismissing the director of the internal audit department or the internal auditor after obtaining a no-objection from the concerned authority in writing.
- Ensuring the independence of the external auditors from the company, the members of its board of directors, and the senior management of the company.
- Ensuring the independence of the internal audit department or the internal auditor in performing their duties and ensuring that there are no restrictions on their work or the existence of anything that could negatively affect their work.
- Ensuring the independence of the Compliance Department or the Compliance Officer in performing their duties and ensuring that there are no restrictions on their work or the existence of anything that could negatively affect their work.
- Discussing the initial annual and quarterly financial statements with the external auditors and senior management of the company before issuing the same.
- Reviewing the initial annual and quarterly financial statements and make recommendations to the Board of Directors in their regard.
- Reviewing critical accounting policies and procedures as well as the modifications that might be introduced thereto.
- Reviewing the external auditors reports and make recommendations thereon to the Board of Directors.
- Evaluating the level of efficiency, effectiveness, and objectivity of the work of the external auditors, the internal audit department, as well as the compliance.
- Reviewing the observations of the concerned authority and the relevant supervisory and supervisory authorities regarding any statutory violations or requesting corrective measures and submitting recommendations regarding them to the Board of Directors.
- The audit committee reviews the company's financial statements, auditor's reports and notes, and provides its opinion, if any. The committee also prepares a report on its opinion on the efficiency of internal control within the company, and on any other activities within its competence.

Names, Qualifications, and Experience of Audit Committee Members

Name	Current jobs	Previous experiences, qualifications, and positions
Mohammed Abdullah AlYahya	Board of Directors Member	He Has held Bachelor's of Science (Florida A&M University) in Civil Engineering Mr. AlYahya has 31 years of working experience, with multiple Managerial positions in the Banking industry. Joined SABB Takaful's Board (Chairman) Chief Risk Officer at the Saudi British Bank, as well as 26 years of working experience with them. Worked with the Royal Air Forces
Ahmed Tawfiq AlKhamis	Chief Operation Officer – National Bank of Bahrain	He has held a bachelor's degree in finance from King Fahd University of Petroleum and Minerals. He is currently the Chief Operation Officer at National Bank of Bahrain, and he

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		has previously worked in many positions that earned him extensive experience in the field of insurance and risk.
Tarik Ali AlFayiz	Chief Compliance Officer - National Bank of Bahrain	He has held a bachelor's degree in marketing from King Fahd University of Petroleum and Minerals. He is currently the Chief Compliance Officer at National Bank of Bahrain, and he has previously worked in many positions that earned him extensive experience in the field of insurance and compliance.
Mohammed Hadi Al Dowais	Owner of Mohammed AlDowais accounting firm	He has held a master's degree in banking management from the institute of public administration, in addition to a fellowship from the Saudi Organization for Certified Public Accountants. He has previously worked in many positions that earned him extensive experience in the field of financial auditing and auditing.

Audit Committee Meetings

	Name	Position	Membership Type	Meeting and attendance					
				1 st meeting 14/09/2021	2 nd meeting 28/09/2021	3 rd meeting 28/10/2021	4 th meeting 24/11/2021	5 th meeting 08/12/2021	6 th meeting 29/12/2021
1	Mohammed Abdullah Al Yahya	Committee Chairman	Independent	✓	✓	✓	✓	✓	✓
2	Ahmed Tawfiq AlKhamis	AC Member	External member	✓	✓	✓	✓	✓	✓
3	Tarik Ali AlFayiz	AC Member	External member	✓	✓	✓	✓	✓	✓
4	Mohammed Hadi Al Dowais	Board Member	External member	✓	✓	✓	✓	✓	✓

Executive Management Names, Qualifications, and Experience

	Name	Current Positions	Previous Positions	Qualifications	Experience
1	Mohammed Bin Mohammed-Said Basrawi	Chief Executive Officer (CEO)	Deputy CEO & COO at Allianz Saudi Fransi Cooperative Insurance (AZSF) COO- Voice & Data at Hoshan Company LTD. Principal Consultant & Advisor at Xenith, SARL Vice President at Orbit Communications Company (OCC) Director of Operations at Orbit Productions (OP) Executive Vice- President at Arab Network of America, INC. (ANA) Graduate School Lecturer at The Ohio State University Consultant at Resource International, INC. Statistical Consultant at The Ohio State University Contractor worked on various private construction projects	PH.D. Candidate (The Ohio State University) Major - Civil Engineering Geotechnical & Materials Engineering Minors - Construction Engineering & Management - Statistics - Operations Research -Business Administration Master of Science (The Ohio State University) Major -Construction Engineering & Management BS in Civil Engineering (The Ohio State University) Major -Structures International College	Mr. Basrawi has over 25 years of international executive experience in start-ups and turnarounds

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				United Nations International School	
2	Sultan Sindi	Chief Financial Officer (CFO)	Deputy CFO at Wataniya Insurance Company Director- Financial Planning, Collection Services & Solutions at Bupa Arabia Finance Manager at Radwa Trading Company (Chalhoub Group) Associate at Arqaam Capital (Crescent Point Group) Analyst at Istithmar World Capital	Master of Business Administration (London Business School) BS of Science Degree (American university of Sharjah) Major -Finance Minor -Economics Memberships: -CFA Institute - GARP (Financial Risk Manager) -CAIA Association	Mr. Sindi has 15 years of international financial experience, as well as CFA Certification.
3	Shaher AlMadani	Chief Operations Officer (COO)	Deputy Head of Human Resources at SABB Takaful HR & Government Relations Department Supervisor at Allianz Saudi Fransi	BS of Business Administration (King Faisal University)	Mr. Almadani has over 10 years of HR Management experience, with the skill to integrate HR's functions with the overall business strategy
4	Waheed Khayyat	Chief Information Officer (CIO)	-Director of IT Infrastructure at King Faisal Specialist Hospital Research Center	Master of Business Administration (University of Manchester) BS of Science Degree (King Abdulaziz University) Major -Computer & Electrical Engineering	Mr. Khayyat has over 18 years of experience in digital and information Technologies in the Healthcare industry.
5	Marwan AlHazmi	Chief Sales & Marketing Officer	-Head of Sales & Operation at King Abdulla Economic City (KAEC)	MBA in Marketing & Advanced Marketing Strategies (The University of Leicester)	Mr. AlHazmi has over 10 years of experience in business planning, sales & marketing management.
6	Abdullah Biary	Chief Information Security Officer	-Acting CISO at Salama COOP Insurance -Cyber Security Analyst at king Abdulaziz University	Master of Engineering & Applied Science (George Washington University) Bachelor's degree at Management Information System (University of Business Administration and Technology)	Mr. Biary has an experience in developing Cyber Security Strategy & Governance.
7	Abdulaziz Mirdad	Chief Compliance Officer	-General Manager for the pilgrimage season at South Asia Establishment -Associate Attorney at Yasser Gazzaz Law Firm -Trainee Lawyer at Dar Alfarouq Law Firm -Trainee Lawyer at Muhammed Aied Alsulami Law Firm -Western Region Secretary at Alnawafiz Alarabia -Coordinator at the Ministry of Hajj	Bachelor's degree at Law (King Abdulaziz University)	Mr. Mirdad worked at multiple law firms which provided him with thorough exposure and knowledge in the legal and compliance field.

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8	Ammar Alsayrafi*	Chief Financial Officer (CFO)	-CFO & Board secretary at Malath Insurance Co. -Finance Manager at Gulf General Cooperative Insurance Co. -Finance Manager at Kuehne-nagel Co.LTD Asst. -Consultant at Ernst & young Business	Bachelor's degree in Accounting (Um Al-Qura University)	Mr. Alsayrafi has more than 14 years of experience in Finance management and Team leadership, which was mainly focused on the insurance industry.
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*Resigned from UCA on 7th of Nov 2021

Remuneration of The Board, Committee, And Executive Management Members

Board Remunerations

The Board members shall receive a fixed annual remuneration as shown below:

Position	Fixed annual Remuneration amount
Chairman of the board	300,000
Each member of the board Non-Executive and Independent	180,000
Each member of Board committees if they are not Board members (External member)	40,000

Allowance for attending Meetings:

- Each board member shall receive an amount of three thousand Riyal for each board meeting and one thousand five hundred Riyal for each general assembly they attend (excluding travel, and subsistence expenses)
- Each board member shall receive an amount of One thousand five hundred Riyal for each board's sub-committee meeting
- Committee members are entitled to a compensation against the expenses they may bear in attending meetings and performing their duties as committees' members.

The following table shows the allowances and remunerations received by Board members and Committee's members were obtained during 2021.

Name	Attending Allowance for the BOD Meetings	Attending Allowance for General Assembly Meetings	Attending Allowance for Committee Meetings	Total
Khaled Hussein Alireza	30,000	1,500	9,000	40,500
Khaled Ahmed Abdulaziz Al-Hamdan	30,000	4,500	15,000	49,500
Mohammed Abdullah Al Yahya	30,000	3,000	6,000	39,000
Mansour Abdulaziz Al Saghayer	30,000	3,000	12,000	45,000
Bhaa El-Din Omar Khashoggi	30,000	4,500	6,000	40,500

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Faisal Hussain Badran*(1)	21,000	1,500	1,500	24,000
Khalid Baker Alem*(2)	21,000	1,500	1,500	24,000
Khaled Mohammed AlQazlan*(3)	3,000	NA	7,500	10,500

*(1) The member, Faisal Hussain Badran, has resigned from BOD on 6/10/2021

*(2) The member, Khalid Baker Alem, has resigned from BOD on 14/10/2021

*(3) External member and was appointed as a board member on 17th Nov 2021 till the conclusion of the remaining term of the Board

Audit Committee Remuneration

Remunerations of the members of Audit Committee, whether from BOD or abroad, shall be as follows:

Name	Position	Fixed annual Remuneration amount	Meeting Attendance Allowance	Total
Mohammed Abdullah Al Yahya	Committee Chairman	60,000	9,000	69,000
Ahmed Tawfiq AlKhamis	External member	40,000	9,000	49,000
Tarik Ali AlFayiz	External member	40,000	9,000	49,000
Mohammed Hadi Al Dowais	External member	40,000	9,000	49,000

Executive Management Remuneration

Five Senior executives, including the CEO and CFO	
Salaries	3,622,000
Fixed allowance	1,244,577
Performance-based annual bonuses	NA

The Company would like to address that there weren't any rewards or incentive given to the senior executive management including the CEO and CFO during 2021 nor 2020

Results of The Annual Review of The Effectiveness and Procedures of Internal Control:

The internal audit department in the company implemented the annual internal audit plan approved by the audit committee, and the reports of the important observations were submitted to the senior management and the audit committee. Accordingly, the executive management developed an action plan to implement and address all observations contained in the internal audit reports.

With regard to the results of the annual review of the effectiveness of the company's internal control procedures, the audit committee believes that the internal control system of the company requires further development to keep pace with the volume of business and changing market dynamics. The executive management of the company has discussed internal audit findings and recommendations with the aim of developing a corrective plan to address identified gaps. The audit committee is expected to follow up on implementation progress during 2022.

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Name of Each Affiliate Company, Its Capital, The Company's Ownership Percentage, The Main Scope of Business, Country of Operation and Country of Incorporation

The company does not have any affiliates companies

The Audit Committee's Recommendations Conflicting With Board Resolution or Those Which The Board Disregards Relating To Appointment, Dismissal, Assessment or Determining The Remuneration of An External Auditors, As Well As Justifications For Those Recommendations and Reasons for Disregarding Them.

There are no recommendations

Information Related to Any Loans On The Company In Accordance With The Requirements of Paragraph (27) Of Article (90) of The Corporate Governance Regulations, or Submitting A Declaration - In The Absence of Loans on The Company

The company does not have any loans

Board of Directors' Report for the Year 2021

Summary of The Company's Assets, Liabilities, And Results of The Last Five Fiscal Years

All figures are in (Thousands) Saudi Arabia, Riyals

Statement of financial position

Insurance Operations	2021	2020	2019	2018	2017
Cash & Cash equivalent	87,067	51,356	216,199	88,477	43,953
Short Term Deposit	0	22,656	23,496	0	0
Premiums and reinsurers' receivables	156,051	239,606	202,452	169,736	253,621
Reinsurers' share of unearned premiums	91,978	209,598	137,914	94,750	204,792
Reinsurers' share of outstanding Claims	36,506	41,720	45,581	88,169	
Reinsurers' share of claims incurred but not reported	114,849	126,264	112,881	135,637	291,905
Deferred policy acquisition costs	10,571	12,645	6,444	5,699	10,301
Investments	86,401	115,088	227	160,159	260,322
Due from insurance operations	37,315	0	-	0	0
Prepaid expenses and other assets	59,113	67,449	36,685	45,823	52,646
Property and equipment - net	9,122	10,346	7,008	1,902	2,667
Intangible assets	9,813	4,598	0	0	0
Right-of-use asset-net	7,089	7,556	0	0	0
Less Inter - operations eliminations	(37,315)	0	0	0	0
Total Insurance Operations Assets	668,560	908,882	788,887	790,352	1,120,207

Shareholders' Operations

Cash & Cash equivalent	702	10,379	41,454	1,056	94,843
Investments	164,125	173,278	190,721	224,596	134,755
Prepaid expenses and other assets	1,222	1,038	1,071	1,378	1,271
Due from insurance operations	0	32,675	33,493	4,700	62,944
Goodwill	78,400	78,400	78,400	78,400	78,400

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Statutory deposit	60,000	60,000	60,000	73,500	73,500
Accrued commission income on statutory deposit	5,396	4,904	3,824	2,635	1,448
Less Inter - operations eliminations	0	(32,675)	(33,493)	(4,700)	(62,944)
Total Shareholders' Operations Assets	309,845	360,674	408,963	386,265	384,217
Total Assets	978,405	1,269,556	1,197,850	1,176,617	1,504,424

Statement of financial position

Insurance Operations Liabilities	2021	2020	2019	2018	2017
Policyholders payable	24,100	5,396	13,419	19,361	9,177
Accrued and other liabilities	66,816	45,533	66,957	55,253	96,745
Reinsurers balances payable	95,067	156,440	178,413	122,227	178,145
Unearned premiums	185,439	302,452	163,093	141,051	270,374
Unearned reinsurance commission	15,683	34,994	27,769	19,295	31,460
Outstanding claims	83,964	62,921	66,652	111,586	122,927
Claims Incurred but not reported	140,599	169,749	162,673	209,481	281,638
Premium deficiency reserve	25,378	25,748	18,760	16,454	3,566
Other technical reserves	16,176	13,378	9,604	36,539	6,925
Due to shareholders' operations	0	32,675	33,493	4,700	62,944
Employees' defined benefit obligations	10,029	10,288	9,475	18,018	20,676
Lease liabilities	6,187	6,397	0	0	0
Surplus from insurance operations	37,053	37,053	37,053	36,037	36,037
Less: Inter-operations eliminations	0	(32,675)	(33,493)	(4,700)	(62,944)
Fair value reserve on investments - insurance operations	(3,546)	3,734	15	(86)	(407)
Total Insurance Operations Liabilities	702,945	874,083	753,883	785,216	1,057,263

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Shareholders' Operations Liabilities

Accrued and other liabilities	2,169	1,081	497	560	617
Due to a related party	0	0	270	270	270
Due to shareholders' operations	37,315	0	0	0	0
Zakat and Income tax payable	14,846	21,750	28,936	22,488	23,708
Accrued commission income on statutory deposit payable to SAMA	5,396	4,904	3,824	2,635	1,448
Less Inter operations eliminations	(37,315)	0	0	0	0
Total shareholders' liabilities and insurance operations reserve	22,411	27,735	33,527	25,953	26,043

Total Liabilities and Insurance Operations Reserve	725,356	901,818	787,410	811,169	1,083,306
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Equity

Share Capital	400,000	400,000	400,000	400,000	490,000
Statutory reserve		31,944	31,944	31,944	31,944
Accumulated losses	(149,752)	(108,025)	(64,145)	(71,684)	(97,512)
Fair value on investments	(133)	9,020	7,637	52	(3,314)
Re-measurement reserve of employees' defined benefit obligations insurance operations	2,934	2,124	1,511	436	

Total Equity	253,049	335,063	376,947	360,748	421,118
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Total Liabilities Insurance operations Reserve and Equity

978,405	1,236,881	1,164,357	1,171,917	1,504,424
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Revenues Insurance Operations

	2021	2020	2019	2018	2017
Gross premiums written	409,756	616,861	420,292	391,968	580,565
Reinsurance premiums ceded					
Local	(26,743)	(30,604)	(21,537)	(12,271)	(13,328)
Foreign	(198,526)	(380,697)	(341,103)	(273,445)	(418,944)

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	(225,269)	(411,301)	(362,640)	(285,716)	(432,272)
Reinsurance excess of loss expenses					
Local	(1,874)	(818)	(360)	(270)	(263)
Foreign	(7,333)	(4,635)	(3,014)	(2,383)	(3,397)
	(9,207)	(5,453)	(3,374)	(2,653)	(3,660)
Net premiums written	175,280	200,107	54,278	103,599	144,633
Change in unearned premiums-net	(607)	(67,675)	21,122	19,282	44,274
Net premiums earned	174,673	132,432	75,400	122,881	188,907
Reinsurance commissions earned	44,202	39,872	41,233	49,640	59,251
Total Revenues	218,875	172,304	116,633	172,521	248,158
Underwriting Cost & Expenses					
Gross claims paid	264,721	151,457	153,228	212,946	366,792
Reinsurers' share of claims paid	(90,807)	(59,581)	(92,990)	(138,035)	(182,811)
Net claims paid	173,914	91,876	60,238	74,911	183,981
Change in outstanding claims-net	26,257	130	(2,346)	(10,126)	(30,785)
Change in claims incurred but not reported net	(17,735)	(6,307)	(24,053)	(5,272)	(96,010)
Net claims incurred	182,436	85,699	33,839	59,513	57,186
Premium deficiency reserve	(370)	6,988	2,306	12,888	3,170
Other technical reserves	2,798	3,774	(26,935)	29,615	(4,930)
Policy acquisition costs	23,082	16,521	9,868	13,885	18,156
Other underwriting expenses	3,296	2,790	2,549	3,278	3,513
Total Underwriting Costs & Expenses	211,242	115,772	21,627	119,179	77,095
Net Underwriting Result	7,633	56,532	95,006	53,342	171,063

Board of Directors' Report for the Year 2021

Other operating (Expenses)/Income Insurance Operations	2021	2020	2019	2018	2017
General & administrative expenses	(88,276)	(85,272)	(100,250)	(111,640)	(120,769)
Release/ (provision) for doubtful receivables	9,158	(5,823)	2,745	(11,080)	(25,928)
Investment's income	4,364	4,409	4,558	4,760	5,144
Realized (loss)/gain on investments	(848)	0	4,346	(511)	426
Other income	3,659	7,030	3,753	3,701	5,873
Total Other Operating (expenses)/Income - Net	(71,943)	(79,656)	(84,848)	(114,770)	(135,254)
Loss for the year before allocation	(64,310)	(23,124)	10,158	(61,428)	35,809

Other operating (Expenses)/Income Shareholders' Operations	2021	2020	2019	2018	2017
General & administrative expenses	(4,381)	(1,534)	(1,220)	(2,207)	(1,001)
Board remuneration	(1,972)	(1,441)	(883)	(1,225)	(1,142)
Investment's income	4,992	5,973	6,435	7,109	5,790
Realized (loss)/gain on investments		4,246	2,065	(2,421)	733
Other income			0		
Total Other Operating (expenses)/Income - Net	(1,361)	7,244	6,397	1,256	4,380

Shareholders' absorption of loss	(64,310)	(23,124)	10,158	(61,428)	35,809
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Loss for the year after shareholders' absorption before Zakat & Income Tax	(65,671)	(15,880)	16,555	(60,172)	40,189
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Zakat	(7,600)	(27,900)	(7,900)	(3,900)	(5,600)
Income Tax	(400)	(100)	(100)	(100)	(400)

Board of Directors' Report for the Year 2021

Net loss for the year	(73,671)	(43,880)	8,555	(64,172)	34,189
Weighted average number of ordinary shares outstanding (in thousands in shares)	40,000	40,000	40,000	40,000	40,000
Earn (loss) per share (expressed in SAR per share)	(1.84)	(1.10)	0.21	(1.60)	0.85

Statements of Comprehensive Income/(loss) For Insurance Operations	2021	2020	2019	2018	2017
NET LOSS FOR THE YEAR	0	0	1,016	0	3,581
Items that will not be reclassified to statement of income in subsequent periods					
Re-measurement gains on defined benefit obligations	810	613	1,075	436	0
Items that are or may be reclassified to statement of income in subsequent periods					
<i>Available-for-sale investments:</i>					
- Net change in fair value of available-for-sale investments	(7,280)	3,719	1,238	(189)	(54)
- Net amounts transferred to statement of income	0	0	(1,137)	511	0
Insurance operations total comprehensive (loss)/income for the year	(4,449)	6,352	4,211	2,776	5,544

Statements of Comprehensive Income /(loss) For Shareholders' Operations	2021	2020	2019	2018	2017
NET LOSS FOR THE YEAR					
Other comprehensive loss	(73,671)	(43,880)	7,539	(64,172)	36,608
Items that will not be reclassified to statement of income in subsequent periods					

Board of Directors' Report for the Year 2021

Re-measurement gains on defined benefit obligations

Items that are or may be reclassified to statement of income in subsequent periods

Available-for-sale investments:

- Net change in fair value of available-for-sale investments	(9,153)	1,383	7,896	935	1,849
- Net amounts transferred to statement of income			(311)	2,431	(949)

Shareholders' total comprehensive (loss)/income for the year	(82,824)	(42,497)	15,124	(60,806)	37,508
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Total comprehensive (loss)/income for the year	(87,273)	(36,145)	19,335	(58,030)	43,052
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Statement of cash flows Insurance Operations	2021	2020	2019	2018	2017
Loss for the year before Zakat and income tax	0	0	1,016	0	3,581
Adjustments for non-cash items:					
Depreciation of property and equipment	3,973	2,736	2,095	1,328	1,530
Gain on disposal of property and equipment	0	0	(71)	0	0
Depreciation of right-of-use assets	3,206	2,052	0	0	0
Finance cost on lease liabilities	257	187	0	0	0
Loss on disposal of lease	83	0	0	0	0
(Release of provision) / Provision for doubtful receivables	(9,158)	5,823	(2,745)	10,976	25,928
Realized loss / (gain) on disposal of investments	848	0	(4,346)	511	(210)
Amortization of held to maturity investments	0	0	(111)	(205)	(193)
Provision for employees' defined benefit obligations	2,730	4,077	5,650	2,426	2,037
Provision for other receivables	4,572	0	0	0	0

Board of Directors' Report for the Year 2021

Total	6,511	14,875	1,488	15,036	32,673
Changes in operating assets and liabilities:					
Premiums and reinsurers' receivable	92,713	(42,977)	(29,971)	72,909	(65,705)
Reinsurers' share of unearned premiums	117,620	(71,684)	(43,164)	110,042	(19,886)
Reinsurers' share of outstanding claims	5,214	3,861	42,588	1,215	52,842
Reinsurers' share of claims incurred but not reported	11,415	(13,383)	22,756	66,884	(23,050)
Deferred policy acquisition costs	2,074	(6,201)	(745)	4,602	425
Prepaid expenses and other assets	3,764	(30,764)	9,138	6,821	(21,831)
Accrued commission income on statutory deposit	0	0	-	0	0
Policyholders' payables	18,704	(8,023)	(5,942)	10,184	(2,550)
Accrued and other liabilities	21,283	(21,424)	11,704	(41,492)	43,540
Reinsurers balances payable	(61,373)	(21,973)	56,186	(55,918)	51,081
Unearned premiums	(117,013)	139,359	22,042	(129,323)	(24,388)
Unearned reinsurance commission	(19,311)	7,225	8,474	(12,165)	600
Outstanding claims	21,043	(3,731)	(44,934)	(11,341)	(83,626)
Claims incurred but not reported	(29,150)	7,076	(46,808)	(72,157)	(72,961)
Premium deficiency reserve	(370)	6,988	2,306	12,888	572
Other technical reserves	2,798	3,774	(26,935)	29,614	(2,332)
Accrued commission income on statutory deposit payable to SAMA	0	0	0	0	0
Due to shareholders operations	(69,993)	(818)	28,793	41,756	12,622
Employees' defined benefit obligations paid	(2,179)	(2,651)	(13,118)	(4,648)	0
Zakat and income tax paid	0	0	0	0	0
Net cash used in operating activities	3,479	(40,471)	(6,142)	44,907	(121,974)
Cash Flow from Shareholders' Activities	2021	2020	2019	2018	2017

Board of Directors' Report for the Year 2021

Loss for the year before Zakat and income tax	(65,671)	(15,880)	15,539	(60,172)	36,608
Realized loss / (gain) on disposal of investments	0	(4,246)	(1,932)	2,242	(1,137)
Prepaid expenses and other assets	(184)	33	307	(107)	34
Accrued commission income on statutory deposit	(492)	(1,080)	(1,189)	(1,187)	206
Accrued and other liabilities	1,088	314	(63)	(57)	230
Accrued commission income on statutory deposit payable to SAMA	492	1,080	1,189	1,187	206
Due from Insurance Operations	69,993	818	(28,793)	(41,756)	(12,622)
Employees' defined benefit obligations paid	0	0	0	0	0
Zakat and income tax paid	(14,904)	(35,186)	(1,552)	(5,220)	(2,973)
Net cash used in operating activities	(9,677)	(54,147)	(16,494)	(105,070)	20,140
Cash Flows From Investing Activities Insurance Operations					
Short term deposits	22,656	840	(23,496)	0	136,070
Purchases of investments	0	(111,142)	(20,000)	0	(122,405)
Proceeds from sale of investments	20,559	0	184,490	180	91,755
Purchase of property and equipment	(2,749)	(6,074)	(7,201)	(563)	(1,229)
Addition to Intangible assets	(5,215)	(4,598)	71	0	0
Net cash (used in) / generated from investing activities	35,251	(120,974)	133,864	(383)	104,191
Cash Flows from Investing Activities Shareholders' Operations					
Short term deposits	0	0	0	0	74,600
Purchases of investments	0	(38,759)	(23,576)	11,283	(72,063)
Proceeds from sale of investments	0	61,831	66,968	0	70,898

Board of Directors' Report for the Year 2021

Purchase of property and equipment	0	0	0	0	0
Addition to Intangible assets	0	0	0	0	0
Net cash (used in) / generated from investing activities	0	23,072	43,392	11,283	73,435
Cash Flows From Financing Activities Insurance Operations					
Payments of lease liabilities	(3,289)	0	0	0	0
Net cash (used in) / generated from financing activities	(3,289)	0	0	0	0
Cash Flows from Financing Activities Shareholders' Operations					
Decrease in statutory deposit	0	0	13,500	0	0
Net cash (used in) / generated from financing activities	0	0	13,500	0	0
Net changes in cash and cash equivalents PH	35,711	(164,843)	127,722	44,524	(17,783)
Cash and cash equivalents, at the beginning of the year	51,356	216,199	88,477	43,953	61,736
Cash and cash equivalents, at the end of the year	87,067	51,356	216,199	88,477	43,953
Net changes in cash and cash equivalents SH	(9,677)	(31,075)	40,398	(93,787)	93,575
Cash and cash equivalents, at the beginning of the year	10,379	41,454	1,056	94,843	1,268
Cash and cash equivalents, at the end of the year	702	10,379	41,454	1,056	94,843
NON-CASH INFORMATION Total					
Net change in fair value of available-for-sale investments	(16,433)	1,383	9,134	976	494
Re-measurement gains on employees' defined benefit obligations	810	0	0	0	0

Board of Directors' Report for the Year 2021

Accounting Standards

The Company adheres to the International Financial Reporting Standards (IFRSs) that are endorsed in the Kingdom of Saudi Arabia (KSA), and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountant (“SOCPA”) (referred to as “IFRS as endorsed in KSA”).

Approval of The Financial Statements

The annual financial statements for the year 2021 were approved by the Board of Directors on 18/08/1443 corresponding to 21/03/2021. Thus, the Board of Directors extends its sincere thanks and gratitude to all shareholders for their confidence in the company and its management



المتحدة للتأمين التعاوني
UNITED COOPERATIVE ASSURANCE



Article 21

New corporate governance charter

U C A



المتحدة للتأمين التعاوني
UNITED COOPERATIVE ASSURANCE

Corporate Governance Charter

Version 1.1

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Chapter 1. Charter Introduction

1.1 Introduction

This Corporate Governance Charter ("the Charter") defines the system of rules, practices and processes by which a firm is directed and controlled within United Cooperative Assurance ("UCA" or the Company").

The Board of Directors (hereinafter referred to as the "Board") and the Executive Management of the United Cooperative Insurance Company (hereinafter referred to as the "Management") are committed to developing professional and administrative standards that are consistent with good business practices and norms. These regulations include standards for the Company's governance policy and its strategic direction. The Company's required culture and the main guiding principles followed at the core of the Company's functional areas.

This document reflects the main guiding principles issued by the Saudi Central Bank (SAMA) and the Capital Market Authority on corporate governance in general. In addition, the document includes the basic corporate governance rules for listed companies, reporting and disclosure requirements imposed in the Capital Market Law and the regulations related thereto.

This regulation provides a clear and precise definition of the standards, principles and policies referred to above, which shall be read in conjunction with the detailed policies and procedures specified for the various functional areas for the smooth and accurate implementation of these standards and policies.

1.2 Purpose

- The relationship between the Board, Executive Directors, shareholders and stakeholders are clearly regulated and their interests are protected.
- The decision-making process is facilitated and carried out in a transparent and credible manner with the objective to protect the rights of shareholders and stakeholders and achieving fairness, competitiveness, and transparency.
- UCA's compliance with applicable governance regulations is ensured and the governance framework is revised and updated pursuant to statutory requirements and best practices.
- UCA can manage its business and operations prudently and in accordance with applicable laws and regulations; and

1.3 References

- Implementing Regulations for Cooperative Insurance Companies Oversight System.
- The main guiding rules for corporate governance issued by the Saudi Central Bank (SAMA)
- The Capital Market Law and the Corporate Governance Guiding Regulations issued by the Capital Market Authority (the Corporate Governance Regulations in the Kingdom of Saudi Arabia) and the relevant amended rules and regulations
- The Capital Market Authority's Rules on the Offer of Securities and continuing Obligations
- The Articles of Association of the United Cooperative Insurance Company
- A set of unified laws and rules on Corporate Governance

1.4 Goals

- Activating the role of shareholders in the Company and facilitating their rights.
- A statement of the functions of the Board of Directors and the executive management and their responsibilities.
- Activating the role of the Board of Directors and committees and developing their efficiency to enhance decision-making mechanisms in the Company.
- Achieving transparency, integrity and fairness in the financial market, its transactions, and the business environment, and promoting disclosure therein.

- Providing effective and balanced tools to deal with cases of conflict of interest.
- Strengthening the mechanisms of control and accountability for the employees of the Company.
- Setting the general framework for dealing with stakeholders and taking into account their rights.
- Increasing the efficiency of supervising companies and providing the necessary tools for that.
- Raising companies' awareness of the concept of professional behavior and urging them to adopt and develop it in a manner that suits their nature.

1.5 Definitions

- **The Company:** It is the United Cooperative Insurance Company.
- **Articles of Association:** The Articles of Association of the United Cooperative Insurance Company.
- **Governance Regulations:** They are the Corporate Governance Regulations issued by the Saudi Central Bank (SAMA) and the Capital Market Authority.
- **Companies Law:** The Companies Law issued by the Ministry of Commerce. **Financial Market Law:** It is the financial market law.
- **Authority:** It is the Financial Market Authority.
- **Market:** The Saudi Stock Exchange.
- **Board of Directors:** It is the Company's Board of Directors recognized under the regulations in force in the Kingdom of Saudi Arabia.
- **Chairman of the Board of Directors:** A non-executive member of the Board elected by the Board to chair its meetings and organize its work. **Sub-Committees:** The committees emanating from the Board of Directors.
- **Committees:** The committees emanating from the Board of Directors.
- **Chief Executive Officer:** The highest official in the Company's senior executive management, who is responsible for the day-to-day management of the Company, regardless of the job title.
- **Affiliated Company:** Any Company (or a Company from a group of companies that the institution may consider as a single unit) owns five percent or more of the capital of the insurance and/or reinsurance Company, or the Company that owns the insurance and/or reinsurance Company (on its own or jointly with a group of companies that the Corporation may consider it a single unit (five percent or more of its capital)
- **Relatives:** They are the family members of the father, mother, husband, wife and children, or those who have a business relationship that would influence the decision taken, and any of the institutions in which any member of the Board of Directors owns more than 5%.

Relatives or Consanguinity:

- Fathers, mothers, grandfathers, grandmothers, even if they are older.
 - Boys, and their children, even if they go down.
 - Brothers and sisters, whether siblings of half siblings.
 - Husbands and wives.
- **The Company's Governance:** it is the rules for the leadership and direction of the Company which includes mechanisms to regulate the various relations between the Board of Directors, executive Directors, shareholders and stakeholders by setting special rules and procedures to facilitate the decision-making process and to impart transparency and credibility thereto in order to protect the rights of shareholders and stakeholders and achieve justice, competitiveness and transparency in the market and business environment

Governance is the optimal system through which the Company is managed and controlled, and as a result, the authorities and responsibilities are distributed among the various participants in the Company, such as the Board of Directors, Executive Management, shareholders and stakeholders. This system clarifies the rules, policies, and procedures related to the Company's affairs, and provides the institutional framework and organizational structure that clarifies the Company's goals, means of achieving them, and monitoring performance. The Board of Directors shall be responsible for the rules of governance.

The role of the shareholders in governance is to appoint the members of the Board of Directors and the auditor and to ensure the efficiency of the governance system, while the responsibility of the Board of Directors is to set strategic goals for the Company, provide leadership that works to implement them, supervise the management of the Company and prepare reports for shareholders about their management in the Company. The work of the Board of Directors is subject to the rules and regulations, the Company's articles of association, and the oversight of shareholders in the Company's general assembly.

- **Shareholders' Assembly:** It is an assembly formed by the Company's shareholders in accordance with the provisions of the Companies Law and the Company's Articles of Association.
- **Executive Member:** He is a member of the Board of Directors who is full-time in the Executive Management of the Company and participates in its daily business.
- **Non-Executive Member:** He is a member of the Board of Directors who is not dedicated to managing the Company and does not participate in its daily business.
- **Independent Member:** He is a non-executive member of the Board of Directors who enjoys complete independence in his position and decisions, and no obstacles to independence apply to him.
- **Obstacles of independence:** The independent member of the Board of Directors shall be able to exercise his duties, express his opinions and vote on decisions objectively and impartially, which helps the Board of Directors to take sound decisions that contribute to achieving the interests of the Company. The Board of Directors shall conduct an annual evaluation of the extent to which the independence of the member has been achieved and to ensure that there are no relationships or circumstances that affect or may affect him, that contradict the independence required for an independent member of the Board of Directors, including but not limited to the following:
 1. To own five percent or more of the Company's shares, or of the shares of another Company in its group, or is related to the person who owns this percentage.
 2. To be a representative of a legal person who owns five percent or more of the Company's shares or of the shares of another Company from its group.
 3. To be related to any of the members of the Board of Directors in the Company or in another Company of its group.
 4. To be related to any of the senior executives of the Company or any other Company of its group.
 5. To be a member of the Board of Directors in another Company from the group of the Company nominated for membership in its Board of Directors.
 6. To work or have worked as an employee during the past two years for the Company or any party dealing therewith or another Company of its group, such as auditors and major suppliers, or to have been the owner of controlling shares with any of those parties during the past two years.
 7. To have a contractual or commercial relationship with the Company (whether directly or through an entity in which he is a major shareholder, a member of its Board of Directors or a manager) that entails paying or receiving an amount from the Company equal to the value of 250 thousand Saudi riyals (other than the amounts related to contracts insurance and remunerations to which the member is entitled for his membership in the Board of Directors (during the last two years).
 8. To receive sums of money from the Company in addition to the remuneration for membership of the Board of Directors or any of its committees in excess of SR 200,000 or 50% of his remuneration in the previous year that he received in return for membership in the Board of Directors or any of its committees, whichever is less.
 9. To have spent more than nine consecutive or separate years as a member of the Company's Board of Directors.
 10. To participate in a business that is relevant to us - the same as the Company, or to trade in one of the branches of the Company's activity.
 11. To have a financial obligation towards the Company or any of its Board members or senior management in a way that could affect his ability to rule and take decisions with complete independence.

- **Executive Management:** They are the persons who are entrusted with managing the Company's daily operations and proposing and implementing strategy decisions, such as the CEO, his deputies and the financial manager, Risk, Audit and Compliance. Desirable Practices: They are the **additional non-binding** measures. But it helps strengthen the implementation of the core principles in each item.
- **Fitness & Propriety:** The method set by SAMA to assess members of the Board, Board committees, and Senior Management whom shall be trustworthy and shall have the integrity, competency, knowledge, and experience as to fulfill their respective roles and shall comply with all laws, regulations, and rules issued by SAMA.
- **Related Parties:**
 - Major shareholders in the Company.
 - Board members of the Company or any of its subsidiaries and their relatives.
 - Senior executives of the Company or any of its subsidiaries and their relatives.
 - Board members and senior executives with major shareholders in the Company.
 - Establishments - other than companies - owned by a member of the
 - Board of Directors or one of the senior executives or their relatives.
 - Companies in which any of the members of the Board of Directors or the chief executives or their relatives is a partner.
 - Companies in which any of the members of the Board of Directors or senior executives or their relatives is a member of its Board of Directors or one of its senior executives.
 - Joint stock companies in which any of the members of the Board of Directors or senior executives or their relatives owns 5% or more, taking into account what is stated in paragraph (4) of this definition.
 - Companies in which any of the members of the Board of Directors, senior executives, or their relatives influence their decisions, even if they are given advice or guidance.
 - Any person whose advice and guidance influence the decisions of the Company, members of the Board of Directors and its senior executives.
 - Holding companies or subsidiaries of the Company. Advice and directions that are professionally provided by a person authorized to do so are excluded from paragraphs (9) and (10) of this definition.
- **Group:** In relation to a person, means that person and each of its subordinates. Affiliate: A person who controls another person, is controlled by that other person, or is jointly controlled by that other person by a third person. In any of the above, control is direct or indirect.
- **Stakeholders:** Everyone who has an interest with the Company, such as employees, payers, customers, suppliers, and the community.
- **Major Shareholders:** Natural or legal persons who control, directly or indirectly, alone or jointly with others, five percent or more of the Company's capital.
- **Cumulative Voting:** It is a voting method for selecting members of the Board of Directors that gives each shareholder voting power according to the number of shares he owns; so that he has the right to vote for one candidate or to divide it among the candidates he chooses without repeating these votes.
- **Controlling Share:** The ability to influence the actions or decisions of another person, directly or indirectly, from an individual or a community with a relative or dependent, through owning 30% or more of the voting rights in a Company or the right to appoint 30% or more of the members of the Administrative Apparatus.
- **Administrative Apparatus:** the group of individuals who make strategic decisions for a person. The Company's Board of Directors is its Administrative Apparatus thereof. Rewards: They are the amounts, allowances, profits and the like, periodic or annual bonuses related to performance, short or long-term incentive plans, and any other benefits in kind, excluding reasonable actual expenses and costs incurred by the Company on behalf of a member of the Board of Directors for the purpose of performing his work.

1.6 Record Retention

UCA will keep and preserve all the minutes, documents, reports and other documents that are required to be kept according to the company governance regulation at the Company's head office for a period of no less than ten (10) years, and that this includes the report of the Board of Directors and the report of the Audit Committee. Without prejudice to this period, the company, in the event of a lawsuit, including any existing or threatened lawsuit or claim and any existing investigation procedures related to those minutes, documents, reports or documents, shall keep them until the end of that lawsuit, claim or existing investigation procedures.

1.7 Review and approval

The Board shall review the Company's Corporate Governance Policy/Charter at least on an annual basis and that it will be presented to the Company's next general assembly for approval. All amendments must be submitted to SAMA within twenty one (21) working days from the date of the amendment.

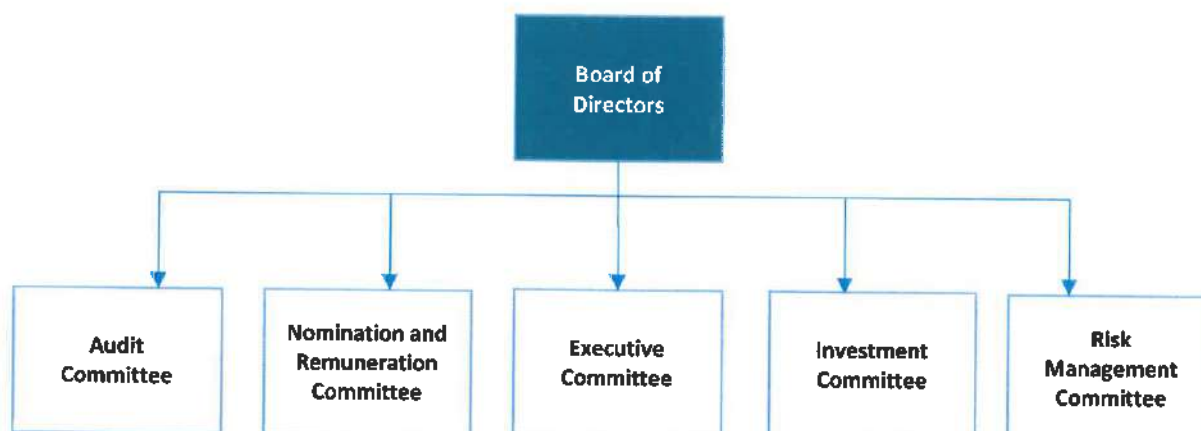
It shall be endorsed by the Audit Committee annually to confirm if there are / there are no changes in the Company's policy that require review and amendment of the regulation. The statutory controller and the internal auditor shall notify the Audit Committee of any changes that may occur in the Company's policy or any other statutory changes that require reviewing the contents of this document.

1.8 Compliance

The Company shall comply with the rules, regulations and circulars issued by SAMA, CMA and the applicable laws and regulations in the Kingdom.

Chapter 2. Corporate Governance Structure

UCA's Corporate Structure comprises of Board of Directors and 5 Board Committees shown below:



2.1 Board of Directors

As per its AoA, the UCA Board comprises of (7) Directors. The Board composition shall always reflect sufficient representation of Nonexecutive Independent Members, and in all cases, Non-executive Independent Members shall not be less than three (3), or a third of the Board, whichever is greater.

In light of its Selection & Appointment of Directors Policy, the UCA's Members of the Board shall always collectively have the appropriate diversity with respect to qualifications, knowledge, experience, and skills in the various areas of the Company's business and operations. In addition, each individual Board member must possess the appropriate level of qualifications, knowledge, experience, skills, and the integrity to effectively perform his or her role and discharge his or her responsibilities.

The Board of Directors plays a central role in the UCA's corporate governance framework. The Company's Board shall be responsible for effective implementation of good corporate governance practices in the organization.

The Board shall be responsible for guiding and setting the Company's strategy and business priorities, including its annual financial and business plan, as well as, guiding and controlling its managerial performance. It shall act in the interests of the Company, protects the rights of all shareholders, oversee the work of the Company's executive management, as well as the systems of financial control in the organization. The Board shall appoint a Chairman, a Vice chairman and may appoint a Managing Director of its members. *(Refer Appendix 1 for detailed roles and responsibilities and duties of the Committee specified in the Board of Directors Charter)*

The duties of the Chairman shall include but not be limited to the following:

1. Organizing the Board's activities, including setting the agenda for Board meetings in consultation with the CEO and other Board members, presiding over Board meetings, and overseeing the process of providing the Board with information and reports,
2. Representing the Company before judicial bodies and supervising the relationships between the Board and internal and external parties,
3. Supporting the Board's efforts in promoting higher standards of corporate governance and ensuring compliance with applicable laws and regulations at all times

The Board charter shall stipulate that the Chairman's responsibilities shall not overlap with those of the CEO. The responsibilities of the Chairman of the Board shall be restricted to his supervisory role and shall not extend to the executive responsibilities reserved for the CEO.

The Board Charter to state that it is prohibited to conjoin the position of the Chairman of the Board with any other executive position in the company, such as the Chief Executive Officer (CEO) or the managing director.

The duties of the Board shall include but not be limited to the following:

1. Providing strategic guidance to the Company, including setting objectives and formulating strategic plans
2. Supervising the implementation of strategic plans and major transactions
3. Approving key policies and procedures and regularly reviewing and updating them
4. Establishing and monitoring the Company's internal control system and ensuring its adequacy and effectiveness
5. Establishing and monitoring a risk management system, where risks are assessed, managed, and monitored on a continuous basis
6. Selecting and changing (if needed) executives in key positions, and ensuring that the Company has an appropriate replacement policy for their replacement by an appropriate alternative with the necessary skills and eligibility for the office
7. Supervising Senior Management and monitoring the Company's performance against the performance objectives set by the Board
8. Ensuring the integrity of the Company's accounting and financial reporting system and the appropriateness of its disclosure process
9. Ensuring that the interests of the policyholders are being protected at all times
10. Promoting higher standards of corporate governance and ensuring compliance with applicable laws and regulations at all times

2.2 Audit Committee

The Audit Committee is responsible for oversight of the financial reporting and disclosure process. The Committee works closely with auditors to ensure that company's books are correct and that no conflicts of interest exist between auditors or any outside consulting firms employed by the company. *(Refer Appendix II for detailed roles and responsibilities and duties of the Committee specified in the Audit Committee Charter)*

2.3 Nomination and Remuneration Committee

The Nomination and Remuneration Committee (Committee) established by the Board shall assist it in fulfilling its responsibilities relating to the size and composition of the Board and Board Committees and the senior management's appointment and the remuneration. *(Refer Appendix III for detailed roles and responsibilities and duties of the Committee specified in the Nomination and Remuneration Committee Charter)*

2.4 Executive Committee

The Executive Committee is responsible to monitor the performance of the business, financial targets and forecast on an ongoing basis before they are presented to the Board for approval. Executive Committee will review the strategies and objectives of the business and acts as a "bridge" between the Board and the management. *(Refer Appendix IV for detailed roles and responsibilities and duties of the Committee specified in the Executive Committee Charter)*

2.5 Investment Committee

The Investment Committee is responsible to be in charge of submitting recommendations to the Board about all the issues related to the investment such as the Company's investment policy and assets distribution plans. The Committee shall be authorized to issue resolutions connected to investments within the context of the Company investment policies and assets distribution plans endorsed by the board. The committee shall also be responsible for the supervision of the investment portfolio performance. *(Refer Appendix V for detailed roles and responsibilities and duties of the Committee specified in the Investment Committee Charter)*

2.6 Risk Management Committee

The Risk Management Committee is responsible for establishing reliable procedures for the identification and assessment of risks and provide shareholders and investors with relevant information in this area. *(Refer Appendix*

(For detailed roles and responsibilities and duties of the Committee specified in the Risk Management Committee Charter)

2.7 Board Remuneration

The Company to set a Remuneration & Compensation Policy that tallies with its articles of association. The policy to be approved by the general assembly and shall specify the remuneration for the Chairman, Board members and the non-director members in the subcommittees and senior management for their services.

2.8 Board Training

Members of the Board shall endeavor to educate themselves on, and be regularly updated of, regulatory developments and to undergo periodic training, as needed, on relevant areas and topics, including but not limited to corporate governance, risk management, finance, solvency, insurance, internal control, law, regulatory compliance, and any other important topics.

2.9 Board Meetings

The Board's meetings shall be held on a regular basis and as needed. The Board shall hold at least four (4) meetings every year and at least one every quarter.

2.10 Secretary of the Board

The Board shall appoint a Secretary of the Board, for its term, to arrange the Board activities and provide support and assistance to Board members. The Secretary can be a member of the Board or of Company's staff.

Chapter 3. Shareholders Rights

3.1 General Policy

The Company's shareholders are given all rights attached to their shares, particularly, the right to a share of the earnings, the right to a share of the Company's assets at the time of liquidation, the right to participate in the General Assembly, and take part in discussions and vote on relevant decisions.

The Company ensures all available steps to encourage minority shareholders and non-institutional shareholders to fulfill their roles as shareholders of the Company. The Company's Articles of Association and bylaws Company specify the procedures and precautions that are necessary for the shareholders' exercise of all their lawful rights.

3.2 Fair Treatment to shareholders

- The Board of Directors shall protect the rights of shareholders in a way that guarantees justice and equality among them
- The Company's Board of Directors and Executive Management are committed not to discriminate between shareholders who own the same class of shares, and not to withhold any rights from them
- The Company sets out in its internal policies the necessary procedures to ensure that all shareholders exercise their rights

3.2.1 Directors and Senior Executive Obligations: Article 68 of The Capital Market Authority's Rules on the Offer of Securities and continuing Obligations: Dealings of Directors and Senior Executives

- a) The directors, senior executives or audit committee members of the issuer and any of their associates may not deal in any securities of the issuer during the following periods:
 - 1) during the 15 calendar days preceding the end of the financial quarter and until the date of the disclosure of the reviewed interim financial statement of the issuer that is required to be disclosed pursuant to paragraph (a) of Article 63 of these Rules; and
 - 2) during the 30 calendar days preceding the end of the financial year and until the date of disclosing the issuer's audited annual financial statements, or the interim financial statements for the fourth quarter if the issuer has disclosed them after reviewing them and fulfilling the requirements of Article 63 of these Rules.
- b) The prohibition referred to in paragraph (a) of this Article shall not apply to exercising the subscription's right in rights issues and the sale of such rights.
- c) Upon termination of a director's membership in the board of directors or director's dismissal from the board of directors, termination of any of the audit committee's membership, or resignation of any of senior executives of the issuer during any of the periods referred to in paragraph (a) of this Article, this period (where applicable) shall apply to the director, audit committee's member, or senior executive, and any of their associates.

3.3 Shares related rights

The shareholder shall have all rights attached to the share, especially the following:

- Obtaining a share of the net profits to be distributed in cash or by issuing shares
- Obtaining a share of the Company's assets upon liquidation
- Attending public or private shareholder assemblies, participating in their deliberations, and voting on their decisions
- Disposing of his shares in accordance with the provisions of the Companies Law and the Capital Market Law and their implementing regulations
- Inquiries and requests to view the Company's books and documents, including data and information related to the Company's activity and its operational and investment strategy in a way that does not harm the interests of the Company and does not conflict with the Companies Law and the Capital Market Law and their implementing regulations

- Monitoring the performance of the Company and the work of the Board of Directors
- Accountability of the members of the Board of Directors and filing a liability suit against them and appealing the invalidity of the decisions of the general and private shareholders' assemblies in accordance with the conditions and restrictions contained in the Companies Law and the Company's Articles of Association
- Priority for subscribing shall be given to new shares issued in exchange for cash shares, unless the extraordinary general assembly suspends the priority right if this is stipulated in the Company's articles of association in accordance with Article 140 of the Companies Law
- Registering his shares in the Company's shareholder's register
- Request to see a copy of the Company's articles of incorporation and articles of association unless the Company publishes them on its website. □ Nomination and election of Board members
- Nominate and elect the Board members

3.4 Shareholders Access to Information

- The Board shall provide complete, clear, correct and not misleading information to enable the shareholder to exercise his rights to the fullest extent. This information shall be provided in a timely manner and shall be updated regularly
- The means of providing information to the shareholder shall be clear and detailed and include a statement of the Company's information that the shareholder can obtain and be made available to all shareholders of the same category
- The most effective means shall be followed in communicating with shareholders and not discriminating between them in providing information.

3.5 Communications with Shareholders

- The Board of Directors ensures the achievement of communication between the Company and the shareholders that is based on a common understanding of the Company's strategic objectives and interests
- The Company will provide shareholders with comprehensive, adequate, accurate, and timely information to enable them to exercise their rights efficiently and ensure that all shareholders receive equitable treatment
- The Company will enable shareholders to be briefed on the minutes of the General Assembly
- The method used to provide information to the shareholders will be clear and detailed and will include a list of the Company's information that the shareholders may obtain. This information shall be made available to all shareholders of the same class.
- The Chairman and Chief Executive Officer shall inform the rest of the Board of Directors of the views of the shareholders and discuss them in this regard
- Any of the shareholders shall not interfere in the work of the Board of Directors or the work of the Executive Management of the Company unless he is a member of its Board of Directors or its Executive Management, or if he is interfering through the ordinary general assembly and in accordance with its terms of reference or within the limits and conditions authorized by the Board of Directors
- Shareholders will be granted the opportunity to communicate their opinions and concerns to the Board and Senior Management on a regular basis (e.g. through the general assembly)

3.6 Dividend Distribution

- Avoiding 20% of the profits to form the statutory reserve for the Company. The Ordinary General Assembly may stop this set-up when the said reserve reaches 100% of the paid-up capital
- The Ordinary General Assembly may decide, based on the proposal of the Board of Directors, to set aside a certain percentage of the net profits to form a consensual reserve allocated to support the financial position
- The Ordinary General Assembly may decide to create other reserves to the extent that achieves the interest of the Company or ensures the distribution of fixed profits as much as possible to the shareholders
- Avoid the prescribed zakat and income tax

- The shareholder is entitled to his/her share of the profits in the form of Dividends in accordance with the decision of the General Assembly issued in this regard. The decision indicates the maturity date and the distribution date. The eligibility of profits shall be given to the owners of shares registered in the shareholders' records at the end of the day specified for entitlement. The Company will inform the Capital Market Authority without delay of any decisions to distribute profits or to recommend this, and the profits shall be paid so as to be distributed to shareholders at the place and dates determined by the Board of Directors in accordance with the instructions issued by the competent authority, taking into account the prior written approval of the Saudi Arabian Monetary Agency

3.7 General Assembly Meeting

Shareholders' general assemblies are responsible for all matters related to the Company. The general assembly held in accordance with the statutory procedures represents all shareholders in exercising their competencies related to the Company and performs its role in accordance with the provisions of the Companies Law and its implementing regulations and the Company's articles of association. The Company will announce on the Exchange's website information about the nominees for the membership of the Board which will include the nominees' experience, qualifications, skills and their previous and current jobs and memberships before calling for the General Assembly.

3.8 General Assembly Agenda

- The Board of Directors, when preparing the agenda for the General Assembly, shall take into consideration the topics that shareholders wish to include. Shareholders who own at least 5% of the Company's shares may add one or more topics to the agenda of the general assembly when it is prepared.
- The Board of Directors shall single out each of the topics listed on the agenda of the General Assembly in a separate item, and not combine the fundamentally different topics under one item, and shall not put the business and contracts in which the members of the Board have a direct or indirect interest in one item; for the purpose of obtaining a shareholder vote on the item as a whole.
- Shareholders, through the Company's website and the market's website, shall be able to obtain information related to the agenda items of the general assembly, especially the report of the Board of Directors, the auditor, the financial statements, and the audit committee's report. This is to enable them to make an informed decision. The Company shall update this information in case the agenda of the General Assembly is amended.
- The Authority may add any topics it deems appropriate to the agenda of the General Assembly.

3.9 Extraordinary General Assembly

Extraordinary general Assembly is responsible for:

- Amending the Company's articles of association, with the exception of the amendments that were deemed invalid according to the provisions of the companies' bylaws.
- Increasing the Company's capital in accordance with the conditions established in the Companies Law and its implementing regulations.
- Reducing the Company's capital if it exceeds the Company's need or if it suffers financial losses, according to the conditions established in the Companies Law and its implementing regulations.
- A report on the formation of a consensual reserve for the Company stipulated in its articles of association and allocated for a specific purpose, and its disposal.
- Determining the continuation or dissolution of the Company before the term specified in its articles of association.
- Approval of the purchase of the Company's shares.
- Issuance or approval of purchase of preferred shares, conversion of ordinary shares into preference shares, or conversion of preferred shares into ordinary shares based on a provision in the Company's articles of association and in accordance with the regulatory controls and procedures issued in implementation of the Companies Law for Listed Joint Stock Companies.

- Issuance of debt instruments or financing instruments that are convertible into shares, and an indication of the maximum number of shares that may be issued against these instruments.
- Allocating the shares issued upon the capital increase or part thereof to the employees of the Company and its subsidiaries or some of them, or any of that.
- Suspending the right of priority for shareholders to subscribe to increase the capital in exchange for cash shares or giving priority to non-shareholders in the cases it deems appropriate in the interest of the Company, as stipulated in Article Thirteen of the Company's articles of association.

The Extraordinary General Assembly may issue resolutions within the competences of the Ordinary General Assembly, provided that such decisions are issued in accordance with the conditions for issuing the Ordinary General Assembly resolutions specified by an absolute majority of the shares represented in the meeting.

3.10 Ordinary General Assembly

Except for the competence of the Extraordinary General Assembly, the Ordinary General Assembly is responsible for all the affairs of the Company, especially the following:

- The ordinary general assembly of shareholders is held in accordance with the conditions and circumstances stipulated in the Companies Law and its implementing regulations and the Company's articles of association.
- In accordance with Article Twenty-eighth of the Company's articles of association, the ordinary general assembly shall be held at least once a year during the six months following the end of the Company's financial year.
- Appointing and removing members of the Board of Directors.
- Permission for a member of the Board of Directors to have a direct or indirect interest in the business and contracts that are made for the Company's account, in accordance with the provisions of the Companies Law and its implementing regulations.
- Permission for a member of the Board of Directors to participate in any business that would compete with the Company, or to compete with the Company in one of the branches of the activity that it engages in, in accordance with the provisions of the Companies Law and its Implementing Regulations.
- Monitoring the compliance of the members of the Board of Directors with the provisions of the Companies Law and its executive regulations and other relevant regulations and the Company's articles of association, and examining any damage arising from their violation of these provisions or mismanagement of the Company's affairs, determining the liability arising therefrom, and taking what it deems appropriate in this regard in accordance with the Companies Law and its implementing regulations.
- Forming an audit committee in accordance with the provisions of the Companies Law and its implementing regulations.
- Approval of the Company's financial statements.
- Approval of the report of the Board of Directors.
- Deciding on the proposals of the Board of Directors regarding the method of distributing net profits.
- Appointing the Company's auditors, determining their remuneration, re-appointing them, changing them, and approving their reports.
- Looking into the violations and errors that occur from the Company's auditors in the performance of their duties, and any difficulties notified by the Company's auditors related to enabling the Board of Directors or the Company's management for them to access the books, records and other documents, data and clarifications necessary to perform their tasks, and take what it deems appropriate in that matter.
- Stop setting aside the Company's statutory reserve when it reaches 30% of the Company's paid-in capital and decide to distribute what exceeds this percentage to the Company's shareholders in the fiscal years in which the Company does not achieve net profits.
- Using the Company's consensual reserve in the event that it is not allocated for a specific purpose, provided that the use of this reserve is based on a proposal from the Board of Directors and in ways that benefit the Company or shareholders.

- Form other reserves for the Company, other than the statutory reserve and the conventional reserve, and dispose of them.
- Deductions from the Company's net profits to establish social institutions for the Company's employees, or to assist existing ones, in accordance with Article one hundred and twenty-nine of the Companies Law.
- Approval of selling more than 50% of the Company's assets, whether in one transaction or several transactions, within twelve months from the date of the first sale transaction. In the event that the sale of these assets includes what falls within the competencies of the extraordinary general assembly, the approval of the extraordinary general assembly shall be obtained.
- In light of SAMA's CG Regulations, the Board shall provide the general assembly with a report containing comprehensive and objective assessment of the Company's situation and performance, at least on an annual basis, and the report shall contain the elements stipulated in Article (19 & 20) of the regulations.

3.11 Shareholders Assembly

- Shareholders' general or special assemblies are held at the invitation of the Board of Directors, in accordance with the conditions stipulated in the Companies Law and its Executive Regulations and the Company's Articles of Association. The Board of Directors shall invite the Ordinary General Assembly to a meeting if requested by the auditor, the audit committee, or a number of shareholders whose ownership represents 5% at least of the Company's capital. The auditor may call the assembly to convene if the Board of Directors does not call it within thirty days from the date of the auditor's request.
- The date, place and agenda of the general assembly must be announced at least twenty-one days before the date, and the invitation shall be published on the market's website and the Company's website and in a daily newspaper distributed in the area where the Company's head office is located. In addition, the Company may invite the general and private assemblies of its shareholders by means of modern technology.
- The Company may amend the agenda of the general assembly during the period between the publication of the announcement and the date of the assembly, provided that the Company announces that in accordance with the established conditions.
- Shareholders shall have the opportunity to actively participate and vote in the General Assembly meetings. Meetings of the general assemblies of shareholders may be held and the shareholder may participate in their deliberations and vote on their decisions by means of modern technology, in accordance with the regulatory controls and procedures issued in implementation of the Companies Law for Listed Shareholding Companies.
- Shareholders will be granted the opportunity to communicate their opinions and concerns to the Board and Senior Management on a regular basis
- The Board of Directors works to facilitate the participation of the largest number of shareholders in the meeting of the General Assembly, including choosing the appropriate place and time.
- The Company shall verify the registration of the data of the shareholders wishing to attend at the Company's head office before the time specified for the assembly, unless the Company's articles of association provide for another means.

3.12 Management of the Shareholder's Assembly

- The meetings of the general assemblies of shareholders are chaired by the Chairman of the Board of Directors or his deputy in his absence, or whoever is delegated by the Board of Directors from among its members for this in the absence of the Chairman and Vice-Chairman.
- The Chairman of the shareholders' assembly shall provide the shareholders with the opportunity to actively participate and vote in the meetings of the general assembly, and it shall establish any procedure that leads to impeding the attendance of the assemblies or the use of the right to vote. They shall be informed of the rules governing the work of such meetings and the voting procedures.
- Shareholders have the right to discuss the topics included in the agenda of the General Assembly and to direct questions about them to the members of the Board of Directors and the auditor. These questions shall be answered to the extent that the interest of the Company is not jeopardized.

- Shareholders shall be able to view the minutes of the general assembly meeting, and the Company shall provide the Authority with a copy thereof within ten days from the date of the meeting.
- The Company shall announce to the public and notify the Authority and the market in accordance with the controls set by the Authority with the results of the General Assembly immediately upon its conclusion.

3.13 Voting Rights

- Voting is considered one of the fundamental rights of the shareholder, and according to Article 34, each shareholder has a vote for each share in the General Assemblies, with the obligation to use the cumulative vote in electing the Board of Directors, which relate thereto directly or indirectly.
- Voting in the General Assembly will be confined to the Board nominees whose information has been announced on the website prior to scheduling a General Assembly meeting
- In accordance with Article 25 of the Company's Articles of Association, the shareholder may participate in voting on decisions of the general assembly's using modern technologies, according to the controls set by the competent authority.
- The decisions of the Ordinary General Assembly are issued by an absolute majority of the shares represented in the meeting, while the decisions of the Extraordinary General Assembly are issued by a two-thirds majority of the shares represented in the meeting, unless it is a decision related to increasing or decreasing the capital, extending the Company's term, or dissolving it before the expiry of the period specified in the articles of association or its incorporation into the Another Company, the decision will not be valid unless it is issued by a majority of three quarters of the shares represented in the meeting.

3.13.1 SAMA Insurance Corporate Governance Regulation: Article 60

The number of Board candidates presented to the general assembly for voting shall exceed the number of available seats in order - to provide the general assembly the opportunity to select among several candidates.

The Board can engage the services of an independent specialized external party to identify additional candidates for Board membership when the number of Board candidates is insufficient.

3.14 Shareholder Complaints and information Request Management

- The Company shall establish mechanisms for recording, managing and resolving shareholder grievances and providing other information requested by the shareholders
- The Board shall keep itself abreast of shareholder grievances and shall approve related disclosures to concerned regulatory authorities, as appropriate
- The Company's Senior Management shall keep itself abreast of shareholder grievances and ensure that such grievances are resolved on a timely basis, as appropriate.

Chapter 4. Internal Control

The Board of Directors shall adopt the internal control system to evaluate the policies and procedures related to risk management, apply the Company's governance provisions approved by the Company, and adhere to the relevant laws and regulations. The Board of Directors shall ensure that such system includes clear standards of responsibility at all executive levels in the Company, and the transactions of the relevant parties shall be carried out in accordance with their own provisions and controls.

4.1 Establishment of independent departments in the Company

The Company has established departments for risk evaluation and management and internal audit, and the Company may seek the assistance of external parties to carry out the duties and competencies of units or departments of risk evaluation and management and internal audit, without prejudice to the Company's responsibility for such duties and competencies.

4.2 Duties of the Internal Audit Department

The Internal Audit Department shall be held responsible for evaluating the internal control system, supervising its application, and verifying the compliance of the Company and its employees with the applicable laws, regulations, instructions, and the Company's policies and procedures.

(Detailed roles and responsibilities, duties and obligations of the Internal Audit Department are specified in the Internal Audit Charter and Internal Audit Manual)

Chapter 5. Company's Auditor

The company shall assign the task of reviewing its annual accounts to an auditor who has the independence, competence, experience and qualification to prepare a substantive and independent report for the board of directors and shareholders, explaining if the company's financial statements express clearly and fairly the company's financial position and its performance in material aspects.

5.1 Appointment of an 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:

- The nomination of the auditor shall be based on the recommendation of the Audit Committee
- The auditor shall be licensed and shall fulfill the conditions prescribed by the competent authority
- The interests of the auditor shall not conflict with the interests of the company
- The number of candidates shall not be less than two auditors

5.2 Duties of the Auditor

- Exercising the duty of care and honesty towards the company
- Informing the Authority in the event that the Board of Directors does not take the appropriate action regarding the suspicious issues he submits
- Asking the board of directors to invite the ordinary general assembly if the board does not facilitate its work and the auditor shall be responsible for compensating the damage caused to the company, shareholders or others due to the errors committed by him in carrying out its work. If there are multiple auditors and they share in the error, they shall be jointly responsible for such

5.3 Stakeholders

The Board of Directors 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 they include in particular the following:

- How to compensate stakeholders in the event of a breach of their rights established by regulations or protected by contracts
- How to settle complaints or disputes that arise between the company and stakeholders
- How to build good relationships with customers and suppliers and keep their information confidential
- The rules of professional conduct for the managers and employees of the company to comply with the proper professional and ethical standards and regulate the relationship between them and stakeholders, provided that the board of directors shall set to monitor the application and compliance with such rules
- The company's social contribution
- Confirmation that the company deals with members of the Board of Directors and related parties in accordance with the terms and conditions followed with stakeholders, without discrimination or preference
- Stakeholders having the information related to their activities in a way that enables them to carry out their tasks, provided that such information shall be correct, sufficient, at the appropriate time and on a regular basis
- Treating employees in the company in accordance with the principles of justice, equality, and non-discrimination

5.4 Reporting Illegal Practices

The Board of Directors, based on the proposal of the Audit Committee, shall set the necessary policies or procedures for stakeholders to follow in submitting their complaints or reporting illegal practices, taking into account the following:

- Facilitating the stakeholders' notification to the Board of Directors of any actions or practices that may be issued by the executive management that violate the applicable laws, regulations and rules or raise suspicion in the financial statements or internal control systems or others, whether the actions or practices are against them or not and conduct the necessary investigation in this regard
- Maintaining confidentiality of reporting procedures by facilitating direct contact with an independent member of the audit committee or other competent committees
- Assigning a competent person to receive and deal with complaints or communications from stakeholder
- Setting up a phone or email to receive complaints
- Providing the necessary protection for employers.

Chapter 6. Ethical Professional Standards

The Board shall set a policy for professional conduct in the company, taking into account in particular the following:

- Emphasizing each member of the Board of Directors, the Executive Management and the company's employees to exert their duties of care and loyalty towards the company and everything that would preserve and develop the company's interests and maximize its value and prioritize its interests over his personal interest in all cases.
- Representing a member of the Board of Directors for all shareholders in the company and commit to what achieve the interest of the company and the interests of shareholders, and taking into account the rights of other stakeholders, not only the interest of the group that elected him.
- Consolidating the principle of commitment of the members of the Board of Directors and senior executives in the policy to all relevant rules, regulations, and instructions.
- Preventing a member of the Board of Directors or a member of the executive management from exploiting his position in order to achieve his own interest.
- Emphasizing that the use of the company's assets and resources is limited to achieving the company's purposes and objectives and not exploiting those assets or resources to achieve special interests.
- Establishing accurate, precise, and clear rules regulating the validity and timing of reviewing the company's internal information in a way that prevents members of the Board of Directors, Executive Management and others from benefiting from it or disclosing it to any person except within the limits of the legally prescribed or award.

6.1 Social Responsibility

The Ordinary General Assembly, based on the proposal of the members of the Board of Directors, shall set a policy that ensures a balance between its objectives and the objectives that the community aspires to achieve in order to develop the social and economic conditions of the community. *(Refer Appendix VII for details on the Corporate Social Responsibility Charter)*

6.2 Social Action Initiatives

The Board shall set the programs and determines the necessary means to launch the company's initiatives, including:

- Setting measurement indicators that link the company's performance with its initiatives in social work, and compare that with other companies with similar activity
- Disclosure of the objectives of the social responsibility adopted by the company to its employees and inform and educate them about it
- Disclosure of plans to achieve social responsibility in the periodic reports related to the company's activities
- Setting community awareness programs to define the company's social responsibility

6.3 Conflict of Interest

The Company shall take reasonable measures to identify cases of potential conflict of interest and to have clear written procedures for dealing with those cases in a fair and transparent manner.

Members of the Board and Senior Management shall not have any interest, directly or indirectly, in the Company's business and contracts, without a prior authorization from the general assembly, to be renewed each year. The activities to be performed through general bidding, where the member is the best bidder, shall constitute an exception to this rule, subject to SAMA's non-objection.

Members of the Board and Senior Management shall notify the Board of any personal interest they may have in the business and in contracts entered into by the Company. The notification shall be noted in the minutes of the Board meeting. Board members with a personal interest in specific Company's businesses or contracts shall not vote, neither in the general assembly nor in the Board meeting, on the resolution to be adopted with regards to their personal interests. The Chairman of the Board shall notify the general assembly, when convened, of the

activities and contracts where a member of the Board and Senior Management may have a personal interest and their amounts, and shall attach to such notification a special report prepared by the Company's external auditors.

No member of the Board or Senior Management shall, without a prior authorization of the general assembly, to be renewed annually, participate in any activity which may likely compete with the activities of the Company, or trade in any branch of the activities carried out by the Company.

Chapter 7. Compliance

The Board of Directors sets these governance rules in a manner that does not conflict with the external provisions of the Governance Regulations, and it shall monitor their application, verify their effectiveness, and amend them when needed, and for this to do the following:

- Review the company's compliance with the rules and regulations periodically.
- Review and update the rules in accordance with the regulatory requirements and best practices.
- Review and develop the rules of professional conduct that represent the company's values and other internal policies and procedures to meet the company's needs and in line with best practices.
- Always inform the members of the Board of Directors of developments in the field of corporate governance and best practices, or delegate this to the Audit Committee or any other committee.

Further, the Board responsibility is to seek external independent advice, when necessary, at the Company's expense and accountability to the shareholders, regulatory and supervisory bodies, and other Stakeholders.

Additionally, the Board and the Board Committees shall comply with the rules, regulations and circulars issued by SAMA, CMA and the applicable laws and regulations in the Kingdom.

7.1 Disclosure and Transparency

The Board shall lay down written formal policies and procedures for disclosure, specifying, at minimum, the types of information to be disclosed, means and frequency of disclosing information, and the process to ensure the quality, adequacy, and timeliness of disclosure, in accordance with the requirements of applicable laws and regulations.

The Board to ensure an appropriate level of transparency and timely and adequate disclosure of material events relating to the Company's financial situation and performance, risk exposures and risk management, and corporate governance.

The Company Disclosure Policy to include that the disclosed information is comprehensive, meaningful, relevant, timely, consistent, reliable, and accessible by public without undue expense or delay.

Chapter 8. Appointed Actuary

8.1 Applicable Regulations

8.1.1 Article 11, SAMA Actuarial Work Rules: Appointed Actuary

The Appointed Actuary appointment requirements:

The Company shall, after obtaining SAMA's statement of non-objection, appoint a Qualified Actuary to act as its Appointed Actuary who meets the requirements of these Rules and SAMA's Instructions and has adequate experience in the types of business written by the Company, being at least a Fellow of an Actuarial Association with relevant post qualification experience.

8.1.2 Article 13, SAMA Actuarial Work Rules: Appointed Actuary

The Appointed Actuary shall not hold any position which may conflict with their role as Appointed Actuary, including a member on the Board of Directors, Senior Management or Chief Executive Officer in the Company or related Company or any other Insurance and/or Reinsurance Company in the Kingdom.

8.1.3 Article 20, SAMA Implementing Regulations: Appointed Actuary

First: The Company shall appoint an Actuary that holds the designation of a Fellow or seek the services of an actuary or an actuarial firm after obtaining a written permission from SAMA. The Company's Actuary shall undertake the following duties:

1. Obtain all required information and particulars from the previous Actuary.
2. Examine the Company's financial position.
3. Evaluate the Company's ability to meet its future obligations.
4. Determine adequate risk retention level.
5. Price the Company's insurance product.
6. Determine and approve the Company's technical provisions.
7. Provide advice and recommendations related to the Company's investment policy.
8. Any other actuarial recommendations.

Second: The Actuary shall be professionally liable for his/her advice and technical services provided to the Company, and shall upon the Company's request, furnish the Company's management with the following particulars and documents:

1. Sound actuarial information and statements about the company's present and future financial position.
2. Annual report, within sixty days from the expiry date of the company's fiscal year reflecting the adequacy of the Company's technical provisions.
3. Annual report, within sixty days from the expiry date of the Company's fiscal year reflecting the pricing adequacy of the insurance products.
4. Company's investment returns analysis.
5. Insurance portfolio development analysis.
6. Cost Analysis
7. Report reflecting the adequacy of matching assets with liabilities.
8. Positive and adverse underwriting policy development status.

The Company shall ensure compliance with all required actuarial duties and reports. Otherwise, SAMA shall appoint an actuary at the company's expense to undertake these actuarial duties.

Third: An external auditor shall review actuarial reports that present immediate or future risks facing the Company, and SAMA shall be provided with copies of these reports in a timely manner.

The Company's Actuary shall, in the presence of immediate or future risks facing the Company, submit a report on an urgent basis directly to the company's Board of Directors. The Board of Directors shall examine the report and recommend corrective actions, and forward all related information to SAMA within fifteen days from receiving the report.

8.2 Roles and Responsibilities

8.2.1 Appointed Actuary

The company has appointed an Actuary firm referred to as "Appointed Actuary", after seeking SAMA's approval. The Appointed Actuary meets the requirements of Article – 13 of "Actuarial Work Rules for Insurance". The appointed Actuary possess the required experience in the types of business underwritten by the Company.

The appointed Actuary provides periodical reports for the followings:

- a) Product Pricing Report (Motor & Medical)
- b) Data Deficiency Reserve
- c) Unearned Premium Reserve
- d) Unexpired Risk Reserve
- e) Outstanding Claims Reserve
- f) Incurred But Not Reported (IBNR) Claims Reserve
- g) Premium Deficiency Reserve
- h) Asset Mismatch Reserve
- i) Catastrophe Reserve (For Property, Engineering & Energy).

The roles & responsibilities of Appointed Actuary in relation to insurance products shall include, but not be limited to, the following:

- a) Obtain all required information from the previous Appointed Actuary
- b) Examine the Company's overall financial position
- c) Assess the underwriting adequacy
- d) Evaluate the Company's ability to meet its future obligations
- e) Price the Company's products taking to account the regulators circulars in that respect
- f) Determine and recommend the Company's technical provisions
- g) Prepare the appropriate reports in accordance with the financial reporting forms required by SAMA and/or CMA

Chapter 9. Performance Evaluation for Board and Board Committees

9.1 Introduction

The Performance Evaluation for Board, Board Committee members and Executive Management sets out the guidelines for their collective and individual performance assessment, as applicable.

9.2 Responsibilities

The Board of Directors along with the Nomination and Remuneration Committee are responsible to set the Key Performance Indicators (KPI) and performance objectives of the company in line with the Company strategy and values to evaluate the performance of Committee Members, Supervising Senior Management, Executive Management and Management Committees. KPIs should be defined for the performance of the respective committees in general and the performance of the committee members for annual evaluation.

Further, the Nomination and Remuneration Committee is responsible for evaluating and reviewing the performance and effectiveness of the Board, Board Committee members annually and evaluating performance of the Senior Management on a regular basis.

9.3 Action Plan based on the Evaluation

The performance of the respective committees and the performance of the members should be reported to the Board and that evaluation should be kept in the records by the Committee Secretary. The Board should define action plans based on the outcome of the evaluation against the Improvement opportunities identified in the evaluations.

Appendix I: Board Charter



Draft UCA Board
Charter

Appendix II: Audit Committee Charter



Draft UCA Audit
Committe Charter

Appendix III: Nomination and Remuneration Committee Charter



Draft UCA
Nomination and Remu

Appendix IV: Executive Committee Charter



Draft UCA Executive
Committe Charter

Appendix V: Investment Committee Charter



Draft UCA Investment
Committe Charter

Appendix VI: Risk Management Committee Charter



Risk Management
Committee Charter

Appendix VII: Corporate Social Responsibility Charter



Draft UCA Corporate
Social Responsibility C



المتحدة للتأمين التعاوني
UNITED COOPERATIVE ASSURANCE



Article 21

Previous corporate governance charter

U C A

Resolution No. <u>100/003</u>	Number of pages are 53 including this page and the attachments	Administrative Resolution
Date: 16/05/2020	<u>Subject: Governance Regulation of the United Cooperative Insurance Company Internal Policy</u>	

Version: Third	Reporting to: Board of Directors Members	Prepared by: Department of Regulatory Oversight and Legal Affairs
No.:	Approved by: General Assembly	Name of the person responsible for monitoring the implementation of the Regulation: Abdul-Aziz Khaled Mirdad
Regulation Status: Internal/ External	Date of accreditation on the Assembly held in: 15/06/2020	Job title: Head of the Regulatory Oversight and Legal Affairs Department
Classification: Public for all the Company employees	Next Revision Date: 06/ 2020	Contact Numbers: 68633 - 02 Extension: 2221- 211 Amirdad@uca.com.sa

Review Topic and Description	Modification No.	Date
Developing and amending the regulation according to the corporate governance regulation in the Kingdom of Saudi Arabia and according to the tasks	001/2012	01/01/2012



of the committees in the Company and the Company's articles of association.		
Amending the regulation in line with the mandatory paragraphs of the Corporate Governance Law issued by the Capital Market Authority.	002/ 2013	01/01/2013
Amending the regulation according to the latest approved version of the corporate governance regulation issued by the Saudi Arabian Monetary Agency and in accordance with the company governance regulation approved by the Capital Market Authority and in accordance with of the Company's articles of association with the addition of criteria for the nomination of the Board of Directors - the regulation has been modified by Mr. Mahassni Law Firm and Legal Consultation.	003/ 2016	2016
Radical amendments in accordance with the circulars and regulations of the Saudi Arabian Monetary Agency, the Capital Market Authority and the articles of association, which included after the amendments to the articles of association through the Department of Regulatory Oversight and Legal Affairs.	004/ 2019	2019
Amending the remuneration of the members of the Board of Directors, the Audit Committee, and members of the external committees.	005/ 2020	2020

Chairman of Board of Directors

CEO



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The Purpose of this Regulation

The Board of Directors (hereinafter referred to as the “Board”) and the Executive Management of the United Cooperative Insurance Company (hereinafter referred to as the “Management”) are committed to developing professional and administrative standards that are consistent with good business practices and norms. These regulations include standards for the Company’s governance policy and its strategic direction. The Company's required culture and the main guiding principles followed at the core of the Company's functional areas.

This document reflects the main guiding principles issued by the Capital Market Authority on corporate governance in general. In addition, the document includes the basic corporate governance rules for listed companies, reporting and disclosure requirements imposed in the Capital Market Law and the regulations related thereto.

This regulation provides a clear and precise definition of the standards, principles and policies referred to above, which shall be read in conjunction with the detailed policies and procedures specified for the various functional areas for the smooth and accurate implementation of these standards and policies.

Application Start Date:

This regulation is applied as of the date of its approval by the Board of Directors, provided that it is presented to the Company’s next general assembly for approval, and it shall be reviewed by the Audit Committee annually from the date of its approval, if there are no changes in the Company’s policy that require review and amendment of the regulation. The statutory controller and the internal auditor shall notify the Audit Committee of any changes that may occur in the Company’s policy or any other statutory changes that require reviewing the contents of this document.

References



- Implementing Regulations for Cooperative Insurance Companies Oversight System.
- The main guiding rules for corporate governance issued by the Saudi Arabian Monetary Agency.
- The Capital Market Law and the Corporate Governance Guiding Regulations issued by the Capital Market Authority (the Corporate Governance Regulations in the Kingdom of Saudi Arabia) and the relevant amended rules and regulations.
- The Articles of Association of the United Cooperative Insurance Company.
- A set of unified laws and rules on corporate governance.

Goals

1. Activating the role of shareholders in the Company and facilitating their rights.
2. A statement of the functions of the board of directors and the executive management and their responsibilities.
3. Activating the role of the board of directors and committees and developing their efficiency to enhance decision-making mechanisms in the Company.
4. Achieving transparency, integrity and fairness in the financial market, its transactions, and the business environment, and promoting disclosure therein.
5. Providing effective and balanced tools to deal with cases of conflict of interest.
6. Strengthening the mechanisms of control and accountability for the employees of the Company.
7. Setting the general framework for dealing with stakeholders and taking into account their rights.
8. Increasing the efficiency of supervising companies and providing the necessary tools for that.



9. Raising companies' awareness of the concept of professional behavior and urging them to adopt and develop it in a manner that suits their nature.

Definitions

Procedural Rules and Regulations: They are the basic procedures to be followed and implemented by the Board for the purpose of full implementation of the principles for any of these items. The Board shall ensure that these principles are applied accurately and in an integrated manner.

The Company: It is the United Cooperative Insurance Company.

Articles of Association: The Articles of Association of the United Cooperative Insurance Company.

Governance Regulations: They are the Corporate Governance Regulations issued by the Saudi Arabian Monetary Agency and the Board of the Capital Market Authority.

Companies Law: The Companies Law issued by the Ministry of Commerce.

Financial Market Law: It is the financial market law.

Authority: It is the Financial Market Authority.

Market: The Saudi Stock Exchange.

Board of Directors: It is the Company's board of directors recognized under the regulations in force in the Kingdom of Saudi Arabia.

Chairman of the Board of Directors: A non-executive member of the Board elected by the Board to chair its meetings and organize its work.

Sub-Committees: The committees emanating from the Board of Directors.



Chief Executive Officer: The highest official in the Company's senior executive management, who is responsible for the day-to-day management of the Company, regardless of the job title.

Affiliated Company: Any Company (or a Company from a group of companies that the institution may consider as a single unit) owns five percent or more of the capital of the insurance and/or reinsurance Company, or the Company that owns the insurance and/or reinsurance Company (on its own or jointly with a group of companies that the Corporation may consider it a single unit (five percent or more of its capital)

Relatives: They are the family members of the father, mother, husband, wife and children, or those who have a business relationship that would influence the decision taken, and any of the institutions in which any member of the Board of Directors owns more than 5%.

Relatives or Consanguinity:

- Fathers, mothers, grandfathers, grandmothers, even if they are older.
- Boys, and their children, even if they go down.
- Brothers and sisters, whether siblings of half siblings.
- Husbands and wives.

The Company's Governance: It is the rules for the leadership and direction of the Company which includes mechanisms to regulate the various relations between the board of directors, executive directors, shareholders and stakeholders by setting special rules and procedures to facilitate the decision-making process and to impart transparency and credibility thereto in order to protect the rights of shareholders and stakeholders and achieve justice, competitiveness and transparency in the market and business environment .

Governance is the optimal system through which the Company is managed and controlled, and as a result, the authorities and responsibilities are distributed among the various participants in the Company, such as the



board of directors, executive management, shareholders and stakeholders. This system clarifies the rules, policies, and procedures related to the Company's affairs, and provides the institutional framework and organizational structure that clarifies the Company's goals, means of achieving them, and monitoring performance. The board of directors shall be responsible for the rules of governance.

The role of the shareholders in governance is to appoint the members of the board of directors and the auditor and to ensure the efficiency of the governance system, while the responsibility of the board of directors is to set strategic goals for the Company, provide leadership that works to implement them, supervise the management of the Company and prepare reports for shareholders about their management in the Company. The work of the Board of Directors is subject to the rules and regulations, the Company's articles of association, and the oversight of shareholders in the Company's general assembly.

Shareholders' Assembly: It is an assembly formed by the Company's shareholders in accordance with the provisions of the Companies Law and the Company's Articles of Association.

Executive Member: He is a member of the board of directors who is full-time in the executive management of the Company and participates in its daily business.

Non-Executive Member: He is a member of the Board of Directors who is not dedicated to managing the Company and does not participate in its daily business.

Independent Member: He is a non-executive member of the Board of Directors who enjoys complete independence in his position and decisions, and no obstacles to independence apply to him.

Obstacles of independence: The independent member of the board of directors shall be able to exercise his duties, express his opinions and vote



on decisions objectively and impartially, which helps the board of directors to take sound decisions that contribute to achieving the interests of the Company. The Board of Directors shall conduct an annual evaluation of the extent to which the independence of the member has been achieved and to ensure that there are no relationships or circumstances that affect or may affect him, that contradict the independence required for an independent member of the Board of Directors, including but not limited to the following:

1. To own five percent or more of the Company's shares, or of the shares of another Company in its group, or is related to the person who owns this percentage.
2. To be a representative of a legal person who owns five percent or more of the Company's shares or of the shares of another Company from its group.
3. To be related to any of the members of the board of directors in the Company or in another Company of its group.
4. To be related to any of the senior executives of the Company or any other Company of its group.
5. To be a member of the board of directors in another Company from the group of the Company nominated for membership in its board of directors.
6. To work or have worked as an employee during the past two years for the Company or any party dealing therewith or another Company of its group, such as auditors and major suppliers, or to have been the owner of controlling shares with any of those parties during the past two years.
7. To have a contractual or commercial relationship with the Company (whether directly or through an entity in which he is a major shareholder, a member of its board of directors or a manager) that entails paying or receiving an amount from the Company equal to the value of 250 thousand Saudi riyals (other than the amounts related to contracts Insurance and remunerations to which the member is entitled for his membership in the Board of Directors (during the last two years.



8. To receive sums of money from the Company in addition to the remuneration for membership of the Board of Directors or any of its committees in excess of SR 200,000 or 50% of his remuneration in the previous year that he received in return for membership in the Board of Directors or any of its committees, whichever is less.
9. To have spent more than nine consecutive or separate years as a member of the Company's board of directors.
10. To participate in a business that is relevant to us - the same as the Company, or to trade in one of the branches of the Company's activity.
11. To have a financial obligation towards the Company or any of its board members or senior management in a way that could affect his ability to rule and take decisions with complete independence.

Executive Management: They are the persons who are entrusted with managing the Company's daily operations and proposing and implementing strategy decisions, such as the CEO, his deputies and the financial manager.

Desirable Practices: They are the additional non-binding measures. But it helps strengthen the implementation of the core principles in each item.

Related Parties:

- Major shareholders in the Company.
- Board members of the Company or any of its subsidiaries and their relatives.
- Senior executives of the Company or any of its subsidiaries and their relatives.
- Board members and senior executives with major shareholders in the Company.
- Establishments - other than companies - owned by a member of the Board of Directors or one of the senior executives or their relatives.
- Companies in which any of the members of the board of directors or the chief executives or their relatives is a partner.



- Companies in which any of the members of the board of directors or senior executives or their relatives is a member of its board of directors or one of its senior executives.
- Joint stock companies in which any of the members of the board of directors or senior executives or their relatives owns 5% or more, taking into account what is stated in paragraph (4) of this definition.
- Companies in which any of the members of the board of directors, senior executives, or their relatives influence their decisions, even if they are given advice or guidance.
- Any person whose advice and guidance influence the decisions of the Company, members of the Board of Directors and its senior executives.
- Holding companies or subsidiaries of the Company.

Advice and directions that are professionally provided by a person authorized to do so are excluded from paragraphs (9) and (10) of this definition.

Group: In relation to a person, means that person and each of its subordinates.

Affiliate: A person who controls another person, is controlled by that other person, or is jointly controlled by that other person by a third person. In any of the above, control is direct or indirect.

Stakeholders: Everyone who has an interest with the Company, such as employees, payers, customers, suppliers, and the community.

Major Shareholders: Natural or legal persons who control, directly or indirectly, alone or jointly with others, five percent or more of the Company's capital.

Cumulative Voting: It is a voting method for selecting members of the Board of Directors that gives each shareholder voting power according to the number of shares he owns; so that he has the right to vote for one candidate or to divide it among the candidates he chooses without repeating these votes.

Controlling Share: The ability to influence the actions or decisions of another person, directly or indirectly, from an individual or a community with a relative or dependent, through owning 30% or more of the voting rights in a Company



or the right to appoint 30% or more of the members of the Administrative Apparatus.

Administrative Apparatus: the group of individuals who make strategic decisions for a person. The Company's board of directors is its Administrative Apparatus thereof.

Rewards: They are the amounts, allowances, profits and the like, periodic or annual bonuses related to performance, short or long-term incentive plans, and any other benefits in kind, excluding reasonable actual expenses and costs incurred by the Company on behalf of a member of the Board of Directors for the purpose of performing his work.

The Day: a calendar day, whether it is a business day or not.



Shareholders Rights

Fair Treatment of Shareholders:

- The Board of Directors shall protect the rights of shareholders in a way that guarantees justice and equality among them.
- The Company's board of directors and executive management are committed not to discriminate between shareholders who own the same class of shares, and not to withhold any rights from them.
- The Company sets out in its internal policies the necessary procedures to ensure that all shareholders exercise their rights.

Shares Related Rights

The shareholder shall have all rights attached to the share, especially the following:

- Obtaining a share of the net profits to be distributed in cash or by issuing shares.
- Obtaining a share of the Company's assets upon liquidation.
- Attending public or private shareholder assemblies, participating in their deliberations, and voting on their decisions.
- Disposing of his shares in accordance with the provisions of the Companies Law and the Capital Market Law and their implementing regulations.
- Inquiries and requests to view the Company's books and documents, including data and information related to the Company's activity and its operational and investment strategy in a way that does not harm the interests of the Company and does not conflict with the Companies Law and the Capital Market Law and their implementing regulations.
- Monitoring the performance of the Company and the work of the Board of Directors.
- Accountability of the members of the Board of Directors and filing a liability suit against them, and appealing the invalidity of the decisions of



the general and private shareholders' assemblies in accordance with the conditions and restrictions contained in the Companies Law and the Company's Articles of Association.

- Priority for subscribing shall be given to new shares issued in exchange for cash shares, unless the extraordinary general assembly suspends the priority right if this is stipulated in the Company's articles of association in accordance with Article 140 of the Companies Law.
- Registering his shares in the Company's shareholders register.
- Request to see a copy of the Company's articles of incorporation and articles of association unless the Company publishes them on its website.
- Nomination and election of board members.

Shareholder Access to Information:

- The Board shall provide complete, clear, correct and not misleading information to enable the shareholder to exercise his rights to the fullest extent. This information shall be provided in a timely manner and shall be updated regularly.
- The means of providing information to the shareholder shall be clear and detailed and include a statement of the Company's information that the shareholder can obtain and be made available to all shareholders of the same category.
- The most effective means shall be followed in communicating with shareholders and not discriminating between them in providing information.

Communicating with Shareholders:

- The Board of Directors ensures the achievement of communication between the Company and the shareholders that is based on a common understanding of the Company's strategic objectives and interests.
- The Chairman and Chief Executive Officer shall inform the rest of the Board of Directors of the views of the shareholders and discuss them in this regard.



- Any of the shareholders shall not interfere in the work of the board of directors or the work of the executive management of the Company unless he is a member of its board of directors or its executive management, or if he is interfering through the ordinary general assembly and in accordance with its terms of reference or within the limits and conditions authorized by the board of directors.

Election of the Board Members:

- The Company announces on the market's website information about the candidates for membership of the Board of Directors when publishing or directing the invitation to convene the General Assembly, provided that this information includes a description of the candidates' experiences, their qualifications, skills and jobs and their previous and current memberships, and the Company shall provide a copy of this information in its head office and its website.
- According to both the Companies Law and the Company's Articles of Association, the voting right is used for more than one share.
- Voting in the General Assembly is limited to candidates for membership of the Board of Directors whose information are announced by the Company.

Obtaining Profits:

1. Avoiding 20% of the profits to form the statutory reserve for the Company. The Ordinary General Assembly may stop this set-up when the said reserve reaches 100% of the paid-up capital.
2. The Ordinary General Assembly may decide, based on the proposal of the Board of Directors, to set aside a certain percentage of the net profits to form a consensual reserve allocated to support the financial position.
3. The Ordinary General Assembly may decide to create other reserves to the extent that achieves the interest of the Company or ensures the distribution of fixed profits as much as possible to the shareholders.
4. Avoid the prescribed zakat and income tax.



5. The shareholder is entitled to his share of the profits in accordance with the decision of the General Assembly issued in this regard. The decision indicates the maturity date and the distribution date. The eligibility of profits shall be given to the owners of shares registered in the shareholders' records at the end of the day specified for entitlement. The Company shall inform the Capital Market Authority without delay of any decisions to distribute profits or to recommend this, and the profits shall be paid so as to be distributed to shareholders at the place and dates determined by the Board of Directors in accordance with the instructions issued by the competent authority, taking into account the prior written approval of the Saudi Arabian Monetary Agency.

Rights related to the General Assembly Meeting:

Shareholders' general assemblies are responsible for all matters related to the Company. The general assembly held in accordance with the statutory procedures represents all shareholders in exercising their competencies related to the Company, and performs its role in accordance with the provisions of the Companies Law and its implementing regulations and the Company's articles of association.

The Extraordinary General Assembly is specialized in the following:

- Amending the Company's articles of association, with the exception of the amendments that were deemed invalid according to the provisions of the companies' bylaws.
- Increasing the Company's capital in accordance with the conditions established in the Companies Law and its implementing regulations.
- Reducing the Company's capital if it exceeds the Company's need or if it suffers financial losses, according to the conditions established in the Companies Law and its implementing regulations.
- A report on the formation of a consensual reserve for the Company stipulated in its articles of association and allocated for a specific purpose, and its disposal.



- Determining the continuation or dissolution of the Company before the term specified in its articles of association.
- Approval of the purchase of the Company's shares.
- Issuance or approval of purchase of preferred shares, conversion of ordinary shares into preference shares, or conversion of preferred shares into ordinary shares based on a provision in the Company's articles of association and in accordance with the regulatory controls and procedures issued in implementation of the Companies Law for Listed Joint Stock Companies.
- Issuance of debt instruments or financing instruments that are convertible into shares, and an indication of the maximum number of shares that may be issued against these instruments.
- Allocating the shares issued upon the capital increase or part thereof to the employees of the Company and its subsidiaries or some of them, or any of that.
- Suspending the right of priority for shareholders to subscribe to increase the capital in exchange for cash shares, or giving priority to non-shareholders in the cases it deems appropriate in the interest of the Company, as stipulated in Article Thirteen of the Company's articles of association.

The Extraordinary General Assembly may issue resolutions within the competences of the Ordinary General Assembly, provided that such decisions are issued in accordance with the conditions for issuing the Ordinary General Assembly resolutions specified by an absolute majority of the shares represented in the meeting.

Functions of the Ordinary General Assembly:

Except for the competence of the Extraordinary General Assembly, the Ordinary General Assembly is responsible for all the affairs of the Company, especially the following:

- Appointing and removing members of the Board of Directors.



- Permission for a member of the board of directors to have a direct or indirect interest in the business and contracts that are made for the Company's account, in accordance with the provisions of the Companies Law and its implementing regulations.
- Permission for a member of the Board of Directors to participate in any business that would compete with the Company, or to compete with the Company in one of the branches of the activity that it engages in, in accordance with the provisions of the Companies Law and its Implementing Regulations.
- Monitoring the compliance of the members of the Board of Directors with the provisions of the Companies Law and its executive regulations and other relevant regulations and the Company's articles of association, and examining any damage arising from their violation of these provisions or mismanagement of the Company's affairs, determining the liability arising therefrom, and taking what it deems appropriate in this regard in accordance with the Companies Law and its implementing regulations.
- Forming an audit committee in accordance with the provisions of the Companies Law and its implementing regulations.
- Approval of the Company's financial statements.
- Approval of the report of the Board of Directors.
- Deciding on the proposals of the Board of Directors regarding the method of distributing net profits.
- Appointing the Company's auditors, determining their remuneration, re-appointing them, changing them, and approving their reports.
- Looking into the violations and errors that occur from the Company's auditors in the performance of their duties, and any difficulties notified by the Company's auditors related to enabling the board of directors or the Company's management for them to access the books, records and other documents, data and clarifications necessary to perform their tasks, and take what it deems appropriate in that matter.



- Stop setting aside the Company's statutory reserve when it reaches 30% of the Company's paid-in capital, and decide to distribute what exceeds this percentage to the Company's shareholders in the fiscal years in which the Company does not achieve net profits.
- Using the Company's consensual reserve in the event that it is not allocated for a specific purpose, provided that the use of this reserve is based on a proposal from the Board of Directors and in ways that benefit the Company or shareholders.
- Form other reserves for the Company, other than the statutory reserve and the conventional reserve, and dispose of them.
- Deductions from the Company's net profits to establish social institutions for the Company's employees, or to assist existing ones, in accordance with Article one hundred and twenty-nine of the Companies Law.
- Approval of selling more than 50% of the Company's assets, whether in one transaction or several transactions, within twelve months from the date of the first sale transaction. In the event that the sale of these assets includes what falls within the competencies of the extraordinary general assembly, the approval of the extraordinary general assembly shall be obtained.

Shareholders Assembly:

- The ordinary general assembly of shareholders is held in accordance with the conditions and circumstances stipulated in the Companies Law and its implementing regulations and the Company's articles of association.
- In accordance with Article Twenty-eighth of the Company's articles of association, the ordinary general assembly shall be held at least once a year during the six months following the end of the Company's financial year.
- Shareholders' general or special assemblies are held at the invitation of the Board of Directors, in accordance with the conditions stipulated in the



Companies Law and its Executive Regulations and the Company's Articles of Association. The Board of Directors shall invite the Ordinary General Assembly to a meeting if requested by the auditor, the audit committee, or a number of shareholders whose ownership represents 5% at least of the Company's capital. The auditor may call the assembly to convene if the board of directors does not call it within thirty days from the date of the auditor's request.

- The date, place and agenda of the general assembly must be announced at least twenty-one days before the date, and the invitation shall be published on the market's website and the Company's website and in a daily newspaper distributed in the area where the Company's head office is located. In addition, the Company may invite the general and private assemblies of its shareholders by means of modern technology.
- The Company may amend the agenda of the general assembly during the period between the publication of the announcement and the date of the assembly, provided that the Company announces that in accordance with the established conditions.
- Shareholders shall have the opportunity to actively participate and vote in the General Assembly meetings. Meetings of the general assemblies of shareholders may be held and the shareholder may participate in their deliberations and vote on their decisions by means of modern technology, in accordance with the regulatory controls and procedures issued in implementation of the Companies Law for Listed Shareholding Companies.
- The Board of Directors works to facilitate the participation of the largest number of shareholders in the meeting of the General Assembly, including choosing the appropriate place and time.
- The Company shall verify the registration of the data of the shareholders wishing to attend at the Company's head office before the time specified for the assembly, unless the Company's articles of association provide for another means.



General Assembly Agenda:

- The Board of Directors, when preparing the agenda for the General Assembly, shall take into consideration the topics that shareholders wish to include. Shareholders who own at least 5% of the Company's shares may add one or more topics to the agenda of the general assembly when it is prepared.
- The Board of Directors shall single out each of the topics listed on the agenda of the General Assembly in a separate item, and not combine the fundamentally different topics under one item, and shall not put the business and contracts in which the members of the Board have a direct or indirect interest in one item; for the purpose of obtaining a shareholder vote on the item as a whole.
- Shareholders, through the Company's website and the market's website, shall be able to obtain information related to the agenda items of the general assembly, especially the report of the board of directors, the auditor, the financial statements, and the audit committee's report. This is to enable them to make an informed decision. The Company shall update this information in case the agenda of the General Assembly is amended.
- The Authority may add any topics it deems appropriate to the agenda of the General Assembly.

Management of the Shareholders' Assembly:

- The meetings of the general assemblies of shareholders are chaired by the Chairman of the Board of Directors or his deputy in his absence, or whoever is delegated by the Board of Directors from among its members for this in the absence of the Chairman and Vice-Chairman.
- The chairman of the shareholders' assembly shall provide the shareholders with the opportunity to actively participate and vote in the meetings of the general assembly, and it shall establish any procedure that leads to impeding the attendance of the assemblies or the use of the



right to vote. They shall be informed of the rules governing the work of such meetings and the voting procedures.

- Shareholders have the right to discuss the topics included in the agenda of the General Assembly and to direct questions about them to the members of the Board of Directors and the auditor. These questions shall be answered to the extent that the interest of the Company is not jeopardized.
- Shareholders shall be able to view the minutes of the general assembly meeting, and the Company shall provide the Authority with a copy thereof within ten days from the date of the meeting.
- The Company shall announce to the public and notify the Authority and the market in accordance with the controls set by the Authority with the results of the General Assembly immediately upon its conclusion.

Voting Rights:

- Voting is considered one of the fundamental rights of the shareholder, and according to Article 34, each shareholder has a vote for each share in the general assemblies, with the obligation to use the cumulative vote in electing the Board of Directors, which relate thereto directly or indirectly.
- In accordance with Article 25 of the Company's Articles of Association, the shareholder may participate in voting on decisions of the general assemblies using modern technologies, according to the controls set by the competent authority.
- The decisions of the Ordinary General Assembly are issued by an absolute majority of the shares represented in the meeting, while the decisions of the Extraordinary General Assembly are issued by a two-thirds majority of the shares represented in the meeting, unless it is a decision related to increasing or decreasing the capital, extending the Company's term, or dissolving it before the expiry of the period specified in the articles of association or its incorporation into the Another



Company, the decision will not be valid unless it is issued by a majority of three quarters of the shares represented in the meeting.



Board of Directors

Formation of the Board of Directors

Composition of the Board of Directors:

The Board is composed of 7 members elected by the Ordinary General Assembly for a period not exceeding three years. They are elected by cumulative voting, provided that the composition reflects appropriate representation from the independent members. The number of independent members of the Board may not be less than two members or one-third of the members of the Board, whichever is more.

Appointment of Board Members:

- According to Article 15 of the company's bylaws, the company is managed by a board of directors consisting of seven members who are elected by cumulative voting for a period not exceeding three years and may be re-elected.
- The company is obligated that a member of the board of directors shall not be a member of the board of directors of more than five joint stock companies listed on the market at the same time.
- The company shall notify the Authority of the names of the members of the Board of Directors and their membership descriptions within five working days from the date of the start of the term of the Board of Directors or from the date of their appointment- whichever is sooner - and any changes that occur to their membership within five working days from the date thereof.

Board Membership Conditions:

It is required that a member of the Board of Directors shall be of professional competence, who have the necessary experience, knowledge, skill and independence to enable him to perform his duties efficiently and competently, taking into account that in particular the following shall be available:



- (1) **Leadership ability:** by having leadership skills that qualify him to grant powers in a way that leads to motivating performance and applying best practices in the field of effective management and adherence to professional values and ethics.
- (2) **Efficiency:** by having the academic qualifications, appropriate professional and personal skills, level of training, and practical experience related to the company's current and future activities, management, economics, accounting, law or governance, as well as a desire to learn and train.
- (3) **The Ability to direct others:** by having technical, leadership, and administrative capabilities, quick decision-making, understanding the technical requirements related to workflow, and being able to strategically direct, plan and have a clear future vision.
- (4) **Financial knowledge:** by being able to read and understand financial statements and reports.
- (5) **Fitness:** That there is no health barrier to prevent him from exercising his duties and competencies. The General Assembly, when electing the members of the Board of Directors, shall take into consideration the recommendations of the Nomination Committee and the availability of the personal and professional components necessary to effectively perform their duties in accordance with what is stated in this Article.

Board Membership Expiry:

- According to Article Sixteen of the Company's articles of association, the membership of the board ends with the expiration of its term or the termination of the member's term of office in accordance with any law or instructions in force in the Kingdom. However, the ordinary general assembly may at any time dismiss all or some of the board members, without prejudice to the dismissed member's urging towards the company to Compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time, and a member of the Board of Directors may



- resign, provided that this is at an appropriate time, otherwise he shall be liable before the company for the damages resulting from the retirement.
- The General Assembly may- based on a recommendation from the Board of Directors- terminate the membership of any of its members who are absent from three consecutive meetings of the Board without a legitimate excuse.
 - Upon termination of the membership of a member of the Board of Directors by one of the means of termination of membership, the company shall notify the Authority and the market immediately with a statement of the reasons that called for it.
 - If a member of the Board of Directors resigns and he has comments on the company's performance, he shall submit a written statement to the Chairman of the Board of Directors, and this statement shall be submitted to the members of the Board of Directors.

Policies, criteria and procedures for nomination and appointment to the Board of Directors:

- He shall not be a State employee, unless he is a representative of one of the government agencies, companies established by the State, or public legal persons.
- He shall not convicted of a crime.
- He shall not be insolvent or bankrupt.
- He shall not engage in any wrongful conduct in the financial markets or business.
- The candidate shall not be a member of the Board of Directors of more than five joint stock companies listed in the financial market at the same time.
- The candidate 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 one of the leadership positions in those companies.
- He has scientific and practical experience.



- He shall comply with the provisions of the applicable laws, regulations, and instructions.
- He has enough time to work.
- He enjoys independence and no conflict of interest.
- The candidate shall have capabilities such as: the ability to understand the nature of the Company's business and make independent analytical judgments, and the ability to communicate effectively. The candidate shall also have the ability and willingness to spend time and effort in the Board of Directors and be an effective and activist in order to be a member.
- It is not permissible, except with the prior written approval of the Saudi Arabian Monetary Agency, to be nominated for membership in the Board of Directors each person whoever occupied the position in a company of Safit or who has been dismissed in another company.
- Filling out the suitability criteria questionnaire for candidates for membership of the Board of Directors issued by the Saudi Arabian Monetary Agency and located on the website of the Monetary Agency: www.sama.gov.sa
- Filling out the Capital Market Authority form (Form No. 3), which is available on the website of the Capital Market Authority: <http://www.cma.org.sa> and his signature (to send the form in Word format as well as PDF format to the e-mail in addition to the original form by e-mail)
- If the candidate is a company or a legal entity, it shall designate its representative on the board of directors and notify the board secretary of those authorized by this company and signed in writing, provided that this notification is dated.
- The candidate's curriculum vitae, accompanied by copies of educational qualifications and experience certificates, in addition to a clear copy of a valid national identity card, family register for individuals, commercial register for companies and institutions, and the candidate's contact numbers.



- A statement from the candidate who has previously occupied or is still a member of the board of directors of a joint stock company, with the number and dates of the meetings of the boards of directors of joint stock companies that he attended while serving as a member of its boards of directors.
- A list of companies or institutions similar to the Company's business or that the candidate is jointly managing or owned and that practice business that has contracts or common interests with the Company.
- The candidate's obligation, if elected to the Board of Directors, to submit the required disclosures in accordance with the policy of conflict of interests of members of the Board of Directors and members of the committees emanating from the Board. If the candidate has previously held a membership from the company's management for the last term in which he assumed the board of directors of the United Cooperative Insurance Company, he shall attach a statement from the company's management about the last term in which he became a member of the board, including the following information:
 - A. The number of board meetings that took place during each year of the term, the number of meetings attended by the member, and the percentage of his attendance to the total meetings.
 - B. The names of the permanent committees in which the member participated, the number of meetings held by each of those committees during each year of the session, the number of meetings he attended, and the ratio of his attendance to the total meetings.
 - C. Summary of the financial results achieved by the company during each year of the session.

Board of Directors Responsibilities and Competences

Board Responsibility:



- The Board of Directors represents all shareholders, and it has to exercise its duties of care and loyalty in managing the company and everything that would safeguard its interests, develop and maximize its value.
- The Company's board of directors bears responsibility for its work, even if it delegates committees, bodies, or individuals to exercise some of its powers. In all cases, the Board of Directors may not issue a general and indefinite mandate.

The Main Functions of the Board of Directors:

Taking into account the competencies established for the General Assembly in the Companies Law and its Executive Regulations and the Company's Articles of Association, the Board of Directors shall have the widest powers in managing the company and directing its work to achieve its objectives.

1. Develop the company's main plans, policies, strategies and objectives, supervise their implementation and review them periodically, and ensure the availability of the human and financial resources necessary to achieve them, including:

- Setting, reviewing and directing the company's comprehensive strategy, main work plans, and risk management policies and procedures.
- Determining the optimal capital structure for the Company, its strategies and financial objectives, and approving all kinds of discretionary budgets.
- Supervising the Company's main capital expenditures, and owning and disposing of assets.
- Setting performance objectives and monitoring implementation and overall performance in the company.
- Periodic review and approval of organizational and functional structures in the company.
- Verify the availability of human and financial resources necessary to achieve the Company's objectives and main plans.



2. Establishing systems and controls for internal control and general supervision over them, including:

- Developing a written policy to address actual and potential conflict of interest cases for each of the members 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.
- Ensuring the integrity of the financial and accounting systems, including those related to the preparation of financial reports.
- Ensuring that appropriate control systems are in place to measure and manage risks; by developing a general perception of the risks that the company may face, creating an environment familiar with the culture of risk management at the company level, and presenting it transparently with stakeholders and related parties to the Company.
- Annual review of the effectiveness of the Company's internal control procedures.

3. Preparing clear and specific policies, standards and procedures for membership in the Board of Directors in a manner that does not conflict with the mandatory provisions of these regulations, and put them into practice after the approval of the General Assembly.

4. Developing a written policy regulating the relationship with stakeholders.

5. Laying down policies and procedures that ensure the Company's compliance with laws and regulations and its commitment to disclosing material information to shareholders and stakeholders, and verifying compliance by the executive management with them.

6. Supervising the Company's financial management, its cash flows, and its financial and credit relations with others.

7. Proposing to the Extraordinary General Assembly what it deems appropriate regarding the following:



- Increase or decrease of the Company's capital.
- Dissolution of the Company before the deadline specified in the Company's articles of association or deciding its continuation.

8. Proposing to the Ordinary General Assembly what it deems appropriate regarding the following:

- Using the Company's consensual reserve in case it was formed by the Extraordinary General Assembly and not allocated for a specific purpose.
- Forming additional reserves or financial allocations for the company.
- Method of distributing net profits of the Company.

9. Preparing and approving the Company's initial and sound financial statements before publishing them.

10. Preparing and approving the Board of Directors' report before its publication.

11. Ensuring the accuracy and integrity of the data and information to be disclosed, in accordance with the applicable disclosure and transparency policies and systems.

12. Establishing effective communication channels that allow shareholders to see on a continuous and periodic basis the most recent activities of the Company and any material developments.

3. Forming specialized committees emanating from it by decisions specifying the duration of the committee, its powers and responsibilities, and how the council will monitor it, provided that the formation decision includes naming the members and defining their duties and rights, with an evaluation of the performance and work of these committees and their members.

14. Determining the types of remunerations granted to the Company's employees, such as fixed remunerations, performance-related remunerations, and remunerations in the form of shares, in a manner that does not conflict with



the regulatory controls and procedures issued in implementation of the Companies Law for Listed Joint Stock Companies.

15. Setting the values and standards that govern work in the Company.

Distribution of competencies and tasks between the Board of Directors and the Executive Management:

The organizational structure of the Company shall include defining the terms of reference and distributing tasks between the board of directors and the executive management in accordance with the best corporate governance practices, improving the efficiency of the Company's decision-making, and achieving a balance in the powers and authorities between them. The Board of Directors has to do the following:

1. Approving and developing the internal policies related to the Company's business, including defining tasks and competencies and responsibilities assigned to the different organizational levels.
2. Adopting a written and detailed policy defining the powers delegated to the executive management and a schedule showing those Powers, method of implementation and term of delegation, and the Board of Directors may request the Executive Management to submit periodic reports regarding its exercise of delegated powers.
3. Determining the issues and topics that the Board retains the authority to decide on.

Separation of Positions:

- In accordance with Article 20 of the Company's articles of association, the Board of Directors appoints from among its members a chairman and a vice-chairman, and may appoint a managing director.
- It is not permissible to combine the position of the Chairman of the Board of Directors with any other executive position in the company, including



the position of the Managing Director, Chief Executive Officer or General Manager.

- Article 20 of the company's bylaw defines the duties and responsibilities of the chairman and his deputy.
- In all cases, it is not permissible for a person to have the exclusive authority to make decisions in the company.

Supervising the Executive Management:

The Board of Directors is responsible for forming the Company's executive management, regulating how it operates, controlling and supervising it, and verifying that it performs the tasks entrusted thereto, and for this purpose it shall:

- Setting the necessary administrative and financial policies.
- Verifying that the executive management operates in accordance with the policies approved by it.
- Choosing and appointing the CEO of the Company, and supervising his work.
- Appointing and removing the director of the internal audit department or the internal auditor and determining his remuneration, if any.
- Holding periodic meetings with the executive management to discuss the course of work and the obstacles and problems encountered, and to review and discuss important information regarding the company's activity.
- Setting performance standards for the executive management in line with the Company's objectives and strategy.
- Reviewing and evaluating the performance of the executive management.
- Developing succession plans for the Company's management.

Functions and Tasks of the Executive Management:



Subject to the competencies established for the Board of Directors under the provisions of the Companies Law and its Executive Regulations, the Executive Management is responsible for implementing the plans, policies, strategies and main objectives of the Company in order to achieve its objectives. Within the competencies of the executive management and its tasks are the following:

- Implementing the Company's internal policies and regulations approved by the Board of Directors.
- Suggesting and implementing the Company's comprehensive strategy, main and interim work plans, investment policies and mechanisms, financing, risk management, and emergency management plans.
- Suggesting the optimal capital structure for the company, its strategies and financial objectives.
- Proposing the Company's main capital expenditures and own and dispose of assets.
- Suggesting the organizational and functional structures of the Company and submitting them to the Board of Directors for consideration for approval.
- Implementation of internal control systems and controls and general supervision over them, including the implementation of the conflict of interest policy, and the proper application of financial and accounting systems, including those related to the preparation of financial reports.
- Implementation of appropriate control systems to measure and manage risks; by developing a general perception of the risks that the company may face, creating an environment familiar with the culture of risk reduction at the company level, and presenting it transparently with the Board of Directors and other stakeholders.
- Effectively implement the Company's corporate governance rules in a manner that does not conflict with the provisions of this regulation and propose amendments when needed.



- Implementing the policies and procedures that ensure the Company's compliance with the rules and regulations and its commitment to disclosing material information to shareholders and stakeholders.
- Providing the Board of Directors with the information necessary to exercise its competencies and making recommendations regarding the following:
 1. Increase or decrease the Company's capital.
 2. Dissolving the Company before the term specified in its articles of association or deciding its continuation.
 3. Use of the Company's consensual reserve.
 4. Creating additional reserves for the Company.
 5. How to distribute the Company's net profits.
- Suggesting a policy and types of remuneration granted to employees, such as fixed remuneration, performance-related remuneration, and remuneration in the form of shares.
- Preparing periodic financial and non-financial reports on the progress made in the Company's activity in light of the Company's strategic plans and objectives, and presenting such reports to the Board of Directors.
- Managing the Company's daily work and managing its activities, as well as managing its resources in an optimal manner and in accordance with the Company's objectives and strategy.
- Active participation in building and developing a culture of ethical values within the Company.
- Implementing internal control and risk management systems, verifying the effectiveness and adequacy of those systems, and ensuring compliance with the level of risk approved by the Board of Directors.
- Suggesting and developing internal policies related to the company's work, including defining the tasks, competencies and responsibilities assigned to the different organizational levels.
- Suggesting a clear policy for delegating business thereto and the way to implement such business.



- Suggesting the powers to be delegated to it, the decision-making procedures and the term of the delegation, provided that it submits periodic reports to the Board of Directors on its exercise of those powers.

Responsibilities of the Chairman and Members of the Board of Directors

Functions and responsibilities of the Chairman of the Board of Directors:

Without prejudice to the competencies of the Board of Directors, the Chairman of the Board of Directors shall lead the Board, supervise its workflow and effectively perform its functions. The Board Chairman shall in particular include the following:

- Ensuring that the members of the Board of Directors obtain in a timely manner the complete, clear, correct and not misleading information.
- Verifying that the Board of Directors has discussed all major issues in an effective and timely manner.
- Representing the Company before others in accordance with the provisions of the Companies Law and its executive regulations and the company's articles of association.
- Encouraging the members of the Board of Directors to carry out their duties effectively and in the interest of the company.
- Ensuring the existence of channels for actual communication with shareholders and communicating their opinions to the Board of Directors.
- Encouraging constructive relations and effective participation between the board of directors and the executive management, and between executive, non-executive and independent members, and creating a culture that encourages constructive criticism.
- Preparing the agenda for Board meetings, taking into consideration any issue raised by a Board member or the auditor, and consulting with Board members and the CEO when preparing the Board's agenda.



- Holding meetings on a regular basis with the non-executive members of the board of directors without the presence of any executive in the company.
- Notifying the Ordinary General Assembly, when it is convened, of the business and contracts in which a member of the Board of Directors has a direct or indirect interest, provided that this notification includes the information submitted by the member to the Board of Directors and that this notification is accompanied by a special report from the Company's external auditor.
- Article Eighteen of the Regulation states the powers and responsibilities of the Chairman of the Board of Directors that shall include the following:
 1. The Chairman of the Board shall be responsible for convening and chairing the Board meetings, as well as chairing the meetings of the general assembly of shareholders.
 2. The Chairman of the Board shall represent the Company in its relations with others, government departments, corporations, individuals, and before the judiciary and courts of all levels and categories, the bureau of grievances, public notary, arbitral tribunals, bureaus and committees for dispute resolution of all types, civil rights, police departments, all government agencies and chambers of commerce and industry, private organizations, bodies, companies and institutions of all types, issue legal agencies and appoint agents and remove agents and lawyers, advocacy, pleading, litigation, reconciliation, waiver, right of acquittal, denial and acknowledgment, request oaths to be taken, arbitration, acceptance of judgments and objection thereon on behalf of the Company, execution of judgments, signing all types of contracts, agreements, document and papers, including but not limited to the memorandums of association of the companies founded or co-founded by the Company, amendments thereto, and the agreements of liquidation thereof, signing resolutions of appointment or removal of directors and the Company's representatives in shareholders' assemblies, signing contracts, agreements, deeds and discharges before the public notary and official and national authorities, and shall have the right to



sign all kinds of contracts, agreements, documents, papers, forms, loan agreements and all financial agreements with government funding institutions, banks and financial institutions, guarantees, warranties and mortgages and the removal thereof, and shall have the right to collect the Company's rights, pay its liabilities, sell, purchase, discharge and accept the same, receive and deliver rentals, make and receive payments, enter into tenders, open and close accounts, open letters of credits, withdraw and deposit with banks, issue securities, checks and all commercial notes, asset management institutions, investment companies in public and private securities both inside the Kingdom or abroad, and shall also have the right to appoint, hire and dismiss employees, determine their salaries and remuneration, request visas for them, recruit expatriate workers and obtain residence and work permits for them, and transfer and assign sponsorships.

Appointing the Chief Executive Officer after the end of his services as a Chairman of the Board

It is prohibited to appoint the Chief Executive Officer, during the first year following the end of his service, as the Chairman of the Board.

Principles of Truthfulness, Honesty and Loyalty

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. This shall include, in particular, the following:

Truthfulness: is achieved when the relationship between the Board member and the Company is an honest professional relationship, and he discloses to the Company any significant information before entering into any transaction or contract with the Company or any of its affiliates.

Loyalty: is achieved when the Board member avoids transactions that may entail conflicts of interest and ensures fairness of dealing, in compliance with the provisions relating to conflicts of interest.



Care: is achieved by performing the duties and responsibilities set forth in the Companies Law, the Capital Market Law and the executive regulations thereof and the Company's bylaws and other relevant laws.

Tasks and Duties of the Board Members

Each member of the Board shall, being a Board member, perform the following tasks and duties:

- Provide proposals to develop the strategy of the Company;
- Monitor the performance of the Executive Management and the extent to which it has achieved the objectives and purposes of the Company;
- Review reports related to the performance of the Company;
- Ensure the integrity and impartiality of the financial statements and information of the Company;
- Ensure that the financial control and risk management systems are sound;
- Determine the appropriate level of remunerations of the members of the Executive Management;
- Express opinions as to the appointment and dismissal of members of the Executive Management;
- Participate in developing the succession and replacement plans of executive positions within the Company;
- Comply fully with the provisions of the Companies Law, Capital Market Law, the executive regulations thereof, the relevant regulations and the bylaws when performing his duties as a member of the Board and abstain from taking or participating in any action that constitute mismanagement of the Company's affairs;
- Attend the Board and the General Assembly meetings, and not being absent except for legitimate excuse of which the Chairman of the Board shall be notified by prior notice, or for emergency reasons;
- Allocate sufficient time to fulfill his responsibilities and prepare for the meetings of the Board and committees and effectively participate therein,



including raising relevant questions and carrying discussions with the Senior Executives;

- Study and analyze all information related to the matters looked into by the Board before expressing an opinion on the same;
- Enable other Board members to express their opinions freely, and encourage the Board to deliberate on the subjects and obtain the views of the competent members of the Company's Executive Management and others, when necessary;
- Notify the Board fully and immediately of any interest, either direct or indirect, in the businesses and contracts that are executed for the Company's account, the notification shall include the nature and extent of such interest, the names of concerned persons, and the expected benefit to be obtained directly or indirectly from interest whether financial or non-financial. the concerned member shall abstain from voting on any decisions issued in connection therewith in compliance with the provisions of the Companies Law, the Capital Market Law and the executive regulations thereof;
- Notify the Board fully and immediately of his participation, directly or indirectly, in any businesses that may compete with the Company or lead to competing with the Company, directly or indirectly, in respect of any of its activities, in compliance with the provisions of the Companies Law, the Capital Market Law and the executive regulations thereof;
- Refrain from disclosing or announcing any secrets he came across through his membership in the Board to any shareholder of the Company, unless such disclosure is made during the meetings of the General Assembly, or to a third party, in pursuance with the provisions of the Companies Law, the Capital Market Law and the executive regulations thereof;
- Work on the basis of complete information, in good faith and with the necessary care and diligence for the interest of the Company and all shareholders;
- Recognize his duties, roles and responsibilities arising from the membership;



- Develop his knowledge in the field of the Company's business and activities and in the related financial, commercial and industrial fields; and
- Resign from the membership of the Board if he is unable to fully fulfill his duties in the Board.

Duties of the Independent Director

An Independent Director of the Board shall effectively participate in the following duties:

1. Express his independent opinion in respect of strategic issues and the Company's policies and performance and appointing members of the Executive Management;
2. Ensure that the interest of the Company and its shareholders are taken into account and given priority in case of any conflicts of interest;
3. Oversee the development of the Company's Corporate Governance rules, and monitoring the implementation of the rules by the Executive Management.

Procedures of the Board Activities

The Board Meetings

According to Article (21) of the Company's bylaws:

- The Board shall convene no less than 4 meetings per year, and no less than one meeting every three months upon the invitation of its Chairman or upon a request from two of its members.
- The invitation to the meeting shall be sent to each of the Board members no less than five days prior to the date of the meeting accompanied by its agenda and the necessary documents and information, unless the Board members agree otherwise.
- In the event that the circumstances require convening an emergency meeting, the invitation accompanied with the agenda and necessary



documents and information may be sent within a period less than the five days.

- The meeting shall not be valid unless attended by 4 Board members, by themselves or by proxy, provided that the number of attendees shall not be less than 4, including an independent director.
- Any Board member may authorize any other member to attend the Board meeting in accordance with the following:
 1. The Board member shall not represent more than one member in the same meeting;
 2. Such representation shall be made by a written proxy and for one meeting only; and
 3. The proxy member shall not have the right to vote on the resolutions that the Law prohibits the principal member from voting on.

Resolutions and Deliberations of the Board:

Article (22) of the Company's bylaws states that:

1. Resolution of the Board of Directors shall be adopted by a majority of the members present or represented at the meeting. In the event of a tie vote, the side with which the Chairman voted shall prevail;
2. The Board of Directors may adopt resolutions on urgent matters by presenting them to the members unless a member requests the writing of the minutes of the Board meeting for deliberation, and such decisions shall be presented to the Board at its first subsequent meeting; and
3. In accordance with Article (23) of the Company's bylaws, the deliberations and resolutions of the Board shall be recorded in minutes signed by the Chairman, the present members of the Board and the Secretary. The said minutes shall be recorded in a special register to be signed by the Chairman and the Secretary.

Remarks of the Board Members

- If any member of the Board has any remarks in respect of the performance of the Company or any of the matters presented and which was not



resolved in the Board meeting, such remarks shall be recorded and the procedures taken or to be taken by the Board in connection therewith must be set forth in the minutes of the Board meeting.

- If a member of the Board expresses an opinion differs from the Board resolution, such opinion must be recorded in detail in the minutes of the Board meeting.

Organizing the Attendance of the Board Meetings.

- The Attendance of Board meetings, and dealing with cases of irregular attendance by members of such meetings shall be organized.
- An Independent Director of the Board shall make every effort to attend all meetings in which important and material decisions affecting the position of the Company are made.

The Agenda of Board Meetings

- The Board shall approve the agenda once the Board meeting is convened. Should any member of the Board raise any objection in respect of such agenda, such objection shall be recorded in the minutes of the meeting.
- Each member of the Board shall be entitled to propose additional items to the agenda.

Exercising the Competencies of the Board

- The Board shall exercise its competencies and duties to lead the Company within a framework of effective and prudent controls that allow assessing and managing risks and limiting and mitigating their effects;
- According to Article (18) of the Company's bylaws, the Board may, within the scope of its competencies, delegate to one or more of its members or a third party the performance of a specific function(s), procedure or action, within the scope of its competencies, and the Board shall have the right to, partially or totally, cancel such delegation or power of attorney;



- The Board shall develop an internal policy that explains the procedures of the Board activities and aims at encouraging its members to work effectively to fulfill their obligations towards the Company; and
- The Board shall organize its activities and allocate sufficient time to perform the duties and responsibilities assigned to it, including preparing for the meetings of the Board and committees and ensuring the coordination, recording and retaining of the minutes of its meetings.



The Secretary of the Board

1. The Board shall appoint a secretary among its members or a third party, whose competencies and remunerations shall be specified by a Board resolution, unless the Company's bylaws include provisions in connection therewith, provided that such powers shall include:
 - To document the Board meetings and prepare minutes therefor, which shall include the discussions and deliberations carried during such meetings, as well as the place, date, times on which such meetings commenced and concluded; and record the decisions of the Board and voting results and retain them in a special and organized register, and include the names of the attendees and any reservations they expressed (if any). Such minutes shall be signed by all of the attending members;
 - Retain the reports submitted to the Board and the reports prepared by it;
 - Provide the Board members with the agenda of the Board meeting and related worksheets, documents and information and any additional information, related to the topics included in the agenda items, requested by any Board member;
 - Ensure that the Board members comply with the procedures approved by the Board;
 - Notify the Board members of the dates of the Board's meetings within sufficient time prior to the date specified for the meeting;
 - Present the draft minutes to the Board members to provide their opinions on them before signing the same;
 - Ensure that the Board members receive, fully and promptly, a copy the minutes of the Board's meetings as well as the information and documents related to the Company;
 - Coordinate among the Board members;
 - Regulate the disclosure register of the Board and Executive Management; and
 - Provide assistance and advice to the Board members.
2. The Secretary of the Board may not be dismissed except pursuant to a decision of the Board.
3. According to Article (20), the Board shall appoint its Secretary among its members or a third party to record the minutes of the Board meetings, the resolutions adopted in such meetings and retain them in addition to



practicing the other functions assigned to him by the Board, which shall be determine his remuneration. The Board shall have the right to dismiss the Secretary in any time without prejudice to the Secretary's right to compensation if such dismissal is made without any legitimate reason or in an improper time.

Remuneration of the Board Members:

According to the Company's bylaws and the General Assembly's approval, the remuneration of the Chairman and the Board members shall be determined as follows:

Clause	Chairman	Board Member
Annual remuneration	300.000	180.000
Consideration for attending each Board meeting	3,000	3,000
Consideration for attending each meeting of the General Assembly or the Board committees.	1,500	1,500

Taking into account that in all circumstances, the total amount paid to the Chairman and the Board members may not exceed 5% of the net profits. The Company shall ensure that all written details of the remuneration and compensation are sent to all shareholders before the General Assembly, in which such remuneration and compensation are put to the vote, and also ensure that the General Assembly approves the terms of the remuneration and compensation in a General Assembly in which neither the concerned Board member nor a senior executive have the right to vote on such terms.

The increase in the remuneration of the Board members may be considered with the approval of the extraordinary General Assembly.

Committee members:



The members of Board committees, if they are not Board members, shall be rewarded as follows:

- SAR 40,000 for a committee member;
- SAR 60,000 to the Chairman of the Audit Committee for his function as Chairman of the Audit Committee; and
- Committee members shall also be entitled to compensation for the expenses incurred in attending meetings and in performing their duties as committee members.

Training and Support

The Company shall pay adequate attention to the training and preparation of the Board members and the Executive Management, and shall develop the necessary programs required for the same, taking the following into account:

1. Prepare programs for the recently-appointed Board members and Executive Management to familiarize them with the progress of the Company's business and activities, particularly the following:
 - a. The strategy and objectives of the Company;
 - b. The financial and operational aspects of the Company's activities;
 - c. The obligations of the Board members and their duties, responsibilities and rights; and
 - d. The duties and competencies of the committees of the Board.
2. Develop the necessary mechanisms for Board members and the Executive Management to continuously enroll in training programs and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.

Providing Members with Information

The Executive Management of the Company shall provide the Board members, the Non- Executive Directors in particular, and the committees of the Company with all of the necessary information, details, documents and records, provided that they shall be complete, clear, correct and non-



misleading, in due course to enable them to perform their duties and obligations.

Assessment:

- The Board shall develop, based on the proposal of the nomination committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company;
- The procedures of performance assessment shall be in writing and clearly stated and disclosed to the Board members and parties concerned with the assessment.
- The performance assessment shall entail an assessment of the skills and experiences of the Board, identification of the weaknesses and strengths of the Board and shall attempt to resolve such weaknesses using the available methods, such as nominating competent professional staff able to improve the performance of the Board. The performance assessment shall also entail the assessment of the mechanisms of the Board's activities in general.
- The individual assessment of the Board members shall take into account the extent of effective participation of the member and his commitment to performing his duties and responsibilities, including attending the meetings of the Board and its committees and dedicating adequate time thereof.
- The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.
- Non-Executive Directors shall carry out a periodic assessment of the performance of the Chairman of the Board after getting the opinions of the Executive Directors, without the presence of the Chairman of



the Board in the discussion on this matter, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.

Conflicts of Interest:

The Board shall apply all the clauses of the Conflict of Interest Policy approved by the Company.

Avoid Conflict of Interest:

1. A member of the Board shall:

- Perform his duties with honesty and integrity, and prioritize the interests of the Company over his own interest, and not use his position to achieve personal interests;
- Avoid situations of conflicts of interest and notify the Board of situations of conflict which may affect his neutrality when looking into matters presented before the Board. The Board shall not allow such member to be involved in deliberations and shall not count his vote when voting on such matters in the Board and the Shareholders Assemblies meetings; and
- Protect the confidentiality of the information related to the Company and its activities, and not disclose any of such information to any person.

2. Each Board member is prohibited from:

- Voting on a decision taken by the Board or the General Assembly with respect to transactions and contracts that are executed for the Company's account, if he has a direct or indirect interest therein.
- Misusing or benefitting, directly or indirectly, from any of the Company's assets, information or investment opportunities presented to the Company or to him in his capacity as a member of the Board. This includes investment opportunities which are within the activities of the Company, or which the Company wishes to make use of. Such prohibition shall extend to Board member who resigns to, directly or



indirectly, use investment opportunities that the Company wishes to use, which came to his knowledge during his membership in the Board.

- According to Article (24) of the Company's bylaws, the Board member shall not have any direct or indirect interest in the business and contracts made for the Company, unless by a prior authorization from the ordinary general assembly, and such authorization shall be renewed every year.
- Each Board member shall notify the Board of the direct or indirect interest it might have in the business and contract made for the Company, and such notification shall be recorded in the minutes of the Board meeting. The conflicted member shall abstain from voting on the related decision in the meeting of the Board and General Assemblies. The Board shall inform the ordinary general assembly, once convened, of the business and contract, in which any Board member might have a direct or indirect interest, and such notification shall be accompanied by a special report from the external auditor.

Disclosure of Conflicts of Interest by the Nominee:

A person who desires to nominate himself for the membership of the Board shall disclose to the Board or the General Assembly any cases of conflicts of interest, including:

1. Having direct or indirect interest in the contracts and businesses entered into for the benefit of the Company in which he desires to be nominated to the Board.
2. Engaging in business that may compete with the Company or any of its activities.

Competing with the Company:

If a member of the Board desires to engage in a business that may compete with the Company or any of its activities, the following shall be taken into account:

1. Notifying the Board of the competing businesses he desires to engage in and recording such notification in the minutes of the Board meeting.



2. The conflicted member shall abstain from voting on the related decision in the meeting of the Board and General Assemblies.
3. The Chairman of the Board shall inform the Ordinary General Assembly, once convened, of the competing businesses in which the member of the Board is engaged.
4. Obtaining an authorization of the Ordinary General Assembly of the Company for the member to engage in the competing business, and such authorization shall be renewed on annual basis.

Concept of the Competing Businesses

The following shall be deemed a participation in any business that may compete with the Company or any of its activities:

1. The Board member establishes a company or a sole proprietorship or owns a controlling percentage of shares or stakes in another company or entity that runs business activities that are similar to the activities of the Company or its group.
2. Accepts membership in the Board of a company, an entity that competing with the Company or its group, or managing the affairs of a competing sole proprietorship or any competing company of any form, except the company's affiliates.
3. The Board member acts as an overt or covert commercial agent for another company or entity competing with the Company or its group.

Rejection to Grant Authorization:

If the General Assembly rejects to renew the granted authorization or approve the engagement in a competing business, 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 competing the company or regularize his situation in accordance with the Companies Law and the executive regulations thereof prior to the end of the period set by the General Assembly.



Accepting Gifts

No member of the Board or Senior Executives may accept gifts from any person who has entered into commercial transactions with the Company if such acceptance of gifts may lead to conflicts of interest.



Company Committees

General Provisions

Formation of Committees:

Except for the Audit Committee that shall be formed by a resolution of the Company's General Assembly, the Board shall form specialized committees as follows:

1. As may be needed depending on the Company's circumstances in order to enable it to effectively perform its duties.
2. The formation of the committees shall be made in accordance with general procedures developed by the Board, which shall determine the duties, duration and powers of each committee, and the manner in which the Board monitors the activities of each committee. The committee shall inform the Board of its findings or decisions with complete transparency. The Board shall regularly follow up the activities of such committees to ensure the performance of the duties delegated to them.
3. Each committee shall be responsible before the Board for its activities, this shall not relieve the Board of its responsibility for such activities, duties and powers that it has delegated to such committee.
4. The number of members of a committee shall not be less than three or more than five.
5. The chairmen or whom they delegate of each committee members, shall attend the General Assembly Meetings and answer any questions raised by the shareholders.
6. The Company shall provide the Authority with the names of the members and the types of their memberships in such Board's committees within five days of their appointment, and shall notify the Authority of any changes thereto within five days of the date of such changes.
7. The Company may combine remuneration and nomination committees into one committee named remuneration and nomination committee. In such case, the remuneration and nomination committee must satisfy the requirements related to any of them, provided that the committee convenes periodically at least every six months.



Committees Membership:

1. A sufficient number of Non-Executive Directors shall be appointed to the committees which perform duties that may involve conflict of interest, such as ensuring the integrity of financial and non-financial reports, reviewing Related Party transactions, nomination to membership of the Board, appointment of Senior Executives and determining the remuneration. Chairmen and members of these committees shall comply with principles of truthfulness, honesty, loyalty, and care and shall attend to the interests of the Company and its shareholders, and prioritize them over their personal interests.
2. The Company shall take into consideration while forming the remuneration and nomination committees that their members are of Independent Directors. The Board may appoint Non- Executive Directors or persons other than Board members either from shareholders or others, provided that the chairmen of committees mentioned in this paragraph are of the Independent Directors.
3. Chairman of the Board shall not be a member of the audit committee. He may be a member of other committees, provided that he is not the Chairman of committees mentioned in these Regulations.

Studying Subjects

1. Each committee shall assess the matters that fall within its authority or those referred to it by the Board and shall communicate its recommendations to the Board to issue decisions in connection therewith. The committees shall take decisions in regards to these matters if delegated by the Board, nevertheless, the Board shall be responsible for such decisions.
2. The committees may seek assistance from any experts or specialists, whether internal or external, within the scope of its powers. This shall be included in the minutes of the committee meeting; the minutes shall state the name of the expert and his relation to the Company or its Executive Management.



Committees Meetings

1. No member of the Board or the Executive Management except the secretary or a member of the committee may attend the meetings of a committee unless such committee requests his opinion or advice.
2. Committee meetings shall be valid if attended by a majority of its members. Resolutions of the committees shall be issued by a majority of the votes present and, in case of a tie, the Chairman of the relevant committee shall have the casting vote.
3. Board meetings shall be documented and minutes, including the discussions and deliberations carried during such meetings, shall be prepared. Recommendations of the committees and voting results shall be documented and retained in a special and organized register, including the names of the attendees and any reservations they expressed, if any. Such minutes shall be signed by all of the attending members.



The Audit Committee

Formation of the Audit Committee:

- An audit committee shall be formed by a resolution of the Company's Ordinary General Assembly based on the Board's nomination.
- The Chairman of the audit committee shall be an Independent Director.
- Nomination of the audit committee members shall be based on the recommendation of the remuneration and nomination committee.
- The members of the audit committee shall be from the shareholders or others, provided that at least one of its members shall be an Independent Director and one of the members shall be specialized in finance and accounting.
- No Executive Director may be among the audit committee members.
- No one, who was, during the last two years, working in the executive or financial management of the Company or was working for the Company's auditor, may be a member of the Audit Committee.
- The number of the members of the audit committee shall not be less than three or more than five.
- The Chairman of the Board shall not be a member of the Audit Committee.
- Members of the Audit Committee shall be selected in a manner that ensures availability of diverse skills and experiences appropriate to the business of the Company.
- Members of the Audit Committee shall be appointed for a period no more than three months, and may be re-appointed as needed for the formation of the committee.
- The Head of the Audit Committee shall be an Independent Director and shall be appointed in the committee's first meeting by the members of the audit committee.
- The Audit Committee shall appoint a secretary from among its members or employees at the Committee's first meeting.
- If the position of a member of the Audit Committee becomes vacant, the Board shall appoint in the vacant position a temporary member, who shall be experienced and competent, and shall inform the Board within five working days of the date of appointment, and shall present



the appointment to the Ordinary General Assembly at its first meeting. The new member of the Audit Committee shall complete the term of his predecessor.

- The Company shall notify the Authority of the names and features of membership of the members of the Audit Committee within five working days of their appointment, and any changes thereto within five working days of the date of the changes.

Competencies, powers and responsibilities of the Audit Committee:

The Audit Committee shall be competent in monitoring the Company's activities and ensuring the integrity and effectiveness of the reports, financial statements and internal control systems. The duties of the Audit Committee shall particularly include the following:

- Financial Reports:

1. Studying the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency;
2. Providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy;
3. Studying any important or non-familiar issues contained in the financial reports;
4. Accurately investigating any issues raised by the Company's chief financial officer or any person assuming his duties or the Company's compliance officer or external auditor; and
5. Examining the accounting estimates in respect of significant matters that are contained in the financial reports, and examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.



- Internal Audit:

1. Examining and reviewing the Company's internal and financial control systems and risk management system;
2. Analyzing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports; and
3. Monitoring and overseeing the performance and activities of the internal auditor and internal audit department of the company, if any, to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.
4. Providing a recommendation to the Board on appointing the manager of the internal audit unit or department, or the internal auditor and suggest his remunerations.
5. Examining and reviewing the Company's internal control system and making reports on its opinion about adequacy of this system and the other works it has performed within the scope of its functions, and the Board shall keep sufficient copies of this report in the Company's head office ten days at least before the General Assembly in order to provide the shareholders with a copy thereof and the report shall be recited during the General Assembly's meeting.

- External Auditor:

1. Providing recommendations to the Board to nominate external auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts;
2. Verifying the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards;
3. Reviewing the plan of the Company's external auditor and its activities, and ensuring that it does not provide any technical or administrative works that are beyond its scope of work, and provides its opinion thereon;
4. Responding to queries of the Company's external auditor; and



5. Reviewing the external auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith.

Ensuring Compliance:

1. Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith;
2. Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions;
3. Reviewing the contracts and proposed Related Party transactions, and providing its recommendations to the Board in connection therewith;
4. Reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken; and
5. Reviewing and examining the Company's risk management.

Powers of the Audit Committee

In order to perform its duties, the Audit Committee may:

1. Inquire into any matter within its duties and any subject requested, in particular, by the Board;
2. Review the Company's records and documents;
3. Request any clarification or statement from the Board members or the Executive Management for the purpose of inquiring into any information;
4. Use the legal and technical advice of any external or other independent consulting authority, whenever deemed necessary to help the Committee in its duties;
5. Check for any defects in relation to the risk management and internal audit;
6. Executive management shall inform the head of the audit committee with any defect, fraud or infringement according to its severity;



7. Request that the Board calls for a General Assembly Meeting if its activities have been impeded by the Board or if the Company has suffered significant losses and damages; and
8. All the powers set forth in the regulations of the audit committee of the Saudi Arabian Monetary Fund.

Audit Committee Meetings

1. The audit committee shall convene periodically, provided that at least six meetings are held during the Company's financial year.
2. Validity of the meetings of the audit committee require attendance of the majority of its members, and decisions shall be adopted by the majority of present votes, and if there is a tie vote, the chairman of the meeting shall have the casting vote.
3. In the event that it is not possible for any committee member to attend any of the committee's meetings due to travel or any other urgent reason, he may participate in the committee's meetings using modern means of communication, and such participation shall be deemed attendance.
4. The head of the audit committee shall call for the committee to convene, and any member of the audit committee, external auditor, director of internal audit department or the Chairman may request from the head of the audit committee to call for the committee to convene.
5. The audit committee shall convene periodically with the Company's external auditor and internal auditor.
6. The internal auditor and the external auditor may call for a meeting with the audit committee at any time as may be necessary.
7. The director of the internal audit department may be invited to attend all or some of the meetings of the audit committee.
8. The head of the audit committee may, after notifying the Company's CEO, invite senior executives or any of the Company's employees to tell the committee about any aspect of the Company's activities.
9. Members of the Board or the Executive Management shall not have the right to attend the meetings of the audit committee, unless requested by the committee to express opinion or advice, and attendance of the



meetings of the audit committee shall be limited to the committee members and secretary.

10. Meetings of the audit committee shall be documented and its minutes shall be prepared including the discussions, deliberations, recommendations and voting results and retain them in a special and organized register, and include the names of the attendees and any reservations they expressed, if any. Such minutes shall be signed by all of the attending members;

Reports by the Audit Committee:

1. The audit committee shall prepare reports on its opinion on the adequacy of the Company's internal control system and on other work carried out within its competence. The Board shall keep adequate copies of the report in the Company's head office at least ten days before the General Assembly so that to provide copies to all shareholders, and the said report shall be recited during the Assembly.
2. The Audit Committee shall submit summary reports to the Board after each meeting.
3. The Director of the Internal Audit Department shall prepare an annual report, which shall be submitted with visuals of the Audit Committee to the Board.
4. The Audit Committee shall examine the matters pertaining to it or those referred to it by the Board, and shall submit its recommendations to the Board for decision or take decisions if delegated to it by the Board. However, the Board shall be responsible for these decisions.
5. The Audit Committee may seek the assistance of any experts or specialists it deems appropriate from inside or outside the Company, within the limits of its powers, and the same shall be set forth in the minutes, including the name of the expert and his relationship with the Company or Executive Management.
6. The Head of the Audit Committee or his deputy shall be present to the General Assemblies of the Company in order to answer questions from shareholders.



Communicating with the Audit Committee:

1. In order to ensure the independence of the work of the Audit Committee, both the Internal Audit Director and the external auditor shall have direct contact with the Audit Committee without an intermediary.
2. The Company's management has established a reporting mechanism to facilitate communication with the Audit Committee in cases of serious and emergency risks to the Company's business.

Conflict between the Audit Committee and the Board

If a conflict arises between the recommendations of the Audit Committee and the Board resolutions, or if the Board refuses to put the committee's recommendations into action as to appointing or dismissal the company's external auditor or determining its remuneration, assessing its performance or appointing the internal auditor, the Board's report shall include the committee's recommendations and justifications, and the reasons for not following such recommendations.

Arrangements for Providing Remarks

The Audit Committee shall develop arrangements that enable the Company's employees to confidentially provide their remarks in respect of any inaccuracies in the financial or other reports. The Audit Committee shall ensure that such arrangements have been put into action through an adequate independent investigation in respect of the error or inaccuracy, and shall adopt appropriate follow-up procedures.

Expiration of the Membership of the Audit Committee:

1. Membership of the Audit Committee shall expire upon expiry of its term or upon expiration of the member's capacity in accordance with any system, regulation or instructions in force in the Kingdom. However, the General Assembly may at any time dismiss all or part of the members of the Audit Committee, without prejudice to the right of the



member who is excluded from the Company to claim compensation in the event of dismissal for an unacceptable reason. The member of the Committee may resign from the Committee.

2. The General Assembly may, on the recommendation of the Board, terminate the membership of the Audit Committee members who have been absent from three consecutive meetings without legitimate excuse.

Remuneration for the Members of the Audit Committee:

1. The remuneration of the members of the Audit Committee shall be in accordance with Article 19 of the Company's bylaws.
2. Annual remuneration of the members of the Audit Committee shall be determined on the recommendation of the Remuneration and Nominations Committee to the Board.

Nomination and Remuneration Committee

Rules for selection of nomination and remuneration committee, how to nominate them and duration of membership:

- A committee shall be formed by a decision of the company's board of directors called (the Nomination and Remuneration Committee) from other than the executive members of the board of directors, provided that at least one independent member shall be among them.
- Members of the Committee may be independent board members and non-executive members or non-board members, whether shareholders or others, may be outsourced.
- The Chairman of the Board may be a member of the nomination and remuneration committee, provided that he shall not be the chairman of the committee.
- The chairman of the committee shall be an independent member and shall be appointed by the members of the committee at the first meeting of the committee after its formation.



- The number of members of the committee shall not be less than three and not more than five.
- The members of the committee shall be selected in a manner that ensures the availability of diverse and appropriate skills and expertise relating to the company's field of work.
- The members of the committee shall be appointed for a period not exceeding three years and may be reappointed according to the needs of the formation of the committee.
- The committee shall appoint a secretary from among its members or employees of the company in the first meeting after its formation.
- If the position of one of the members of the committee is vacant, the board of the company may appoint a member in the vacant position after obtaining a prior written non-objection from the Saudi Arabian Monetary Agency, provided that he shall be experienced and competent and the authority shall be informed the within five working days from the date of appointment and get the approval hereof in the first ordinary assembly.
- The Company shall notify the authority of the names of the members of the committee and their membership status within five working days from the date of their appointment and any changes to such within five working days from the date of the changes.
- The membership of the committee shall end with the expiration of its duration or the expiration of the member's eligibility for it in accordance with any law, regulation, or instructions in force in the Kingdom. However, the Board may at any time dismiss all or some of the committee members and the committee member has the right to resign from the committee's membership.

Duties and Terms of Reference of Committee:

- Preparing a clear policy for the remuneration of members of the Board, the committees emanating from the Board and the executive management and submitting it to the Board for consideration in preparation for its approval by the General Assembly, provided that in



such policy, performance-related standards shall be followed, disclosed and verified.

- Clarifying the relationship between the remuneration granted and the applicable remuneration policy and indicating any material deviation from this policy.
- Periodically reviewing the remuneration policy and evaluating its effectiveness in achieving its intended objectives.
- Recommending to the Board the remuneration of members and committees emanating therefrom and senior executives of the company in accordance with the approved policy.
- Reviewing the CEO's financial remunerations, including long and short-term incentives, in addition to determining the ceiling of results expected to be achieved by the CEO and making recommendations in this regard to the Board of Directors.
- Reviewing and authorizing the CEO's recommendations on financial remuneration for senior executives
- Ensuring of the company's commitment and compliance with the policy of remuneration of board members, members of committees emanating from the board of directors and executive management approved by the General Assembly of shareholders.

Regarding nominations, the committee shall be responsible for the following:

- Suggesting clear policies and standards for membership in the Board and the Executive Management.
- Recommending the Board to nominate and re-nominate members in accordance with the approved policies and standards, considering not to nominate any person previously convicted of a breach of trust.
- Preparing a description of the capabilities and qualifications required for membership of the Board and the executive management positions.
- Determining the time that the member shall allocate for the work of the Board.



- Annual reviewing of the necessary needs of appropriate skills or expertise to the membership of the Board and the positions of the executive management, with the identifying the weaknesses and strengths in the Board and the Executive Management and proposing to address them in conformity with the interest of the company.
- Reviewing the structure of the Board and the Executive Management and make recommendations regarding changes that can be made.
- Annually verifying the independence of the independent members and that there is no conflict of interest if the member is a member of the board of directors of another company.
- Setting job descriptions for executive, non-executive, and independent members and senior executives.
- Establishing special procedures in the event of a vacancy in the position of a member of the Board or senior executives.
- Identifying the weaknesses and strengths in the Board and proposing solutions to address them in conformity with the interest of the company.
- Providing an appropriate level of training and familiarization with the new board members about the company's tasks and achievements so that they can perform their work with the required efficiency.
- Studying and reviewing the performance of the executive management.
- Studying and reviewing the job placement plans for the company in general, the Board, the CEO, and senior executives.
- Studying and reviewing the CEO's recommendations for appointing and terminating senior executives, except for the Director of the Internal Audit Department, who was appointed and dismissed on the recommendation of Audit Committee the company.

Nomination Procedure:

The company shall publish the nomination announcement on the company's website and the market's website and in any other means determined by the Authority in order to invite persons wishing to be nominated for the Board membership, provided that the nomination period shall remain open for at least one month from the date of the announcement.



Powers of the Remuneration and Nomination Committee:

The committee has in order to carry out their duties:

1. The committee has the right to investigate any matter that falls within its tasks or any matter specifically requested by the Board.
2. The committee has the right to review the company's records and documents.
3. The committee has the right to request any clarification or statement from the members of the board, the executive management or the company's employees for the purpose of investigation and inquiring about any information.
4. The Committee has the right to seek legal and technical advice from any external or other independent consultancy whenever this is necessary to assist the Committee in carrying out its duties.

Meetings of the Remuneration and Nomination Committee:

1. The committee shall meet at least every six months periodically.
2. The validity of the meetings of the committee shall require the presence of most of its members and its decisions shall be issued by a majority vote of the attendees, and when the vote is equal, the side with which the chairman of the meeting voted shall prevail.
3. In the event that a member of the committee is unable to attend any of the committee's meetings in person because of his travel or any other emergency reason, he can participate in the committee's meetings by modern means of communication, and his participation in this case is considered as the one who attended in person.
4. The chairman of the committee shall invite to the meetings of the committee, and any member of the committee or the Chairman of the Board may ask the chairman of the committee to invite the committee to a meeting.
5. The invitation to the committee meeting shall be sent to the committee members along with the agenda seven days before the date of the meeting unless the members agree otherwise.



6. No member of the board or the executive management, except for the secretary of the committee or its members, has the right to attend its meetings unless the committee requests to listen to his opinion or obtain his advice.
7. The committee's meetings shall be documented and minutes therefor shall be prepared including the discussions and deliberations that took place. The recommendations and voting results of the committee shall be documented and kept in a special and organized record. The names of the attendees and the reservations they made, if any, shall be stated and such minutes shall be signed by all the members present.
8. The chairman of the committee or his representative shall attend the company's general assemblies to answer the shareholders' questions.
9. The committee shall submit summary reports to the Board after each meeting.

The Remuneration of the Members of the Remuneration and Nomination Committee:

1. The remuneration of the members of the Committee shall be a certain amount in accordance with Article 19 of the Articles of Association.
2. The annual remuneration for members of the committee shall be determined based on the recommendation of the Remuneration and Nomination Committee for the Board of Directors.



The Executive Committee

- The formation of the Executive Committee in accordance with Article thirty-eight of the company's articles of association came with the formation of the committee in accordance with the relevant regulations and laws as follows:
 1. The Board of Directors may form an Executive Committee from among its members or from others.
 2. The Board shall appoint a chairman from among the members of the committee.
 3. The Board of Directors determines how the Committee work, its terms of reference, the number of its members, and the necessary quorum for its meetings.
 4. The Committee exercises the powers assigned hereto by the Board in accordance with the instructions and directives of the Board.
 5. The Executive Committee shall not cancel or amend any of the decisions and rules approved by the Board of Directors.
- The formation of the Executive Committee is based on Article fifty of the Company's Governance Regulations, whereby the Board shall form specialized committees according to the following:
 1. The company's need, circumstances, and conditions to enable it to carry out its duties effectively.
 2. Forming committees in accordance with general procedures set by the board, including determining the committee's duties, the duration of its work, the powers granted to it during this duration, and how the board of directors controls it. The committee shall inform the board of directors of its findings or decisions taken transparently, and the Board of Directors should follow the work of the Committee regularly to verify its practices to the business assigned hereto.
 3. Each committee shall be responsible for its business before the Board of Directors, without prejudice to the responsibility of the Board for those business and powers or authorities delegated hereto.
 4. The number of committee members shall not be less than three and not more than five.



5. The Company shall notify the authority of the names of the members of the committee and their membership status within five working days from the date of their appointment and any changes to such within five working days from the date of the changes.

Rules for selection of members of the executive committee, how to nominate them and duration of membership:

- A committee shall be formed by a decision of the company's board of directors called (the Executive Committee) from the members of the board of directors or from others.
- The Board of Directors shall appoint a chairman of the Executive Committee from among its members in the decision of its formation.
- The members of the Executive Committee shall appoint a vice-chairman in the first meeting following its formation, where the vice-chairman of the committee shall replace the chairman of the committee in his absence.
- The number of committee members shall not be less than three and not more than five.
- The members of the Executive Committee shall be appointed for a period not exceeding three years and may be reappointed according to the needs of the formation of the Committee.
- The Executive Committee shall appoint a secretary from among its members or employees of the company in the first meeting after its formation.
- If the position of one of the members of the Executive Committee is vacant, the board of the company may appoint a member in the vacant position provided that he shall be experienced and competent and the authority shall be informed the within five working days from the date of appointment.
- The Company shall notify the authority of the names of the members of the committee and their membership status within five working days from the date of their appointment and any changes to such within five working days from the date of the changes.



- The membership of the Executive Committee shall end with the expiration of its duration or the expiration of the member's eligibility for it in accordance with any law, regulation, or instructions in force in the Kingdom. However, the Board may at any time dismiss all or some of the committee members and member of the committee has the right to resign provided that such shall be done in a timely manner, otherwise he will be liable before the company for the damages resulting from his resignation.

Duties and Terms of Reference of the Executive Committee:

- Participating in setting the new plans and strategies of the company, evaluate the proposals submitted by management for such plans, including opportunities for merger and acquisition, and submit executive recommendations to the Board of Directors.
- Reviewing the company's performance based on the monthly management reports in light of the set goals, measuring performance by results, analyzing and studying the main influences, indicators and developments related to its business, and directing the management accordingly.
- Monthly reviewing the company's business in light of the set goals and the estimated budget based on the monthly management reports, warning the executive management and members of the executive committee of any urgent developments, and requesting additional meetings if necessary.
- Reviewing and evaluating the performance and making recommendations to the Board of Directors regarding the annual estimated budget.
- Reviewing and evaluating the proposals for new capital investments and approving the projects within the powers of the committee, starting with a limit of SAR 2,000,000 per project and a maximum of SAR 15,000,000 in the fiscal year, after approving the annual budget by the Board of Directors. In the case of projects beyond the scope of this mandate, the committee shall review the project, evaluates it and submits its recommendations in this regard to the Board of Directors for approval.



- Reviewing management reports on the implementation of large capital investment projects of more than 2 million and submitting its reports and recommendations to the Board of Directors about the results.
- Submitting recommendations to the Board of Directors regarding the distribution of profits, taking into account what is recommended by the Audit Committee in this regard.
- Reviewing the policies and regulations proposed by the executive management without having the right to approve what falls within the powers of the board of directors.
- Recommending to the Board of Directors regarding any variables relating to commercial agents and distributors.
- Reviewing and approving the guarantees requests required from the company within the limits of the committee's powers.
- Periodic reviewing of the company's governance rules, policies and controls for the professional conduct of employees in accordance with the company's governance rules and submitting recommendations to the Board of Directors to make any required amendments in this regard.
- Executing any tasks assigned to it by the Board of Directors.
- Reviewing and following up the implementation of the decisions of the Board of Directors and the decisions of the Executive Committee.
- Reviewing matters and business that could affect the company's overall image.

Meetings of the Executive Committee:

1. The Executive Committee shall meet periodically, provided that its meetings are not less than six meetings during the company's fiscal year, with the necessity of having a meeting in the first quarter of the fiscal year to evaluate the performance of the company's first quarter, and another meeting in the last quarter of the company's fiscal year to review the plans and the estimated budget for the following fiscal year. The Executive Committee may hold additional meetings based on the estimates of the Chairman of the Executive Committee or the directives of the Board of Directors.



2. The validity of the meetings of the committee shall require the presence of most of its members and its decisions shall be issued by a majority vote of the attendees, and when the vote is equal, the side with which the chairman of the meeting voted shall prevail.
3. The chairman of the committee shall invite to the meetings of the committee, and any member of the committee or the Chairman of the Board may ask the chairman of the committee to invite the committee to a meeting.
4. No member of the board or the executive management, except for the secretary of the committee or its members, has the right to attend its meetings unless the committee requests to listen to his opinion or obtain his advice and the meetings of the Executive Committee shall be restricted to the members of the Committee and its Secretary.
5. The committee's meetings shall be documented and minutes therefor shall be prepared including the discussions and deliberations that took place. The recommendations and voting results of the committee shall be documented and kept in a special and organized record. The names of the attendees and the reservations they made, if any, shall be stated and such minutes shall be signed by all the members present.
6. The Executive Committee may seek the assistance of experts and specialists from within or outside the company within the limits of its powers, provided that the minutes of the committee's meeting include the name of the expert and his relationship with the company or the executive management.
7. The Executive Committee shall undertake the study of the issues it is concerned with, and which are referred to it by the Board of Directors, and the committee shall submit its recommendations to the Board to take a decision, or it takes decisions if the Board delegates the committee to the same. However, the Board of Directors shall be responsible for such decisions.
8. The attendance of the members of the Executive Committee at its meetings shall be recorded and the Board of Directors shall be reviewed of the attendance records upon their reappointment.



9. The Executive Committee may invite the CEO and the CFO to all or some of the meetings by virtue of their positions, and they do not have the right to vote unless they are members of the Executive Committee.

Powers of the Executive Committee:

1. The committee has the right to investigate any matter that falls within its tasks or any matter specifically requested by the Board.
2. The committee has the right to review the company's records and documents.
3. The committee has the right to request any clarification or statement from the members of the board, the executive management or the company's employees for the purpose of investigation and inquiring about any information.
4. The Committee has the right to seek legal and technical advice from any external or other independent consultancy whenever this is necessary to assist the Committee in carrying out its duties.

The Remuneration of the Members of the Executive Committee:

1. The remuneration of the members of the Committee shall be a certain amount in accordance with Article 19 of the Articles of Association.
2. The annual remuneration for members of the committee shall be determined based on the recommendation of the Remuneration and Nomination Committee.

Risk Management Committee

Rules for selection of the members of Risk Management Committee, how to nominate them and duration of membership:

1. A committee shall be formed by a decision of the company's board of directors called (Risk Management Committee).
2. The Chairman of the Risk Management Committee and most of its members shall be non-executive members of the Board of Directors.
3. Committee members shall be required to have an adequate level of knowledge of risk management and finance.



4. The number of committee members shall not be less than three and not more than five.
5. The members of the Executive Committee shall be appointed for a period not exceeding three years and may be reappointed according to the needs of the formation of the Committee.
6. The Executive Committee shall appoint a secretary from among its members or employees of the company in the first meeting after its formation.
7. If the position of one of the members of the Executive Committee is vacant, the board of the company may appoint a member in the vacant position provided that he shall be experienced and competent and the authority shall be informed the within five working days from the date of appointment.
8. The Company shall notify the authority of the names of the members of the committee and their membership status within five working days from the date of their appointment and any changes to such within five working days from the date of the changes.
9. The membership of the Executive Committee shall end with the expiration of its duration or the expiration of the member's eligibility for it in accordance with any law, regulation, or instructions in force in the Kingdom. However, the Board may at any time dismiss all or some of the committee members and member of the committee has the right to resign provided that such shall be done in a timely manner, otherwise he will be liable before the company for the damages resulting from his resignation.

Duties and Terms of Reference of the Risk Management Committee:

1. Setting a comprehensive strategies and policies for risk management in line with the nature and size of the company's activities and verify the implementation, review and update hereof based on the company's internal and external variables.
2. Determining and maintaining an acceptable level of risk to which the company may be exposed and ensuring that the company does not exceed such level.



3. Verifying the continued usefulness of the company and its successful continuation of its activities, while identifying the risks that threaten its continuity during the next twelve months.
4. Supervising the company's risk management system, evaluating the effectiveness of the systems and mechanisms and determining the measurement and follow-up of risks that the company may be exposed to in order to identify deficiencies.
5. Periodically re-evaluate the company's ability to take risks and exposure hereto.
6. Preparing detailed reports on exposure to risks and the proposed actions to manage such risks and submitting them to the Board of Directors.
7. Make recommendations to the Board on issues related to risk management.
8. Ensure the availability of adequate resources and systems to manage risks.
9. Reviewing the organizational structure of risk management and making recommendations in this regard before it is approved by the Board of Directors.
10. Verifying of the independence of risk management personnel from activities that may expose the company to risks.
11. Verifying that risk management personnel understand the risks surrounding the company and working to raise the awareness of the risk culture.
12. Reviewing the issues raised by the Audit Committee that may affect risk management in the company.

Meetings of Risk Management Committee:

1. The risk management committee shall meet at least every six months periodically and when necessary.
2. The validity of the meetings of the committee shall require the presence of most of its members and its decisions shall be issued by a majority vote of the attendees, and when the vote is equal, the side with which the chairman of the meeting voted shall prevail.



3. The chairman of the committee shall invite to the meetings of the committee, and any member of the risk management committee or the Chairman of the Board may ask the chairman of the risk management committee to invite the committee to a meeting.
4. The invitation to the risk management committee meeting shall be sent to the committee members along with the agenda seven days before the date of the meeting unless the members agree otherwise.
5. No member of the board or the executive management, except for the secretary of the committee or its members, has the right to attend its meetings unless the committee requests to listen to his opinion or obtain his advice.
6. The meetings of the risk management committee shall be documented and minutes therefor shall be prepared including the discussions and deliberations that took place. The recommendations and voting results of the committee shall be documented and kept in a special and organized record. The names of the attendees and the reservations they made, if any, shall be stated and such minutes shall be signed by all the members present.
7. The chairman of the committee or his representative shall attend the company's general assemblies to answer the shareholders' questions.
8. The Risk Management Committee shall submit summary reports to the Board of Directors after each meeting.
9. The Risk Management Committee may seek the assistance of experts and specialists from within or outside the company within the limits of its powers, provided that the minutes of the committee's meeting include the name of the expert and his relationship with the company or the executive management.

Powers of Risk Management Committee:

1. The committee has the right to investigate any matter that falls within its tasks or any matter specifically requested by the Board.
2. The committee has the right to review the company's records and documents.



3. The committee has the right to request any clarification or statement from the members of the board, the executive management or the company's employees for the purpose of investigation and inquiring about any information.
4. The Committee has the right to seek legal and technical advice from any external or other independent consultancy whenever this is necessary to assist the Committee in carrying out its duties.
5. The Committee has the right to check for any defect related to risk management.

The Remuneration of the Members of the Risk Management Committee:

1. The remuneration of the members of the Committee shall be a certain amount in accordance with Article 19 of the Articles of Association.
2. The annual remuneration for members of the committee shall be determined based on the recommendation of the Remuneration and Nomination Committee.

Investment Committee

Rules for selection of the members of Investment Committee, how to nominate them and duration of membership:

- The Investment Committee shall be formed and approved by the Board of Directors and its members shall be appointed in accordance with the instructions issued by the General Assembly.
- The committee shall include independent, executive and non-executive members.
- Members shall have sufficient experience to understand investment themes.
- The Committee shall ensure that all individuals responsible for investment activities and its follow-up have adequate levels of knowledge and experience.

Duties and Terms of Reference of Investment Committee:



The Investment Committee shall formulate, prepare the investment policy, review its performance and implement it quarterly, including, but not limited to, the following matters:

- Reviewing the performance of all asset categories.
- Following-up on the general risks of investment policy.
- Submitting the portfolio performance report to the Board of Directors.

The Investment Committee and Senior Management shall prepare a written policy that includes risk limits and delegated powers and a recommendation in the event of any amendments and obtain the approval of the Board.

All risk limits and exposures in investment activities shall be reviewed periodically to ensure its suitability to the current market conditions and the company's ability to take risks in general.

Ensuring that all investment-related activities commit to the requirements of the investment regulations issued by the institution and the requirements of other relevant laws and regulations.

Meetings of Investment Committee:

- The Committee shall hold at least four meetings during the fiscal year at any time.
- The committee shall not hold a meeting without the attendance of at least two persons, in person or by proxy, provided that the number of attendees shall be not less than two.
- The decisions of the committee shall be issued unanimously, and in case of disagreement, the decisions are issued by the majority of three-fourths of the attendees and representatives.

The Remuneration of the Members of the Investment Committee:

1. The remuneration of the members of the Committee shall be a certain amount in accordance with Article 19 of the Articles of Association.



2. The annual remuneration for members of the committee shall be determined based on the recommendation of the Remuneration and Nomination Committee.

Internal Control

The Board of Directors shall adopt the internal control system to evaluate the policies and procedures related to risk management, apply the company's governance provisions approved by the company, and adhere to the relevant laws and regulations. The Board of Directors shall ensure that such system includes following clear standards of responsibility at all executive levels in the company, and the transactions of the relevant parties shall be carried out in accordance with their own provisions and controls.

Establishment of independent departments in the company:

The company has established departments for risk evaluation and management and internal audit, and the company may seek the assistance of external parties to carry out the duties and competencies of units or departments of risk evaluation and management and internal audit, without prejudice to the company's responsibility for such duties and competencies.

Duties of the Internal Audit Department:

The Internal Audit Department shall be held responsible for evaluating the internal control system, supervising its application, and verifying the compliance of the company and its employees with the applicable laws, regulations, instructions, and the company's policies and procedures.

The Formation of the Internal Audit Department:

The internal audit department shall consist of the chairman of the internal audit department, who is recommended to be appointed by the audit committee and shall be responsible before it, and a number of qualified employees. The following shall be taken into account upon the formation of the internal audit department:



- Its employees shall have the competence, independence and appropriate training, and they shall not be assigned to any other work except the work of the internal audit and the internal control system.
- The internal audit department shall submit its reports to the audit committee, be associated with it and be responsible before it.
- The remuneration of the chairman of the Audit Department shall be determined based on the proposal of the Audit Committee in accordance with the company's policies.
- Enabling the internal audit department to review and obtain information, papers, and documents without restriction.

Internal Audit Plan:

The Internal Audit Department shall operate according to a comprehensive audit plan approved by the Audit Committee and such plan shall be updated annually, and the main activities and processes, including risk management and compliance management activities, shall be reviewed annually at least.

Internal Audit Report:

- The Internal Audit Department shall prepare a written report on its work and submit it to the Board of Directors and the Audit Committee on a quarterly basis at least. Such report shall include an evaluation of the company's internal control system and the management's findings and recommendations, and a statement of the actions taken by each department regarding addressing the findings and recommendations of the previous audit and any notes about it, especially in the event that the matter is not addressed in a timely manner and the reasons for that.
- The Internal Audit Department shall prepare a general written report and submit it to the Board of Directors and the Audit Committee regarding the audits conducted during the fiscal year and compare them with the approved plan, in which the Internal Audit Department explains the reasons for any breach or deviation from the plan, if any, during the quarter following the end of the relevant fiscal year.



- The Board of Directors shall determine the scope of the report of the Internal Audit Department based on the recommendation of the Audit Committee and the Internal Audit Department, provided that the report includes the following:
 - Control procedures and supervision of financial affairs, investments and risk management.
 - Evaluating the evolution of risk factors in the company and the existing systems to face drastic or unexpected changes in the financial market.
 - Evaluating the performance of the Board of Directors and senior management in applying the internal control system, including determining the number of times the Board was notified of control issues (including risk management) and the manner in which it addressed such issues.
 - The failures in the applying the internal control, weaknesses in its application, or emergencies that have affected or may affect the financial performance of the company, and the procedure that the company has followed in addressing this failure.
 - The extent of the company's compliance with the internal control systems when identifying and managing risks.
 - Information describing the company's risk management processes.

Maintenance of Internal Audit Reports:

The company shall keep audit reports and work documents, clearly including what has been accomplished, its findings and recommendations, and what has been taken in this regard.

Company's Auditor

The company shall assign the task of reviewing its annual accounts to an auditor who has the independence, competence, experience and qualification to prepare a substantive and independent report for the board of directors and shareholders, explaining if the company's financial



statements express clearly and fairly the company's financial position and its performance in material aspects.

Appointment of an 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. The nomination of the auditor shall be based on the recommendation of the Audit Committee.
2. The auditor shall be licensed and shall fulfill the conditions prescribed by the competent authority.
3. The interests of the auditor shall not conflict with the interests of the company.
4. The number of candidates shall not be less than two auditors.

Duties of the Auditor:

1. Exercising the duty of care and honesty towards the company.
2. Informing the Authority in the event that the Board of Directors does not take the appropriate action regarding the suspicious issues he submits.
3. Asking the board of directors to invite the ordinary general assembly if the board does not facilitate its work and the auditor shall be responsible for compensating the damage caused to the company, shareholders or others due to the errors committed by him in carrying out its work. If there are multiple auditors and they share in the error, they shall be jointly responsible for such.

Stakeholders:

The Board of Directors 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 they include in particular the following:

1. How to compensate stakeholders in the event of a breach of their rights established by regulations or protected by contracts.



2. How to settle complaints or disputes that arise between the company and stakeholders.
3. How to build good relationships with customers and suppliers and keep their information confidential.
4. The rules of professional conduct for the managers and employees of the company to comply with the proper professional and ethical standards and regulate the relationship between them and stakeholders, provided that the board of directors shall set to monitor the application and compliance with such rules.
5. The company's social contribution.
6. Confirmation that the company deals with members of the Board of Directors and related parties in accordance with the terms and conditions followed with stakeholders, without discrimination or preference.
7. Stakeholders having the information related to their activities in a way that enables them to carry out their tasks, provided that such information shall be correct, sufficient, at the appropriate time and on a regular basis.
8. Treating employees in the company in accordance with the principles of justice, equality, and non-discrimination.

Reporting Illegal Practices:

The Board of Directors, based on the proposal of the Audit Committee, shall set the necessary policies or procedures for stakeholders to follow in submitting their complaints or reporting illegal practices, taking into account the following:

1. Facilitating the stakeholders' notification to the Board of Directors of any actions or practices that may be issued by the executive management that violate the applicable laws, regulations and rules or raise suspicion in the financial statements or internal control systems or others, whether the actions or practices are against them or not and conduct the necessary investigation in this regard.
2. Maintaining confidentiality of reporting procedures by facilitating direct contact with an independent member of the audit committee or other competent committees.



3. Assigning a competent person to receive and deal with complaints or communications from stakeholder.
4. Setting up a phone or email to receive complaints.
5. Providing the necessary protection for employers.

Ethical Professional Standards:

The Board shall set a policy for professional conduct in the company, taking into account in particular the following:

1. Emphasizing each member of the Board of Directors, the executive management and the company's employees to exert their duties of care and loyalty towards the company and everything that would preserve and develop the company's interests and maximize its value and prioritize its interests over his personal interest in all cases.
2. Representing of a member of the Board of Directors for all shareholders in the company and commit to what achieve the interest of the company and the interests of shareholders, and taking into account the rights of other stakeholders, not only the interest of the group that elected him.
3. Consolidating the principle of commitment of the members of the Board of Directors and senior executives in the policy to all relevant rules, regulations, and instructions.
4. Preventing a member of the board of directors or a member of the executive management from exploiting his position in order to achieve his own interest.
5. Emphasizing that the use of the company's assets and resources is limited to achieving the company's purposes and objectives and not exploiting those assets or resources to achieve special interests.
6. Establishing accurate, precise, and clear rules regulating the validity and timing of reviewing the company's internal information in a way that prevents members of the Board of Directors, Executive Management and others from benefiting from it or disclosing it to any person except within the limits of the legally prescribed or award.



Social Responsibility:

The Ordinary General Assembly, based on the proposal of the members of the Board of Directors, shall set a policy that ensures a balance between its objectives and the objectives that the community aspires to achieve in order to develop the social and economic conditions of the community.

Social Action Initiatives:

The board shall set the programs and determines the necessary means to launch the company's initiatives, including:

1. Setting measurement indicators that link the company's performance with its initiatives in social work, and compare that with other companies with similar activity.
2. Disclosure of the objectives of the social responsibility adopted by the company to its employees and inform and educate them about it.
3. Disclosure of plans to achieve social responsibility in the periodic reports related to the company's activities.
4. Setting community awareness programs to define the company's social responsibility.

Disclosure and Transparency

Disclosure and Transparency Policy:

The Board of Directors shall set a written disclosure policy and its procedures and supervisory systems in accordance with the disclosure requirements contained in the Companies Law, the Capital Market Law, and the regulations and supervisory systems, taking into account the following:

1. Such policies include appropriate disclosure methods that enable shareholders and stakeholders to review the financial and non-financial information related to the company, its performance, share ownership, and determine the company's full position.
2. The disclosure to shareholders and investors shall be without discrimination, in a clear, correct and not misleading manner, in a timely



manner, in a regular and accurate manner, in order to enable the shareholders and stakeholders to exercise their rights to the fullest.

3. The company's website shall include all information required to be disclosed and any other data or information published through other means of disclosure.
4. Preparing reporting systems that include defining the information that shall be disclosed and how to classify it in nature or periodicity.
5. Reviewing disclosure policies periodically and verifying their compliance with best practices and with the provisions of the Capital Market Law and its executive regulations.

Report of Board of Directors:

The report of Board of Directors shall include 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 include the following:

1. What provisions of this regulation are applied and what are not, and the reasons for such.
2. Names of the members of the Board of Directors, members of the committees and the executive management, their current and previous positions, qualifications, and experience.
3. Names of companies inside or outside the Kingdom for which a member of the company's board of directors is a member of its current and previous boards of directors or one of its managers.
4. Formation of the Board of Directors and classification of its members are as follows:
 - Executive Board Member.
 - Non-Executive Board Member.
 - Independent Board Member.
5. Procedures taken by the Board of Directors to inform its members, especially non-executive members, of shareholders' proposals and observations about the company and its performance.
6. A brief description of the duties and terms of reference of the committees, such as the Audit Committee - the Nomination and Remuneration



Committee, mentioning the names of the committees, their chairmen and members, the number of their meetings, the dates of their meetings, and the attendees' data for each meeting.

7. The means that the Board of Directors relied on in evaluating its performance, the performance of its committees and members, the external party that carried out the evaluation, and its relationship with the company, if any.
8. Disclosure of the remunerations of the members of the Board of Directors and the Executive Management in accordance with what is stipulated in Article ninety-three of the Governance Regulations, and shall include a statement of the necessary details regarding the remunerations and compensations paid to each of the members of the Board and five senior executives who received the highest remuneration from the company, provided that the CEO and CFO shall be among them and the remuneration of committee members.
9. Any penalty, precautionary measure, or precautionary restriction imposed on the company by the Authority or any supervisory, regulatory or judicial authority, indicating the reasons for the violation, the party imposing it, and ways to address and avoid it in the future.
10. The results of the annual audit of the effectiveness of the company's internal control procedures, in addition to the audit committee's opinion on the adequacy of the company's internal control.
11. The audit committee's recommendation regarding the need to appoint an internal auditor in the company in the event of his absence.
12. The audit committee's recommendation, which has conflict between it and the decisions of the Board of Directors, or which the Board refused to accept their decision, regarding the appointment and dismissal of the company's auditor, determining his fees, evaluating his performance, or appointing the internal auditor, the justifications for such recommendation and the reasons for not taking it into account.
13. Details of the company's social contributions, if any.



14. A statement of the dates of the general assemblies of shareholders held during the last fiscal year and the names of the members of the board of directors attending these assemblies.
15. A description of the main activity types of 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.
16. A description of the company's important plans and decisions, including structural changes to the company, expansion of its business or discontinuation of its operations, and prospects for the company's business.
17. Information related to any risks faced by the company, whether operational, financing, or market risks, and the policy for managing and monitoring these risks.
18. A summary in the form of a table or a graph of the company's assets, liabilities, and results of its business in the last five fiscal years or since its incorporation, whichever is shorter.
19. Geographical analysis of the total revenues of the company and its subsidiaries.
20. A clarification of any material differences in the operating results from the results of the previous year or any expectations announced by the company.
21. A clarification of any difference from the accounting standards approved by the Saudi Organization for Certified Public Accountants.
22. The name of each subsidiary company, its capital, the company's ownership percentage therein, its main activity, the country where its main place of operations is, and the country where it is established.
23. Details of shares and debt instruments issued for each subsidiary company.
24. Description of the company's dividend policy.
25. A description of any interest in the class of voting shares belonging to persons, other than members of the company's board of directors, senior executives and their relatives, who have informed the company of those



rights under Article 45 of the registration and listing rules and any change in such rights during the last fiscal year.

26. A description of any interest, contractual securities and subscription rights belonging to the members of the company's board of directors, senior executives and their relatives in the shares or debt instruments of the company or any of its subsidiaries, and any change in such interest or those rights during the last fiscal year.
27. Information related to any loans on the company, whether they are payable upon request or otherwise, and a statement of the total indebtedness of the company and its subsidiaries, any amounts paid by the company in repayment of loans during the year, the principal amount of the loan, the name of the donor, its duration, and the remaining amount. In the event that the company does not have loans, it shall submit an acknowledgment of such.
28. A description of the categories or preparation of any transferable debt instruments, any contractual securities, subscription right memorandums, or similar rights issued or granted by the company during the fiscal year, with an explanation of any compensation obtained by the company in return.
29. A description of any conversion or subscription rights under convertible debt instruments, contractual securities, subscription right memorandums, or similar rights issued or granted by the company.
30. A description of any recovery, purchase, or cancellation by the company of any recoverable debt instruments and the value of the remaining securities, with a distinction between the listed securities purchased by the company and those purchased by its subsidiaries.
31. The number of board meetings held during the last fiscal year, the dates of their convening, and the attendance record for each meeting, indicating the names of the attendees.
32. The number of the company's requests to the shareholders' register, the dates of such requests and its reasons.
33. A description of any transaction between the Company and a related party.



34. Information related to any business or contracts in which the company is a party or in which a member of the company's board of directors or its senior executives or any person related to any of them has an interest, including the names of those involved in the business or contracts, the nature of such business or contracts, its conditions, duration and amount, and if there are no business or such contracts, the company shall submit an acknowledgment of such.
35. A statement of any arrangements or agreement under which a member of the company's board of directors or a senior executive waived any remuneration.
36. A statement of any arrangements or agreement under which one of the company's shareholders waived any rights to profits.
37. A statement of the value of the paid and due regular payments for the payment of any zakat, taxes, fees or any other entitlements that have not been paid until the end of the fiscal year, with a brief description hereof and a statement of its reasons.
38. A statement of the value of any investments or reserves made for the benefit of the company's employees.
39. Acknowledgments of the following:
- Account records have been properly prepared.
 - The internal control system is well-founded and implemented effectively.
 - There is no doubt about the company's ability to continue its activity.
40. If the auditor's report includes reservations on the annual financial statements, the report of the board of directors shall clarify such reservations, their reasons, and any information related thereto.
41. In the event that the Board of Directors recommends changing the auditor before the end of the period for which he was appointed, the report shall explain that with an explanation of the reasons for recommending the change of the auditor.

Audit Committee Report:



1. The audit committee's report shall include details of its performance of its functions and tasks stipulated in the Companies Law and its implementing regulations, provided that its recommendations and opinion include 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'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. A summary of the report is read during the general assembly.

Disclosure of the Members of the Board of Directors:

The Board of Directors shall organize the disclosures of each of its members and members of the executive management, taking into account the following:

1. Establishing a special register for the disclosures of the members of the Board of Directors and the Executive Management, and updating it periodically, in accordance with the disclosures required under the Companies Law and the Capital Market Law and their Implementing Regulations.
2. Providing access to the record for the Company's shareholders without any financial consideration.

Disclosure of Rewards:

1. The Board of Directors shall do the following:
 - Disclosure of the remuneration and nomination policy on how to determine the remuneration of the members of the executive board of directors in the company.
 - Accurate, transparent and detailed disclosure in the Board of Directors' report about the remunerations granted to members of the Board of



Directors and the executive management, directly or indirectly, without concealment or misleading, whether they are amounts, benefits or advantages of whatever nature and name, and if the benefits are shares in the company, then the value entered for the shares is the market value about the due date.

- Clarify the relationship between the rewards granted and the applicable rewards policy, and indicate any material deviation from this policy.
- A statement of the necessary details regarding the remunerations and compensations paid to each of the following separately:
 1. Members of the Board of Directors.
 2. Five senior executives who received the highest rewards from the Company, provided that they include the CEO and the financial manager.
 3. Committee Member.

Governance Application:

The Board of Directors sets these governance rules in a manner that does not conflict with the eternal provisions of the Governance Regulations, and it shall monitor their application, verify their effectiveness, and amend them when needed, and for this to do the following:

1. Verify the company's compliance with these rules.
2. Review and update the rules in accordance with the regulatory requirements and best practices.
3. Review and develop the rules of professional conduct that represent the company's values and other internal policies and procedures to meet the company's needs and in line with best practices.
4. Always inform the members of the Board of Directors of developments in the field of corporate governance and best practices, or delegate this to the Audit Committee or any other committee.

Preserving the Documents:



The company shall keep and preserve all the minutes, documents, reports and other documents that are required to be kept according to the company governance regulation at the Company's head office for a period of no less than ten years, and that this includes the report of the Board of Directors and the report of the Audit Committee. Without prejudice to this period, the company, in the event of a lawsuit, including any existing or threatened lawsuit or claim and any existing investigation procedures related to those minutes, documents, reports or documents, shall keep them until the end of that lawsuit, claim or existing investigation procedures.

Publication and Access

The provisions of these rules shall be implemented and adhered to by the company as of the date of their approval by the Board. They shall also be published on the website to enable shareholders, stakeholders and the general public to view them.





المتحدة للتأمين التعاوني
UNITED COOPERATIVE ASSURANCE

رؤية
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

Article 22

Conflict of interest policy

U C A



المتحدة للتأمين التعاوني
UNITED COOPERATIVE ASSURANCE

Conflict of Interest Policy

Version 1.1

Document Control

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Chapter 1. Introduction

1.1 Introduction

This policy forms part of UCA Company. The United Cooperative Insurance Company aims at establishing the best standards and practices and applying corporate governance rules, including avoiding conflicts of interest within the Company, establishing rules and procedures in case of exhibitors, and determining the means of reporting external activities of the members and approving them if they are considered important, as per the codes and regulations, their derivative rules, and the matters approved by the General Assembly of the Company and the Board of Directors.

1.2 Objective

The objective of the policy is to gain the trust of its clients in preventing and reducing conflict and to identify and manage any conflict between the personal interests and the interests of the Company.

1.3 Scope

This Policy concerns the protection of the interests of the Company, by organizing possible conflicts of interest with each member. The Board of Directors, the Executive Management, the employees, shareholders and other related parties, including what may be misuse of the Company's assets and facilities or through its dealings with related persons.

1.4 Purpose

The purpose of this document is to provide information on the various measures for identifying and managing conflicts of interest that may arise, in accordance with the Saudi Central Bank ("SAMA") Insurance Corporate Governance Regulation and Capital Market Authority (CMA) Corporate Governance Regulations concerning the insurance industry.

1.5 Definitions

- **Company:** United Cooperative Assurance Company "UCA"
- **Board:** Board of Directors
- **Authority:** The Capital Market Authority of Saudi Arabia (CMA)
- **SAMA:** Saudi Central Bank ("SAMA")
- **Relatives:**
 1. Fathers, mothers, grandfathers, and grandmothers (and their ancestors)
 2. children and grandchildren and their descendants.
 3. siblings, maternal and paternal half-siblings.
 4. Husbands and wives.
- **Related Company:** a company (or one of several companies that SAMA may consider to be acting in concert) holding a shareholding of 5% or more of the equity of the Company, or a company in which the Company (either alone or with other companies that SAMA may consider to be acting in concert) holds a shareholding of 5% or more
- **Related Persons:** close family members of parents, spouse, descendants; any person with a business relationship that might influence the decision making process; and any establishment in which any member of the Board of Directors has more than 5% interest.
- **Significant Shareholders:** natural or legal persons that, directly or indirectly, alone or in association, controls 5% or more of the Company's shareholding.
- **Owners:** Any person with an interest with the Company such as shareholders, employees, creditors, customers, suppliers, and society.

- **Gift:** A Gift is an item given willingly to someone without payment. An item is considered a Gift if the item is of value, and can be sold. An item is also considered a Gift if the item is perishable and has a value exceeding SAR 1,000
- **Confirmation of the absence of conflict of interest:** It is the form that is completed by the members of the Company's board of directors on an annual basis and submitted to the Nomination and Remuneration Committee, confirming that there is no manifestation of conflict of interest for the member with the interests of the Company.

1.6 Policy review and approval

The Conflict of Interest Policy will be reviewed periodically (on an annual basis) or when major changes are warranted or recommended by the Board. The Board is responsible for approving this policy (as required by SAMA).

1.7 Record Retention

UCA must maintain adequate records to demonstrate compliance with the policy for at least 10 years in the Head office.

Chapter 2. Conflict of Interest

2.1 Conflict of Interest with the Directors

- The Board member or Board Committee member need to perform his/her duties with honesty and integrity, and prioritize the interests of the Company over his/her own interest, and not use his/her position to achieve personal interests.
- The Board is responsible for ensuring that the adequate mitigation practices are in place for the effective oversight and management of conflict of interests' scenarios.
- The Audit Committee is responsible for reviewing the contracts and transactions proposed to be conducted by the company with related parties, and presenting its views in this regard to the Board of Directors.
- The member of the Board of Directors or Board Committees shall not have any direct or indirect interest in the business and contracts that are made for the Company's account, unless they have an approval from the General Assembly Meeting, which shall be renewed each year, except for works performed through public tenders if the member of the Board of Directors or Board Committees has the best offer Subject to SAMA's no objection
- The member of the Board of Directors or Board Committees shall notify the Board of his personal interest in the works and contracts that are made for the Company's account, with such notification to be recorded in the minutes of the meeting.
- Board members or Board Committee members with a personal interest in specific Company's businesses or contracts shall not vote, neither in the general assembly nor in the Board meeting, on the resolution to be adopted with regards to their personal interests.
- The Chairman shall notify the General Assembly at the time of its convening of the work and contracts for which a member of the Board of Directors or Board Committees has a personal interest, with such a notification to be accompanied by a special report from the company's external auditor.
- A member of the Board of Directors or Board Committees may not, without authorization from the General Assembly renewing each year, participate in any business/activity that would compete with the Company or trade in one of the branches of the activity that it is engaged in. The Company may, otherwise, claim compensation or consider the operations undertaken by that member as being undertaken to the own account of the Company.
- A member of the Board of Directors, Board Committees, or Senior Management (with the exception of sales managers) may not receive commissions or rewards for the work they contribute to concluding for the benefit of the company. It is also not permissible to link any part of the remuneration and compensation of a member of the Board of Directors or Management.
- If a Board member or Board Committee member fails to disclose his direct or indirect interest in any of the contracts, the company or any interested party may claim before the competent judicial authority to invalidate the contract or obligate the member to pay any profit or benefit that has accrued to him from the contract.
- Members of the Board of Directors, Board Committee members, and Senior Management who have ownership in any of the insurance service providers (such as insurance brokers and agents) shall:
 1. Disclose to the Board their interest in the insurance-related company, in writing, at the earliest opportunity
 2. Never encourage or solicit dealings with the company in which they hold an interest
 3. Refrain from voting on any of the decisions related to dealings with the company in which they hold an interest
- The Chairman of the Board of Directors must provide the General Assembly with the details of insurance contracts in which a member of the Board of Directors, Board Committee member, or Senior Management or parties related to them have an interest, including the type and size of these contracts and any losses resulting from them, if any.

- It is taken into account that the ordinary general assembly has the right to delegate the authority of licensing contained in Article (71) of the Companies Law to the company's board of directors for one year, provided that the delegation is in accordance with the following conditions:
 1. That the total amount of the work or contract or the sum of the works and contracts during the fiscal year is less than 1% of the company's revenues according to the last audited financial statements, provided that it is less than 10 million Saudi riyals.
 2. That the work or contract falls within the usual activity of the company.
 3. That the work or contract does not include preferential terms for a member of the Board of Directors and that they be in the same conditions and terms that the company follows with all dealers and contractors.
 4. That the work or contract should not be among the consulting works and contracts that the board member performs under a professional license for the benefit of the company.
- A Board member or Board Committee member is prohibited from accepting powers of attorney on behalf of the shareholders to attend the meetings of the General Assembly.
- The independence of the independent members of the Board of Directors or Board Committees and the absence of any conflict interests if the member is a board member of another company, is evaluated annually.
- Each member of the Board of Directors or Board Committees shall avoid conflicts of interest and suspicion of a conflict of interest.
- The Board member is prohibited from voting on a decision taken by the Board or the General Assembly with respect to transactions and contracts that are executed for the Company's account, if he/she has a direct or indirect interest therein.
- No member of the Board or Board Committees may accept Gifts from any person who has entered into commercial transactions with the Company if such acceptance of Gifts may lead to a conflict of interest.
- The Board and Board Committee members are prohibited from misusing or benefitting, directly or indirectly, from any of the Company's assets, information or investment opportunities presented to the Company or to him in his/her capacity as a member of the Board. This includes investment opportunities which are within the activities of the Company, or which the Company wishes to make use of. Such prohibition shall extend to Board member who resigns to, directly or indirectly, use investment opportunities that the Company wishes to use, which came to his/her knowledge during his/her membership in the Board or Board Committee.
- The Company should disclose to the Authority and the public without delay the data of any transaction concluded between the Company and a related party, and to include this in the annual report of the Board of Directors in accordance with the provisions included in Company's Disclosure Policy.

2.2 Conflict of Interest with the Senior Executives

- Senior Executives of the Company shall refrain from engaging in any special transactions with the Company with the approval of the Board of Directors, except for the insurance contracts according to the Company's regulations and the regulatory authorities.
- The Company's Senior Executives shall refrain from exploiting their employment status in the Company to achieve any interest, benefit or personal gain.
- Company executives must refrain from disclosing non-public or confidential information or use any of this information for personal interests.
- No Senior Executives shall accept Gifts from any person who has entered into commercial transactions with the Company if such acceptance of Gifts may lead to a conflict of interest.
- No Senior Management shall, without a prior authorization of the General Assembly, to be renewed annually, participate in any activity which may likely compete with the activities of the Company, or trade in any branch of the activities carried out by the Company.

2.3 Conflict of Interest for Company's employee

- The Company's management should adopt its business and decisions on a purely economic basis.

- The recruitment and placement process in the Company should be competency-based. The Company should, therefore, avoid any conflicts of interest of any kind that may affect the economic fundamentals of business or decision-making.
- Employees and their family members should avoid any situations in which their personal interests interfere with their dealings with contractors, suppliers, subscribers, traders, and any individuals, companies, or other institutions that deal or work with the Company or its competitors at work.
- The employees should inform their superiors in writing about any positions they hold outside the Company, or any interest they or their family members may have with companies or commercial establishments or any entity that deals with or seeks to deal with the Company.
- All Employees of the company are committed to:
 1. Not participating in or engaging in any business that would compete with the Company in its activities except with the approval of the Executive Management.
 2. Not misusing the Company's assets.
 3. Not entering any transactions with the Company without the approval of the Board of Directors.
 4. Not misusing company's confidential information for personal purposes.
 5. Not accepting Gifts, benefits and services from the parties dealing with the company that would undermine the objectivity of the employee.

2.4 Conflict of Interest with the Investors & the External Auditors

The Board shall set the procedures and controls to ensure that the investing public institutions are urged to disclose any significant conflict of interest situation that may affect the exercise of any rights in relation to their investments. In addition to how it will address this conflict, including structuring incentives for its employees.

The external auditors assigned to audit work must be independent, and have no conflict of interest, in accordance with the regulations and professional standards. The Audit Committee is entrusted with the task of verifying this in accordance with its organizational rules and bylaws.

If it is found that there is any aspect of conflict, it must be disclosed to the audit committee, and such cases should be dealt with in accordance with the regulations governing them, and in the interest of the company.

2.5 Examples of Conflicts of Interest situations

- An employee using or exploiting his professional authority or his influence in the Company for his personal interest or for the benefit of third parties.
- Disclosing secrets or giving information that is considered to be the private property of the Company, which he is aware of by virtue of his position, even after leaving the service, whether for the purpose of obtaining material gains directly or indirectly to him or any of his family members or without material gains.
- Carrying out the work of the trusteeship, guardianship, or agency with or without payment when the person covered by such a trusteeship, guardianship, or agency has a direct or indirect interest with any entity that deals with or seeks to deal with the Company.
- Purchase of any materials, equipment, or property based on information from within the Company for the purpose of selling or leasing such items to the Company for profit.
- Making any statement or act that may influence the shares of the Company in the market.
- Accepting Gifts or services from any party dealing with or seeking to deal with the Company. In this regard, the Senior Executive or employee should notify Compliance and Human Capital departments (See **Appendix C** for Declaration Form) of all Gifts received personally or by a member of his family from an entity dealing or seeking to deal with the Company or from someone related to that entity.

2.6 Trading in the Company's shares

- Members of the Board are prohibited from trading in the Company's shares when they become aware of any important events or decisions that may affect the Company's share prices.
- In all cases, the members of the Board of Directors of the Company, Senior Executives, or any person related to any of them, may not deal with any securities of the Company during the prohibition periods determined by the Capital Market Authority.
- A member of the Board of Directors shall notify the Company and the Capital Market Authority at the end of the trading day of any the following events that occurred on that day:
 1. When the person becomes owner or holder of (5%) or more of any class of shares entitled to vote, or debt instruments convertible into shares.
 2. In the event of an increase or decrease in the ownership or interest of the person referred to in paragraph (1) amounting to 1% or more of the shares or instruments of the Company's debt.
 3. When calculating the total number of shares to which any person has an interest, the person who has an interest in any shares owned or controlled by any of the following persons shall be considered:
 - a) The spouse of that person or his minor children.
 - b) The Company controlled by that person when he/she has 30% or more of the voting rights, or when the Company or its Board of Directors is acting on the instructions of that person.
 - c) Any other persons to whom that person agrees to obtain interest in the shares of the Company, wherein the notice referred to shall be in accordance with the form prepared by the Capital Market Authority.
- In the event that the objective of the previously disclosed ownership changes, the person concerned with that event should notify the Company and the Capital Market Authority immediately after the change has occurred and may not dispose of any of the shares of the Company's debt instruments until the lapse of ten days following the date of notification of change.

2.7 Compliance with disclosure and transparency rules

- The members of the Board of Directors may not disclose to others the provisions of the Company's secrets or they shall otherwise be dismissed and interrogated.
- A member of the Board of Directors shall not circulate any documents relating to the meetings of the Board and its Committees.
- In case any of the Board member needs to share document outside UCA, he needs to submit a written request to the Board for approval.
- For any contracts or transactions with Related Party should notify the Authority and the Public at the earliest before entering into that contract or transaction if it equals to or exceeds 1% of the Company's total revenues according to the last annual audited financial statements (See **Appendices A and B** for this process).

2.8 Obligation to disclose fundamental developments

The Company shall disclose any information or material developments which fall within the scope of its activity and are not laid open to the general public and do not affect the assets, liabilities, financial position, or the general course of the Company's business, including but not limited to:

- Any transaction for the purchase or sale of an asset at a price equal to or greater than 10% of the net assets of the Company. In this case, the Company shall disclose the following information (where applicable):
 1. Details of the transaction, stating its terms and conditions and the plan of its financing.
 2. Description of the activity subject to the transaction.
 3. The financial statements for the last three years of the original asset of the transaction.
 4. The reasons for the transaction and its expected effects on the Company and its operations.

5. Statement of use of proceeds.

- Any indebtedness outside the ordinary course of business of the Company in an amount equal to or greater than 10% of the net assets of the Company.
- Any losses equal to or greater than 10% of the Company's net assets.
- Any significant change in the Company's production environment or activity including, but is not limited to, the availability and accessibility of resources.
- Changing the CEO of the Company or any changes in the organizational structure of the Company's management members.
- Any major lawsuit instituted if the amount subject of the lawsuit is equal to or greater than 5% of the net assets of the Company.
- The increase or decrease in the net assets of the Company by an amount equal to or greater than 10%.
- The increase or decrease in the total profits of the Company by an amount equal to or greater than 10%.
- Entering into a contract of revenue equal to or greater than 5% of the total revenues of the Company, or the unexpected termination of that contract.
- Any transaction between the Company and a related party or arrangement in which both the Company and a related party invest in any project or asset or provide financing for it.
- Any interruption or discontinuation in any of the Company's main activities.

2.9 Loans and Guarantees

- The Company may not provide a monetary loan of any kind to the members of its Board of Directors or to guarantee any loan contracted by one of them with others.
- With the exception of the insurance contracts concluded by a member of the Board of Directors and the Company, and saving from contracts made in the form of public tenders, the member of the Board of Directors shall provide security shares with a minimum of five thousand (5,000) shares in return for the contracts established between him and the Company and approved in the ordinary general meeting. This right of attachment shall include the shares excluded from the profits due for payment.

2.10 Policy for regulating the relationship with the stakeholders

- The Company shall endeavor to settle all disputes and resolve all problems that may arise with the parties concerned in amicable ways and in a manner that does not conflict with its codes, regulations, and interests. In the case of exhaustion of the amicable ways or where such ways conflict with the interests of the Company, the disputes shall then be referred to the judicial authorities.
- Complaints submitted by employees shall be considered in accordance with the following:
 1. Forwarding the complaints of the Company employees to:
 - The Direct Manager
 - Chief Human Capital & Shared Service Officer
 2. Procedures for handling employee complaints:
 - The complaints of employees in matters related to the conditions of service shall be reviewed by the Chief Human Capital & Shared Service Officer after consultation with the Chief Legal Affairs officer and the proposed solution shall be presented to the competent authority for approval.
 - Complaints submitted by shareholders shall be considered in accordance with the following:
 - i. Complaints of shareholders shall be received by:
 - ✓ Letters, telephone or telegrams
 - ✓ Messages through the Company's e-mail
 - ✓ Freephone (Toll-Free Number)

- ✓ Complaints of Shareholders filed at the Shareholders Affairs Department
- ii. Method of handling shareholder complaints:
 - ✓ The complaint number shall be registered by the Chief Human Capital & Shared Service Officer
 - ✓ The complaint shall be reviewed and an opinion shall be given with regard thereto by:
 - Chief Human Capital & Shared Service Officer
 - Head of Compliance
 - Chief Legal Affairs officer
 - Chief Financial Officer
- The treatment of the complaint shall be approved with a response from the competent authority
- Complaints from suppliers shall be considered in accordance with the following:
 - i. Complaints of suppliers shall be received via:
 - Letters, telephone or telegrams
 - Messages through the Company's email
 - The representative of the supplier appearing personally before the Company
 - ii. Consideration of supplier complaints:
 - The Complaints Department shall record the complaints of suppliers in the Supplier Complaints Register and then submit the complaint and the proposed solution to the Chief Human Capital & Shared Service Officer
- iii. Complaints submitted by members of the Board of Directors and its committees are considered in accordance with the following:
 - The complaint shall be submitted to the Chairman of Board.
 - The Chairman may refer the complaint or the request to the Review Committee or the Nomination and Remuneration Committee as the case may be, together with the opinion of the Legal Advisor, if necessary.
 - The recommendations of the competent committee shall be presented to the Board of Directors for taking the appropriate decision.
- In the event that the use of amicable ways to resolve any dispute or complaint has come to nothing, the dispute or complaint shall then be referred to the Company's Legal Advisor for taking appropriate legal action that preserves the rights of the Company.
- Procedures for disseminating the Company's legal culture according to internal quality standards:
 - i. Issuing internal circulars through the intranet with all the Company's regulations, work procedures, labor regulations, all circulars and general administrative decisions.
 - ii. The employees should be informed of all important information related to the work and the new employees should be informed of all matters of interest to them through the intranet.
 - iii. Answering, through the Company's website, all queries of shareholders and non-shareholders and frequently asked questions in full transparency. Also, the matters and subjects that concern them should all be clarified in a way that does not conflict with the Company's interest or causes harm thereto.
 - iv. Dissemination of the culture of disclosure of information and achievements and answering the questions posed by stakeholders.

2.11 Insurance contracts issued to the Directors or Senior Executives

Company while issuing a contract to the Board or Board Committee members or Senior Executives will ensure adherence to the provisions of article (25) of the Articles of Association of the Company, article (49) of the

Implementing Regulations of the Cooperative Insurance Companies Control Law, and article (47) of the Regulatory Code of Conduct in of insurance market.

2.12 Procedures for issuing and compensating Directors/Senior Executives

- There is no preferential treatment for the members of the Board of Directors and Senior Executives.
- The Company should necessarily obtain the prior approval of the Saudi Central Bank before entering into a contract with a member of the Board of Directors or a Senior Executive (in case of commercial insurance).
- The Regulatory Control Department should notify any of the members of the Board or a Senior Executive (in the case of individual insurances).
- Payment should be fully paid in advance.
- If any of the members of the Board of Directors or a Senior Executive submits a claim for compensation for an insurance policy issued by the Company, the claim shall be treated in accordance with the procedures set forth in the Regulations applicable to the claims of other customers without preferential treatment, with the Regulatory Control Department to be informed of any compensation made to any of them.

2.13 Report by the Board of Directors

The Company is obliged to attach to its annual financial statements a report issued by the Board of Directors, including an overview of its operations during the last financial year and all the factors influencing the Company's business, which the investor needs to be able to evaluate the Company's assets, liabilities, and financial position. The report of the Board of Directors should include two main points:

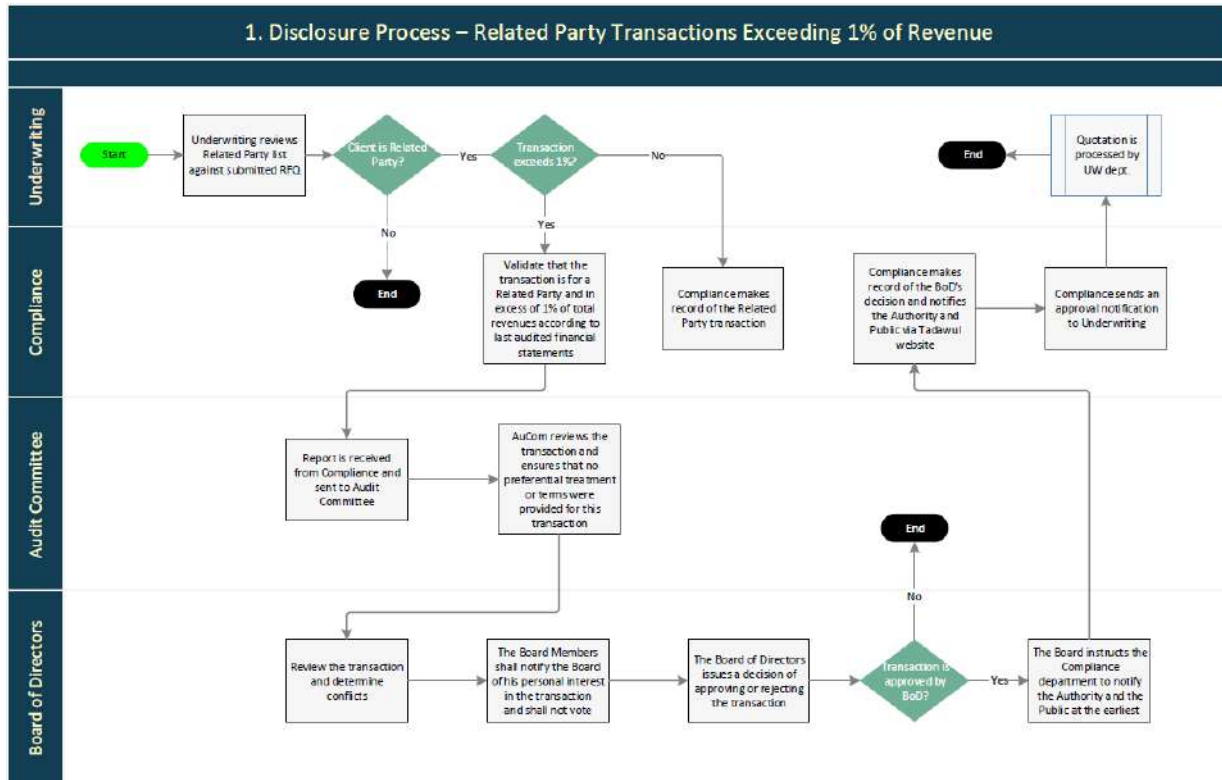
- A description of any transaction between the Company and a related party.
- Information relating to any acts or contracts to which the Company is a party or information that is of interest of a member of the Board of Directors of the Company, the Chief Executive Officer, the Finance Manager, or any person related to any of them. In the case where there are no such businesses or contracts, the Company should then provide a declaration of this matter.

2.14 General Provisions

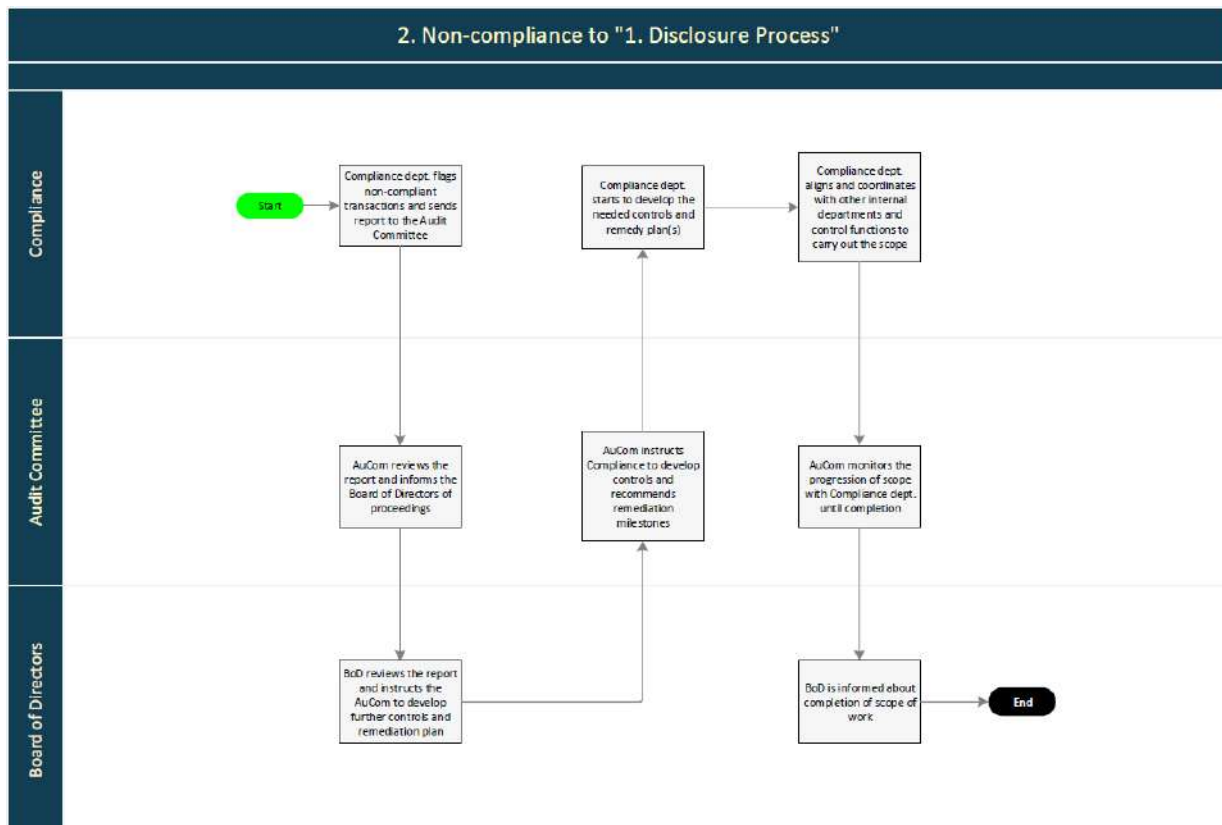
- A member of the Board of Directors should in no case accept any authorizations by the shareholders to attend the General Assembly of the shareholders on their behalf.
- The provisions applied to the members of the Board of Directors with regard to the disclosure of their interests and their obligations to keep the confidentiality of information shall also apply to the Senior Executives.
- The Company shall abide by the contracts signed with the related parties of the creditors and the debtors with all the contractual conditions, including payment of the third parties' due in time without delay, as well as payment of the entitlements of the employees of the Company.
- The Company shall claim its rights on a regular basis through the claims of the competent departments and according to a specific timetable, taking into account the credit policies granted and which are to be observed by all Company officials and subsidiaries associated with the Company.

Chapter 3. Appendices

3.1 Appendix A – Contracts or transactions with Related Parties exceeding 1%



3.2 Appendix B – Non-compliance with Disclosure Process in Appendix A



3.3 Appendix C – Gift Declaration Form

3.3.1 English Form



Gifts Declaration Form

Declaration made by recipient of a reportable gift

1. Date offered:

Offered to:

2. Offered by:

Organisation

Individual Stakeholder

Name and title of person making offer:

Type of organisation: (e.g. supplier, prospective tenderer, industry stakeholder with commercial interest, etc.)

Reason gift was offered:

3. Description of gift:

4. Estimated value of gift (SAR):

First time offer

Previous offer(s) received from this source (individual or organisation) in the last 12 months

Estimated cumulative value of gifts offered by this source (individual or organisation) in the last 12 months:

SAR

Do you believe that the gift may be of cultural, historic or other significance?

Yes

No



المتحدة للتأمين التعاوني
UNITED COOPERATIVE ASSURANCE



Article 23

Remuneration and compensation policy related to Board members and the executive management

U C C A



Remuneration Policy for the Board of Directors, its Committees and the Senior Management

Version 2.0



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Chapter 1. Introduction

1.1. Objective

The objective of “Remuneration Policy for the Board of Directors, its Committees and the Senior Management of the United Cooperative Assurance (UCA) has been prepared in order to comply with Paragraph (1) of Article (61) of the Corporate Governance Regulations issued by the Board of the Capital Market Authority and Article of Association. It is submitting to the Board of Directors for consideration in preparation for its adoption by the General Assembly.

1.2. Purpose

This policy aims to define clear criteria for the remuneration of members of the Board of Directors and its committees and Senior Executives in light of the requirements of the Companies Law and the regulations of the Capital Market Authority and incentive programs for rewards and linked to performance, which contributes to improving the performance of the company and achieving the interests of its shareholders.

1.3. Scope

This policy applies for evaluation, remunerations and compensations of the Directors, members of Board Committees and Senior Management.

1.4. Applicability

Below list of stakeholders are covered by this document:

- UCA Directors
- UCA Members of Board committee
- Senior Management

Any other category currently not mentioned above can be included and covered by this policy through an amendment later.

1.5. Ownership and Amendments

While this document will serve as guideline towards UCA’s Directors, Members of Board Committee and Senior Management compensation and remuneration, it is to be noted that:

- Document administration falls under direct supervision of Head of Human resource.
- Nomination and Remuneration Committee assumes global ownership and oversight.
- Nomination and Remuneration review and validate the policy.
- The Chief Executive Officer / Executive Committee and subsequently the Company's Board grants final approval to this policy.
- A copy of approved policy required to submit to SAMA within 180 days from the date of issuance of this Regulation applicable to the UCA or from the date of licence issue to the UCA whichever is later. All subsequent amendments thereon must be submitted to SAMA within twenty one (21) working days from the date of the amendment.
- The Executive Committee oversees the policy's governance. It makes sure that the policy is formalized and updated on an annual basis.
- The Internal Audit team ensures that the controls operated are appropriate and efficient, in compliance with the Policy.
- Any update to this document in line with regulatory standards and Company’s risk appetite by way of adding or removing pages, editing form or content will be done through an endorsement followed by Human Resource, Nomination and Remuneration Committee, CEO and concerned stakeholders’ approval. The amended policy will be placed before the Board for final approval.

1.6. Document Control

- The hard copy of this policy shall remain in the custody of Head – Human resource, with an organization wide promulgation via UCA Hub.
- This policy should be placed on the shared drive thereby making it accessible to staff responsible to carry out activities within the laid out framework.

1.7. Changes to this policy

Modification, if required, to this Remuneration Policy for the Board of Directors, its Committees and the Senior Management is done on an annual basis, however extraordinary circumstances including the ones listed below may determine modification as and when required. Changes to the document are usually of following nature:

- Change in laws & regulations
- Change in function & activities of the Company
- Change in business process
- Change in UCA's organizational structure
- Change to the job role, duties & descriptions
- Change to the risk profile in which The Company operates
- Any other regulatory, strategic or operational change

1.8. Annual review

The nomination and remuneration committee shall ensure that an annual remuneration review (internally through the internal audit function or externally commissioned by a specialized firm) is conducted independently of executive management.

1.9. Record Retention

UCA will comply with the record retention requirements contained in the SAMA Regulation and will ensure that all related documentation pertaining to the Remuneration and compensation of Board of Directors, its Committee and the Senior Management are retained for a minimum of 10 years either physically or electronically.

Chapter 2. Remuneration and Compensation Policy .

2.1. General Criteria for the Reward

The Nomination and Remuneration Committee is responsible for recommending to the Board the remuneration of Board member, members of Board Committees and Senior Management of the Company, in accordance with the Approved standards, as follows:

- The remuneration should be commensurate with the company's activity and the skills necessary to manage it.
- Considering linking the variable part of the rewards to performance in the long term.
- The company considers the consistency of the rewards with the company's strategy and objectives and with the size, nature, and degree of risks it has.
- The company shall take into consideration the practices of other companies and what is prevalent in the labor market in determining the remuneration, while avoiding the unjustified rise in remuneration and compensation that may result.
- To be prepared in coordination with the Remuneration and Nominations Committee with regard to new appointments.
- Rewards are determined based on the job level, the tasks and responsibilities assigned to the incumbent, academic qualifications, practical experience, skills, and level of performance.
- The remuneration shall be fair and commensurate with the member's competencies and the work and responsibilities undertaken and borne by the members of the Board of Directors or the Committees, in addition to the objectives set by the Board of Directors to be achieved during the fiscal year.
- Taking into consideration the sector in which the company operates, its size and the experience of the members of the Board of Directors.
- The remuneration should be reasonably sufficient to attract, motivate and retain members of the Board of Directors with appropriate competence and experience.
- Board members' remunerations may be of varying amounts to reflect the member's experience, competencies, tasks entrusted to him, his independence, the number of sessions he attends, and others.
- The reward is suspended or refunded if it is found that it was decided based on inaccurate information provided by a member of the Board of Directors or the Executive Management; This is to prevent the career situation from being exploited to obtain underserved rewards.
- In the event of developing a program to grant shares in the company to members of the Board of Directors, the Executive Management, and its employees, whether it is a new issue or shares purchased by the company, this is done under the supervision of the Nomination and remuneration committee and in accordance with the company's articles of association and the relevant Capital Market Authority regulation and rules.
- The remuneration structure of employees working in control functions (such as internal audit, and compliance) shall be designed to ensure objectivity and independence of these functions. In this regard, it should be ensured that the Executive Management of the company is not intervening in the process of performance measurement and compensation determination of such employees.

2.2. Board of Directors and Members of Board Committees Performance Evaluation:

- Nomination and Remuneration Committee shall evaluate the performance of the Board of Directors, Directors, and members of Board Committees on an annual basis by assessing the skills, experience and mechanisms of the Board in general, determining the weaknesses and strengths.
- Performance evaluation of individual Directors shall consider whether each Director satisfies the fitness requirements and demonstrates commitment to its roles and responsibilities, shall identify the strengths and weaknesses and submit a proposal for overcoming such weaknesses in the interest of the company.

- The Board shall address the weaknesses (if any). Evaluation process shall be encapsulated on the following main pillars:
 1. The Director's satisfaction of the fitness requirements;
 2. The Director's regular attendance in the meetings; and
 3. Independency and absence of conflict of interests preventing the Director to continue in office

The Board of Directors shall take the reasonable measurements for evaluation of its performance by a competent external agency every three years, where applicable. The Non-Executive Directors shall, where required, conduct periodic evaluation of the Board Chairman performance taking into consideration the views of the Executive Directors (if feasible). The Chairman shall not be allowed to be present in the debate specified for such purpose. The strengths and weaknesses shall be identified, and a suggestion shall be put forward for addressing such weaknesses in the interest of the Company.

2.2.1. Fixed Compensations and Remunerations of the Directors: Compensations of the directors shall compose of:

- Fixed Annual Remuneration:
Board Chairman and the Directors shall receive a fixed annual remuneration as follow:

Title	Amount of fixed annual remuneration
Chairman	SAR 300,000
Every (Independent - executive - non-executive) directors	SAR 180,000

- Meeting Attendance Allowance: Each Director of the Board shall get an allowance of SAR (3,000) Three Thousand Riyals for each of the Board meetings by attended such director and an allowance of SAR (1,500) One Thousand and Five Hundred Saudi Riyals for the general meetings (non - inclusive of travel , accommodation and living expenses.
- Meeting Attendance Expenses: The Company shall take the necessary arrangements for attendance of the Board meetings and the general meetings by the Directors and shall reimburse the actual expenses incurred by such Directors for attendance of the Board meetings and the general meetings including travel, accommodation and living expenses.

2.2.2. Fixed Compensations and Remunerations of Members of the Board Committees, Secretary of the Board and Committees: Compensations of members of the Board Committees shall compose of:

- Fixed Annual Remuneration to the Audit Committee Chairman: Audit Committee Chairman shall be paid SAR (60,000) Sixty Thousand Saudi Riyals for serving as Chairman of the Audit Committee

Committee	Directors	Non-directors
Executive Committee	N/A	SAR 40,000
Investment Committee	N/A	SAR 40,000
Audit Committee	SAR 60,000	SAR 120,000
Risk Committee	N/A	SAR 40,000
Nomination and Remuneration	N/A	SAR 40,000

- Meeting Attendance Allowance: Every member of the Board Committees shall receive an amount equivalent to SAR (1,500) One Thousand and Five Hundred Saudi Riyals for each of its committee meetings attended by such member, including attendance of the general meetings by the committee chairs (non - inclusive of travel, accommodation and living expenses). However, members of the Audit Committee shall get SAR (3,000) Three Thousand Saudi Riyals for each meeting attended.

- Meeting Attendance Expenses: The Company shall take the necessary arrangements for attendance of the Board Committee meetings by their members including attendance of the general meetings by the committee chairs and shall reimburse the actual expenses incurred by the members for attendance of such meetings including travel, accommodation and living expenses.
- Annual Remuneration to Secretary of the Board and Committees and Attendance Allowance: Board Secretary shall be paid SAR (75,000) Seventy Five Thousand Saudi Riyals for its works and as attendance allowance of the Board, committees, and the meetings. Directors and Secretary of the committees shall receive an attendance allowance of SAR (1,500) One Thousand and Five Hundred Saudi Riyals.

2.2.3 Variable Annual Remunerations of Directors and Members of Board Committees:

- The Company should realize profits at the end of the calendar years, the Board of Directors may, pursuant to the recommendation of the Nomination and Remuneration Committee, distribute portion of the profits to some or all Directors and members of the Board committees not exceeding (5%) of the remaining net profits having deducted the reservations and resolved by the General Meeting in application of the provisions of Cooperative Insurance Companies Control Law and after distribution of the dividends to the shareholders by no less than (5%) of the Company's paid - up capital.
- Payment of such remuneration shall be commensurate with the number of sessions attended by the member and based on the evaluation conducted by the Nomination and Remuneration Committee of its roles, responsibilities, and performance during the year. In any event, total remunerations paid to a Director and any member of the Board Committee shall not exceed SAR (500,000) Five Hundred Thousand Saudi Riyals per annum, be it in kind or in cash. This ceiling shall not be applicable to members of the Audit Committee.

2.3. Senior Management Performance Evaluation and Remuneration Determination:

2.3.1. Fixed Compensations of Senior Management:

- Fixed remunerations of the Senior Management shall be in accordance with the salary structure approved by the Company's determined Board of Directors.
- The structure is a group of job grades dividing into levels. The job grades and position level of those holding Senior Management positions shall be identified by evaluating their job roles, responsibilities and competencies while taking into consideration their academic qualifications, work experience, capabilities, skills, and personal abilities in addition to observing the salary - related practices of other companies.
- The Company should manage to attract, retain, and motivate the local and professional competences.
- All Senior Managers shall get paid in accordance with the Remuneration and Compensation Policy approved by the Company.

2.3.2. Variable Remunerations tied to the Senior Management Performance:

- Annual "performance bonus" is an incentive bonus that is paid only once per annum to the Senior Managers and is directly tied to the individual and group performance levels and financial results of the company.
- In any event, such bonus shall be exclusively paid to the managers achieving satisfactory performance scores.
- Since the bonus is directly based upon the company's accomplishment and profitability for such financial year, thence, performance bonus may be considered "pay at risk" and shall neither be considered nor construed, by any mean, as merit pay or benefit.
- The management never expressly or implicitly state that such bonus is included within the fixed compensations unless otherwise is agreed under the contract with the Senior Managers at time of contract.

2.3.3 United Cooperative Insurance aims to tie portion of the total compensations entitled to the Senior Management and Senior Executives based on the following performances:

- Clearly associating the company's objectives with the performance and accomplishments of the Senior Managers which greatly impact achievement of the overall results of the Company

- Providing feedback on the individual and group performance of each executive department, and
- Fostering awareness of the executives' performance results to continue work and retain such managers as long as possible.

2.3.4. Criteria for Payment of Annual Variable Remuneration to the Senior Management:

Remuneration shall be paid to the managers achieving satisfactory results in the balanced scorecard and overall evaluation by the CEO. The remuneration shall be paid to the managers who have completed at least six consecutive months in service by the end of the year. Upon payment of the remuneration, the manager should be in service and has not resigned or expressed his desire not to renew the contract. The manager has neither received a warning letter nor been investigated for any violation in this year.

2.3.5. Senior Management Performance Measurement and Evaluation:

Annual performance measurement of the Senior Management is the most critical procedure for any organization. This evaluation includes the comparing with other companies, avoiding conflict of interest, based in strategic goal of the company. Procedures for performance evaluation is as follow:

- Procedures for Performance Evaluation and Remuneration for determination of the Senior Management reporting to the CEO:

At the end of each calendar year, the Chief Executive Officer (CEO) shall evaluate members of the Senior Management reporting to the CEO. The final result shall be documented in the evaluation form, to be signed by the CEO and the relevant senior member in acknowledgment of getting familiar with the contents thereof while giving such member a chance to express its opinion on the evaluation. Evaluation results of the Senior Management reporting to the CEO shall be submitted to the Nomination and Remuneration Committee by the CEO in accordance with the above evaluation mechanism.

- Practices of other companies with regard to determining remuneration shall be taken into consideration while avoiding the unjustifiable increase in remunerations;
- Remunerations should be fair and based upon specific mechanism away from personal opinion and with zero-tolerance to discrimination between the members subject to the same evaluation;
- Remunerations should not cause conflict of interests that may adversely affect performance of the Company, and Remunerations should aim to achieve interests of the insured, shareholders and long term strategic objectives of the Company.
- Procedures for Performance Evaluation and Remuneration for determination of the Supervisory Departments Managers reporting to the Audit Committee:

Managers of the supervisory departments reporting the Audit Committee shall be evaluated by the Audit Committee. The final result shall be documented in the evaluation form, to be signed by the Chairman of Audit Committee and the relevant manager of the supervisory department in acknowledgment of getting familiar with the contents thereof while giving such manager a chance to express its opinion on the evaluation. Evaluation results of the supervisory departments managers shall be submitted to the Nomination and Remuneration Committee by the Managing Director in accordance with the above evaluation mechanism.

Audit Committee shall establish the proposed remunerations of managers of the supervisory departments reporting to the Audit Committee. Upon setting such remunerations, the following shall be considered:

- Performance evaluation and remuneration determination of the personnel holding such offices shall be conducted without any interference by the Company's executive department while taking into account views of the CEO during evaluation process without prejudice to the independence of the committee's resolution pursuant to the adopted laws;
- Remunerations shall contribute to enhancement of the impartiality and independence of such positions.
- Practices of other companies with regard to determining remuneration shall be taken into consideration while avoiding the unjustifiable increase in remunerations ;
 - a. Remunerations should be fair and based upon specific mechanism away from personal opinion and with zero-tolerance to discrimination between the members subject to the same evaluation;

- b. Remunerations should not cause a conflict of interests that may adversely affect performance of the company; and
- c. Remunerations should aim to achieve the interests of the insured, shareholders and long-term strategic objectives of the Company.

2.3. Nomination and Remuneration Committee Recommendation to the Board of Directors

Nomination and Remuneration Committee shall review the evaluation results and the proposed remunerations the Senior Management made by the CEO and Chairman of the Audit Committee to ensure their compliance with this policy, estimated budget of the Company and results of their works. The Committee shall be responsible for:

- Approving the total remunerations of all personnel of the Company after taking into account the percentage of such remunerations of the net profits and recommendation of the CEO
- Approving remunerations of the Senior Management reporting to the CEO taking into account recommendation of the CEO to this effect
- Approving remunerations of managers of the supervisory departments reporting to the Audit Committee seeking for the remunerations to be in balance with such remuneration approved for the Senior Management reporting to the CEO and taking into account recommendations of the Audit Committee Chairman to this effect.
- Putting forward to the Board of Directors a recommendation on the annual remunerations of the Directors, members of the Board Committees and the Senior Management
- Disclosing, in all cases, the above remunerations approved by the Nomination and Remuneration Committee and any substantial variations from the standards and limits of this policy.

2.4. Payment of Remunerations and Compensations:

Having these compensation and remuneration proposal been approved by the Board of Directors, the Senior Management shall enter such proposal into full force and effect within at most to working days.

2.5. Disclosure of Remuneration and Compensations :

- At the end of each calendar year, the Nomination and Remuneration Committee shall develop, in line with the form specified for such purpose, a comprehensive statement of all the amounts received by each director, member of the Board committees and senior management during the financial year including remunerations, allowances, expenses, and other benefits in their capacity as employees or administrators, or in consideration of such technical, administrative, or advisory services. Such statement shall also include the number of the Board and committees' meetings held and the number of meetings attended by each member as of the date of the last General Meeting convened. Such statement shall be included in the Board report to the Ordinary General Meeting and remunerations shall be covered by the agenda of the General Meeting to be approved.
- The Board shall:
 1. Disclose the remuneration policy and the method by which remunerations of the Board and Executive Management are determined;
 2. Provide an accurate, transparent and detailed disclosure in the Board report on the remunerations granted to the Board members and Executive Management, directly or indirectly, without any omission or misleading information, and whether these were in cash or other benefits of any nature. In case they were shares of the Company, the value of the shares is the market value on the due date;
 3. Explain the relationship between remunerations granted and applicable remuneration policy, highlighting any significant deviation from such policy;
 4. A description of the necessary details with respect to the remunerations and compensations granted to each of the following, separately:
 - a. Board members;
 - b. Five (5) Senior Executives who have received the highest remuneration from the Company, provided that the Chief Executive Officer and Chief Financial Officer are among them
 - c. Members of Board Committees.



2.6. Suspension and Recovery of Remunerations:

Board of Directors of the Company may, pursuant to a resolution to be passed by the Board, discontinue payment of or recover the remuneration if it is determined that such remuneration has been based on inaccurate information provided by a member of the Board Committees or Senior Management in order to prevent abuse of a position and to obtain undue remunerations.



المتحدة للتأمين التعاوني
UNITED COOPERATIVE ASSURANCE

رؤية
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

Article 24

New audit committee charter

U C A



Audit Committee Charter

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Chapter 1. Charter Introduction

1.1 Introduction

This Audit Committee Charter (“the Charter”) governs the activities and operations of the Audit Committee of United Cooperative Assurance (“UCA” or the Company”). The Charter is established by the Board of Directors of UCA in accordance with the Audit Committee Regulation and Corporate Governance Regulation issued by the Saudi Central Bank (“SAMA”) and Capital Markets Authority (CMA).

1.2 Purpose

The purpose of this Charter is to:

- Promote high standards of corporate governance; and
- Define the roles and responsibilities of the Audit Committee in its mandate to provide objective review and advise the Board with respect to:
 - Integrity of UCA’s financial statements and financial reporting process
 - Effectiveness and efficiency of UCA’s internal control systems
 - Competency and performance of UCA’s internal audit function
 - Independence, competency and performance of UCA’s external auditors; and
 - Compliance to regulatory requirements including UCA’s approved Code of Business Conduct, fraud and corporate governance activities.

1.3 Definitions

- **SAMA:** Saudi Central Bank
- **CMA:** Capital Market Authority
- **Senior Management:** Managing Director, Chief Executive Officer, General Manager, and their deputies; Chief Financial Officer; Managers of key departments; and officers of Risk Management, Internal Audit, and Compliance Departments, and in addition to occupants of any other positions determined by SAMA.
- **Audit Committee (The Committee):** an independent committee that reports directly to the Company’s Board. The committee’s mandate includes monitoring the performance and implementation of the internal control systems of the Company, ensuring the effectiveness and efficiency of those systems, verifying the implementation of internal control decisions and actions, and ensuring compliance with the Supervision of Cooperative Insurance Companies Control Law and its Implementing Regulations, other applicable Laws, Regulations, and Instructions in addition to the requirements set forth in this Regulation.
- **Compliance Department:** an independent department that reports to the Audit Committee and administratively to the Chief Executive Officer (CEO). Its mandate is to ensure the Company’s compliance with the laws, regulations, instructions issued by SAMA and the other Regulatory Bodies. The department submits, to the audit committee, reports on the company’s violations of the Laws, Regulations, and Instructions. This definition applies to the Compliance Officer.
- **Internal Audit Department:** an independent department that reports to the Audit Committee and administratively to the Chief Executive Officer (CEO). Its mandate is to set the audit action plan for the Company, to monitor the Company’s performance through evaluating and verifying the operations to ensure that there are no financial or non-financial violations of the Company’s bylaws, to ensure the compliance with the internal control systems, to ensure effectiveness and efficiency of those systems, and to verify the implementation of internal audit decisions. The department submits its reports to the Audit Committee. This definition applies to the Internal Auditor.

1.4 Record retention

UCA will comply with the record retention requirements contained in the SAMA and CMA CG Regulation and will ensure that all related documentation pertaining to the Audit Committee meetings and activities are retained for a minimum of 10 years, either physically or electronically.

1.5 Policy review and approval

- The Audit Committee Charter will be reviewed periodically (on an annual basis) or when major changes are warranted or recommended by the Audit Committee.
- The Board is responsible for approving this policy (as required by SAMA).

Chapter 2. Committee Formation and Membership

2.1 Committee Formation

- The number of the members of the Audit Committee shall not be less than three (3) or more than five (5).
- An Audit Committee shall be formed by a resolution of the Company's General Assembly based on the Board's nomination.
- Nomination of the Audit Committee members shall be based on the recommendation of the Nomination and Remuneration Committee.
- A committee shall be chaired by an independent member, and shall not be chaired by the Chairman of the Board (based on Article 85 of the Key Principles of Governance in Financial Institutions under the Control and Supervision of the Saudi Central Bank and based on Article 102 of Insurance Corporate Governance Regulation).
- The members of the Audit Committee shall be from the shareholders or others, provided that at least one of its members shall be an Independent Director and one of the members shall be specialized in finance and accounting.
- Members of the Audit Committee shall be selected in a manner that ensures availability of diverse skills and experiences appropriate to the business of the Company.

2.2 Appointment of Members and Term of Membership

- The Board of Directors shall appoint the Chairman and members of the Audit Committee as required by Article 89 of SAMA CG Regulation based on the recommendations of the Nomination and Remuneration Committee for a period of three years after obtaining the no-objection from SAMA in writing, provided that this appointment is approved by the General Assembly.
- Membership of the Audit Committee shall expire upon expiry of its term or upon expiration of the member's capacity in accordance with any system, Regulation or instructions in force in the Kingdom. However, the General Assembly may at any time dismiss all or part of the members of the Audit Committee, without prejudice to the right of the member who is excluded from the Company to claim compensation in the event of dismissal for an unacceptable reason.
- The Board of Directors may renew the membership of the Audit Committee or one of its members for a term of another three-years, one time only as specified by Article 24 of Audit Committee Regulation.
- The Board of Directors may appoint new members of the Audit Committee after obtaining no-objection from SAMA in writing.
- The Company shall provide the Capital Market Authority (CMA) with the names of the members and the types of their memberships in such Board committees within five (5) days of their appointment, and shall notify the Authority of any changes thereto within five (5) days of the date of such changes (based on Article 50/6 of CMA Corporate Governance Regulations).
- SAMA may cancel its no-objection to appoint any member or members of the Audit Committee in the event of any violation including the provisions of this Charter or the provisions of the Cooperative Insurance Companies Control Law and Its Implementing Regulations or the provisions of other Regulations and other relevant instructions, and to take the measures it deems appropriate against the company and the concerned person.
- The Board of Directors, after obtaining SAMA's no-objection in writing, have the right to dismiss any of the committee members in the event of losing membership conditions or violating the provisions of this Charter or the provisions of Cooperative Insurance Companies Control Law or Its Implementing Regulations or the provisions of other relevant Regulations and instructions.
- A member of the Audit Committee has the right to submit his resignation, provided that he submits his resignation request to the Board of Directors, one month in advance from the effective date of his resignation, and the company shall notify SAMA in writing of the resignation of the member of the Audit Committee and the reasons for his resignation and to provide SAMA with a copy of the resignation request within five (5) working days from resignation date as specified in Article 80 of SAMA CG Regulation.

- The Board must appoint members to positions which become vacant during the year after obtaining SAMA's no-objection. The new member shall complete the tenure of their predecessor.
- The General Assembly may, on the recommendation of the Board, terminate the membership of the Audit Committee members who have been absent from three consecutive meetings without legitimate excuse.

2.3 Membership Conditions

- The Audit Committee member nominated for membership in the committee must be Independent.
- The Board of Directors must ensure that members of the Audit Committee are qualified to fulfil their responsibilities. At least one of the committee members, including the committee Chairman must have recent and relevant experience in the field of accounting and financial management.
- The Audit Committee member must not be a member of the Board of Directors, managers, employees, consultants, affiliates or representatives, a related party to the company, including, but not limited to, the following:
 - Major shareholders or founders
 - External auditors
 - Suppliers
 - The company's clients
 - Legal persons who have a financial or commercial relationship or is first-degree relative with the company's Board of Directors or Company executives
- The Chairman of the Board shall not be a member of the Audit Committee.
- A member of the Audit Committee must not be a member of the Board of Directors or the Audit Committee of any other company in the insurance sector in Kingdom of Saudi Arabia.
- Any person who works or has worked in the Company's finance Department, the Executive Management or for the Company's external auditor during the preceding two years may not be a member of the Audit Committee.
- No member of the Audit Committee may serve simultaneously on Audit Committees for more than four public companies.

2.4 Appointment of the Chairman and Secretary of the Committee

- The Chairman shall be appointed in the committee's first meeting by the members of the Audit Committee post approval of SAMA.
- The Chairman of the Audit Committee may not have a kinship, financial or commercial relationship with any member of the Board of Directors.
- The Chairman of the Audit Committee may not have a relationship with the Executive Management of the company that affects his independence.
- The Audit Committee shall appoint a Secretary from the UCA's staff to handle its administrative tasks.
- The Secretary shall be appointed in the committee's first meeting by the members of the Audit Committee.

Chapter 3. Duties & Responsibilities of the Committee

The Audit Committee shall be competent in monitoring the Company's activities and ensuring the integrity and effectiveness of the reports, financial statements, and internal control systems. The Audit Committee shall ensure the independence of the company's external auditors, members of the Board of Directors, and Senior Management in the company. The duties and responsibilities of the Audit Committee shall particularly include the following:

3.1 General

- The members of the Audit Committee are accountable to SAMA, the company's shareholders, and the Board of Directors for the implementation of the provisions of this Charter, and the implementation of the work plan of the Audit Committee issued by a decision of the Board of Directors.
- Members of the Committee should, while performing their duties, give priority to the company's interest against any other considerations that might affect their work and decisions.
- The Audit Committee has the right to directly communicate with the Board of Directors, the company's Senior Management, all employees and committees and legal advisors and internal and external auditors in the head office and the company's branches, as well other parties related to the company and have access to all private and confidential records and documents necessary to perform its work.
- The Audit Committee may seek the assistance of any experts or specialists it deems appropriate from inside or outside the Company, within the limits of its powers, and the same shall be set forth in the minutes, including the name of the expert and his relationship with the Company or Executive Management.
- All members of the Audit Committee shall maintain the confidentiality of matters related to the work of the Audit Committee.
- A member of the Audit Committee may not be directly or indirectly connected in the business and contracts that are carried out for the company's account.
- A member of the Audit Committee may not participate in any business that would compete with the company or trade in activities. The company may claim compensation for any damage incurred by the company as a result of this act or disposition.
- The company shall not issue or renew any insurance policy to any member of the Audit Committee or related parties that had a relationship with it before paying the instalment in full, and if any of the members of the Audit Committee submits a claim for payment compensation for an insurance policy issued to him by the company. The claim must be dealt with according to the procedures set out in the Regulation applicable to customer claims and without preferential treatment with a notice to the statutory controller of any compensation owed to the member.
- The Audit Committee shall ensure the availability of a written list of the rules of professional conduct after being approved by the company's board of directors to ensure that the Company's activities are conducted in a fair and ethical manner.
- Submit a report of its opinion concerning the efficiency of internal control within the company, and about any other activities falling within its powers.
- Update Board on Audit Committee's activities on a regular basis
- The Audit Committee shall:
 - Ensure optimal use and controls of information technology necessary to generate accurate and reliable information and data are in place.
 - Review effectiveness of the anti-money laundering and counterterrorist finance program.
 - Review the Actuary reports and making recommendations thereon for the Board.
 - Ensure adequacy of the provisions and technical reserves approved by the actuary.
 - Periodically evaluate the efficiency of the technical system for vehicle claims.
 - Ensure the Company has a written code of conduct duly approved by its Board of Directors to ensure that the Company's activities are conducted in a fair and ethical manner.

- Develop a work guide for it approved by a decision of the Board of Directors that includes the rules, responsibilities, and obligations of the committee. The Audit Committee must also develop a detailed annual work plan that includes the main topics that it will discuss during the year and the dates of its meetings.
- The Committee has the right to investigate any matter that falls within its tasks or any matter specifically requested by the Board.
- The Committee has the right to request any clarification or statement from the members of the Board, the Executive Management, or the Company's employees for the purpose of investigation and inquiring about any information.

3.2 Financial Reports

The Audit Committee shall perform the following with respect to Financial Reports:

- Studying the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness, and transparency.
- Providing technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
- Studying any important or non-familiar issues contained in the financial reports.
- Investigating any issues raised by the Company's Chief Financial Officer or any person assuming his duties or the Company's Compliance Officer or external auditor; and
- Examining the accounting estimates in respect of significant matters that are contained in the financial reports and examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.
- Internal control and assessment of the assets and financial fitness of the company.

3.3 Internal Audit

The Audit Committee shall perform the following with respect to Internal Audit:

- Appointment and dismissal of the Head of the Internal Audit Department and the Internal Auditor staff after obtaining SAMA's no-objection in writing.
- Recommending to the Board on the appointment or reappointment of external auditors, including confirming that the nominated external auditors have the necessary experience in auditing Insurance and/or Reinsurance Companies.
- Reviewing and approving the Internal Audit Manual and ensure it clearly lays down the objectives, scope, responsibilities, approach and methodology of the Internal Audit function and aligns to the IIA standards.
- Reviewing and approving the risk based annual audit plan for Internal Audit.
- Analyzing the Internal Audit reports and review following up of the implementation of the corrective measures in respect of the remarks made in such reports.
- Monitoring and overseeing the performance and activities of the Internal Auditor and Internal Audit department of the company, if any, to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.
- Providing recommendation to the Board on appointing the manager of the internal audit unit or department, or the internal auditor and suggest his remunerations.
- Determining the monthly salary, bonus and other remuneration of the Internal Audit Department or the Internal Auditor in accordance with the Company's internal by-laws approved by the Board.
- Confirming the independence of the internal audit department or the internal auditor in the performance of their duties. Verify that there is no restriction in their activities or the existence of something that could negatively affect their business.

- Examining and reviewing the Company's internal control system and making reports on its opinion about adequacy of this system and the other works it has performed within the scope of its functions.

3.4 Compliances

The Audit Committee shall perform the following with respect to Compliances:

- Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions.
- Appointment and dismissal of the Compliance Department Manager or the Compliance Officer after obtaining SAMA's no-objection in writing.
- Ensure the independence of the Compliance Department or the Compliance Officer in the performance of their duties and verify that there is no restriction in their business or the existence of something that could negatively affect their business.
- Determining the monthly salary, bonus and other remuneration of the Compliance Control Department or the Compliance Officer in accordance with the Company's internal by-laws approved by the Board
- Studying and approving the annual Compliance Plan and following up on its implementation.
- Reviewing the reports of the Compliance Control Department or the Compliance Officer and making recommendations thereon for the Board.
- Reviewing the findings of the reports of SAMA or other supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith.
- Reviewing the contracts and proposed Related Party transactions and providing its recommendations to the Board in connection therewith.
- Reporting to the Board any issues in connection with what it deems necessary to take action on and providing recommendations as to the steps that should be taken.
- Reviewing and examining the Company's risk management activities.
- Following up on important lawsuits filed by or against the company by the Compliance Department or the Compliance Officer and submit periodic reports on it to the Board of Directors.
- Ensuring the Company's compliance with the Actuary's proposals and recommendations, where these are mandatory and required by Regulations or SAMA's instructions.
- Reviewing and advising regarding whistleblowing investigation cases.

3.5 Duties of the Chairman of Audit Committee

The duties of the Chairman of the Audit Committee would consist of the following:

- Assume responsibility and be accountable to the Board for the proper functioning of the Committee.
- Prepare/approve the agenda of the Committee meetings after consultation with other Committee members.
- Review requests from other Committee members, staff, and/or any other party to participate in the meetings of the Audit Committee whenever it is deemed necessary.
- Ensure appropriate documentation of the activities and decisions of the Committee and notify the Board and perform the necessary follow-up as required.
- Prepare periodic reports for submission to the Board and the General Assembly.

3.6 Duties of the Secretary of Audit Committee

The duties of the Secretary of the Audit Committee would consist of the following:

- The Secretary of the Audit Committee shall schedule the meetings of the Audit Committee in coordination with the Chairman.
- The Secretary shall circulate meeting agendas with any relevant materials to Committee members at least ten (10) working days prior to the meeting.

- The Secretary of the Audit Committee shall document and keep the minutes of the Audit Committee meetings.
- The Secretary of the Audit Committee shall ensure that the Committee Chairman and members signs the minutes of meetings.
- The Secretary shall ensure the availability of appropriate means of communication for the exchange and recording of information between the Audit Committee and the Board
- The Secretary shall maintain a log of the action items and a follow up tracker to track the actions emanating from the Audit Committee meetings and track the implementation by the agreed due dates.

3.7 Managing conflict between the Audit Committee and the Board of Directors

If a conflict arises between the recommendations of the Audit Committee and the Board resolutions, or if the Board refuses to put the committee's recommendations into action as to appointing or dismissal the company's external auditor or determining its remuneration, assessing its performance, or appointing the internal auditor etc., the Board's report shall include the committee's recommendations and justifications, and the reasons for not following such recommendations.

3.8 Powers of the Audit Committee

- The Committee has the right to investigate any matter that falls within its tasks or any matter specifically requested by the Board.
- The Committee has the right to review the company's records and documents, as required.
- The Committee has the right to request any clarification or statement from the members of the Board, the Executive Management, or the company's employees for the purpose of investigation and inquiring about any information.
- The Committee has the right to seek legal and technical advice from any external or other independent consultancy whenever this is necessary to assist the Committee in carrying out its duties.

Chapter 4. Committee Meetings

4.1 Committee Meetings

- The Audit Committee shall convene periodically, provided that at least six meetings are held during the Company's financial year.
- Validity of the meetings of the Audit Committee require attendance of the majority of its members as per the defined quorum.
- In the event it is not possible for any committee member to attend any of the committee's meetings due to travel or any other urgent reason, he may participate in the committee's meetings using modern means of communication, and such participation shall be deemed attendance.
- The Chairman of the Audit Committee shall call for the committee to convene.
- Any member of the Audit Committee, Chairman of the Board, External Auditor, Head of Internal Audit department may also request to call for the committee to convene, as necessary.
- The Audit Committee shall convene periodically with the Company's external auditor and internal auditor.
- The Head of the Internal Audit department may be invited to attend all or some of the meetings of the Audit Committee.
- The Chairman of the Audit Committee may, after notifying the Company's CEO, invite Senior Executives or any of the Company's employees to tell the committee about any aspect of the Company's activities.
- Members of the Board or the Executive Management shall not have the right to attend the meetings of the Audit Committee, unless requested by the committee to express opinion or advice, and attendance of the meetings of the Audit Committee shall be limited to the committee members and Secretary.
- The Audit Committee may invite guests as it deems fit from inside or outside the Company to attend its meetings if the need arises.
- Audit Committee meetings can be conducted on other matters such as:
 - Financial and audit matters
 - Statutory issues
 - Conflict of interest
 - The rules of professional and ethical conduct

4.2 Meeting Quorum

- The quorum of the Audit Committee meetings should be at least 2 members.
- The Audit Committee meetings shall not be held without the presence of at least half of its members at any point in time.

4.3 Agenda of the Meeting

The Secretary shall give advance notices, send meeting agendas with any relevant materials to committee members and ensure their delivery within a period of ten (10) working days prior to the meeting.

4.4 Minutes of Meeting

- Minutes for all meetings of the Committee shall be prepared to document the Committee's discharge of its responsibilities. The meeting minutes shall be sufficiently detailed to provide a trail of discussions before the final decision is made or a resolution is approved.
- The Committee Secretary shall maintain an accurate written record of each meeting which includes:
 - The location and time of the meeting
 - Names of the present and absent members

- The names of committee members giving their assent and dissent to the decisions/resolutions presented before the committee and reasons thereof, including objections or abstention from voting
 - Members who are excluded from discussions in the Committee meeting by reason of their interest in the matter under discussion
 - The results of voting on an individual basis
 - Decisions made by the Audit Committee including the rationale for the decision
 - Documents supporting the discussions held during the meeting
- The minutes of the meetings shall be recorded, signed by the Chairman, and members of the committee and its Secretary and entered into an official register.
 - All records and documents reviewed during the meeting and/or referred to in the minutes shall be attached to the minutes.
 - The minutes of the meeting will be distributed by the Secretary to the committee members within a period not exceeding (15) days after the date of the meeting.

4.5 Resolutions of the Committee

- The decisions of the Audit Committee are issued by majority of present votes, and in the event of an equal number of votes / tie vote, the Chairman of the Audit Committee shall have the casting vote.
- The decisions of the Committee shall be recorded by way of a circular signed by all the members of the Committee.
- Each member of the Committee shall have equal voting rights and shall vote on all decisions unless when a member has a personal material interest in the matter being considered.
- Non-members who attend Committee meetings will not have voting rights and the role of non-members shall be advisory.
- All approved resolutions taken by circulation shall be recorded at the next meeting minutes; and in case of objection by any member during the circulation process, such objection shall be recorded in the minutes.
- It is not permissible to vote on the decisions of the Audit Committee on behalf or by proxy of any of the members.

4.6 Liaison with External Auditors

Audit Committee shall liaison with External Auditor for below activities:

- Key amendments made by the Company to its accounting policies.
- Deficiencies in the general structure and performance of internal control systems.
- Material errors in financial statements.
- Management decisions and the basis on which the external auditors relied to validate critical accounting estimates, such as technical provisions and reserves.
- Accounting principles and standards and disclosure decisions related to extraordinary transactions.
- Adequacy of technical provisions and reserves set by the Actuary.
- Actuary's Reports relevant to the Financial Statements.
- Any major problems in dealing with the management that affected the working of the audit.
- Internal control and the assessment of the Company's assets and solvency.
- Any other issues that the committee is aware of and falls within its responsibilities.
- Any amendments introduced to the audit scope and the reasons thereof.

- Reviewing letters to management prepared by the external auditors and the Company's management comments thereon.
- Material conflicts with the management regarding any issue pertaining to the safeguarding of invested assets.
- Violations of Laws, Regulations and Instructions issued by the supervisory and control entities or non-compliance with the Company's policies and procedures

4.7 Reporting

- The Audit Committee shall prepare reports on its performance of its competencies and duties stated in the Companies Law and Its Implementing Regulations and opinion on the adequacy of the Company's internal control system and risk management systems and on other work carried out within its competence. The Board shall keep adequate copies of the report in the Company's Head Office and publish them on the Company's and the Exchange's websites when publishing the invitation to convene the General Assembly, to enable shareholders to get a copy thereof.
- The Audit Committee shall submit summary of the committee's meetings held during the preceding quarter for review by the Board after each meeting. The Committee shall bring to the attention of the Board material issues regarding compliance, accounting, internal accounting controls, auditing, or other related matters.
- The Audit Committee shall examine the matters pertaining to it or those referred to it by the Board and shall submit its recommendations to the Board for decision or take decisions if delegated to it by the Board. However, the Board shall be responsible for these decisions.

Chapter 5. Committee Remuneration and Evaluation

5.1 Committee Member Remuneration

- Every member of the Audit Committee shall be eligible for remuneration for each Committee meeting attended. The amount of such remuneration shall be determined in accordance with the General Assembly approved Corporate Governance Charter and Evaluation and Remuneration of Directors, Committee Members, and Senior Management Policy
- The Secretary of the Audit Committee shall be eligible for remuneration for carrying out his or her functions for each Committee meeting. The amount of such compensation shall be determined by a decision issued by the Board of Directors.

5.2 Performance Evaluation of the Audit Committee

The Board of Directors must annually evaluate the performance of the Audit Committee in general and the performance of the Audit Committee members, and that evaluation should be kept in the records by the committee Secretary.



المتحدة للتأمين التعاوني
UNITED COOPERATIVE ASSURANCE

رؤية
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

Article 24

Previous audit committee charter

U C A

Audit Committee Charter		ميثاق لجنة المراجعة
Tenure of Membership: 3 years		مدة العضوية: 3 سنوات
Size of Committee: 4 members		عدد أعضاء اللجنة: 4
Quorum: 3 members		النصاب القانوني: 3 أعضاء
OBJECTIVE		أهداف اللجنة
The Audit Committee will assist the Board in:		تساعد لجنة المراجعة مجلس الإدارة في:
Fulfilling its oversight responsibility by reviewing the financial information, the systems of internal controls which the management and the Board of directors have established, and the audit process.		الوفاء بمسئوليتها من خلال مراجعة المعلومات المالية وأنظمة الرقابة الداخلية التي أنشأتها الإدارة التنفيذية ومجلس الإدارة وعمليات المراجعة.
Review the UCA's Corporate Governance Framework; In doing so, it is the responsibility of the committee to		مراقبة إطار حوكمة الشركة. من خلال ذلك تتمثل مسؤولية لجنة المراجعة فيما يلي:
<ol style="list-style-type: none"> 1. Provide an open avenue of communication between the Board of Directors, management, and the internal and external auditors. 2. Be informed, vigilant and effectively oversee UCA's internal controls and financial reporting processes. 3. Report its activities to the Board of Directors on a regular basis. 		<ol style="list-style-type: none"> 1. توفير قنوات تواصل مفتوحة بين مجلس الإدارة والإدارة التنفيذية بالإضافة إلى المراجعين الداخليين والمراجعين الخارجيين. 2. ان تكون اللجنة على اطلاع دائم وفعال بالضوابط الرقابية وعمليات إعداد التقارير المالية للشركة. 3. ان تقدم اللجنة تقارير عن أنشطتها إلى مجلس الإدارة بشكل دوري.
Setting up the Audit Committee and Organizing its Activities		تشكيل لجنة المراجعة وتنظيم أعمالها
1. Committee Formation		1. تشكيل اللجنة
The Audit Committee shall be formed in accordance with Audit Committee's Selecting Procedures, the duration of its term and the monitors of its activities that issued by the General Assembly upon a recommendation of the Board.		تشكل لجنة المراجعة وفق قواعد اختيار أعضاء لجنة المراجعة ومدة عضويتهم وأسلوب عمل لجنة المراجعة التي تصدرها الجمعية العامة للشركة بناءً على توصيات مجلس الإدارة.
2. Member Appointment and Term		2. تعيين الأعضاء ومدة العضوية
The Board of Directors, after obtaining SAMA's written non-objection, shall appoint the Audit Committee's Chairman and members for a three-year term.		يعين مجلس الإدارة رئيس وأعضاء لجنة المراجعة لمدة ثلاث سنوات وذلك بعد الحصول على عدم ممانعة البنك المركزي كتابةً.
The Board may renew the term of the Audit Committee or a member thereof for another three-year term for one time only.		يحق لمجلس الإدارة تجديد مدة لجنة المراجعة أو أحد أعضائها لمدة ثلاث سنوات أخرى ولمرة واحدة.
The Board may appoint new Audit Committee members		يحق لمجلس الإدارة تعيين أعضاء جدد في لجنة المراجعة

in case of electing a new Board of Directors after obtaining SAMA's written non-objection.	وذلك في حال انتخاب مجلس إدارة جديد بعد الحصول على عدم ممانعة البنك المركزي كتاباً.
Regulatory Authority is entitled to withdraw its non-objection of any member or members of the Audit Committee in case of any violation by any of them of the provisions of this Audit Committee Regulation in Insurance Company, the Supervision of Cooperative Insurance Companies Control Law and its Implementing Regulations and any relevant Regulations or Instructions and take actions it deems appropriate against the Company and the person concerned.	يحق للبنك المركزي إلغاء عدم ممانعتها على تعيين أي عضو أو أعضاء في لجنة المراجعة وذلك في حال مخالفة أي منهم لأحكام هذه اللائحة لجان المراجعة في شركات التأمين أو مخالفة اللائحة التنفيذية لنظام مراقبة شركات التأمين التعاوني أو أي من أحكام اللوائح أو التعليمات الأخرى ذات الصلة، وأن تتخذ الإجراءات التي تراها مناسبة في حق الشركة والشخص المعني.
The Board of Directors, after obtaining SAMA's written non-objection, may dismiss an Audit Committee member if he or she ceases to satisfy membership terms or violates the provisions of this Charter, the Supervision of Cooperative Insurance Companies Control Law and its Implementing Regulation or any relevant Regulations and Instructions.	يحق لمجلس الإدارة بعد الحصول على عدم ممانعة كتابية من البنك المركزي عزل أي من أعضاء اللجنة وذلك في حال فقدانه شروط العضوية أو مخالفته لأحكام ميثاق لجنة المراجعة أو مخالفة اللائحة التنفيذية لنظام مراقبة شركات التأمين التعاوني أو أي من أحكام اللوائح أو التعليمات الأخرى ذات الصلة.
An Audit Committee member has the right to resign, after providing the resignation request to the Board one month before its resignation becomes effective. UCA shall notify SAMA in writing of the resignation of a member of the Audit Committee and the reasons thereof and provide SAMA with a copy of the resignation request within five working days from the date of the resignation.	يحق لعضو لجنة المراجعة تقديم استقالته لمجلس الإدارة شريطة تقديمها قبل شهر من تاريخ بدء الاستقالة. وعلى الشركة إشعار البنك المركزي باستقالة عضو لجنة المراجعة كتاباً مع ذكر أسباب الاستقالة وتزويد البنك بنسخة من طلب الاستقالة وذلك في غضون خمسة أيام عمل من تاريخ الاستقالة.
An Audit Committee member shall be deemed resigned if he or she fails to attend any meetings of the Audit Committee for more than three consecutive times without presenting an excuse acceptable to the Board.	يعتبر العضو مستقياً من لجنة المراجعة وذلك في حال تغيبه عن حضور اجتماعات لجنة المراجعة لأكثر من ثلاث جلسات متتالية وبدون عذر يقبله مجلس الإدارة.
If there is a vacant seat in the Audit Committee during the membership term, the Board, after obtaining SAMA's written non-objection, shall appoint another member within a month of the vacancy date to fill the vacant position. The new member shall complete his or her predecessor's term.	في حال وجود مركز شاغر لأحد أعضاء لجنة المراجعة أثناء مدة العضوية، فإن مجلس الإدارة يعين عضواً آخرأ بمدة أقصاها شهر من شغور هذا المنصب وذلك بعد الحصول على عدم ممانعة البنك المركزي كتاباً، ويكمل العضو الجديد مدة من كان قبله.
The membership of an Audit Committee member shall terminate automatically upon the occurrence of any change that would breach the membership's terms set forth in this Charter or any other Regulations, Instructions or Decisions issued by SAMA. The Audit Committee member shall immediately inform the Company in writing upon the occurrence of such a change and he/she shall not attend any meeting of the Audit Committee held after	تنتهي عضوية عضو لجنة المراجعة مباشرة عند حدوث أي تغيير يخالف شروط العضوية المنصوص عليها في ميثاق لجنة المراجعة أو أي من لوائح أو تعليمات أو قرارات أخرى تصدرها الجهة المعنية. ويجب على عضو لجنة المراجعة إبلاغ الشركة خطياً فور حدوث هذا التغيير، ولا يجوز لعضو اللجنة حضور أي اجتماع للجنة المراجعة بعد تاريخ حدوث التغيير.

the date of the change.		
3. Membership Organization		3. تنظيم العضوية
The Audit Committee shall consist of at least three members and at most five members, the majority of which shall be from outside the Board.		تتكون لجنة المراجعة من ثلاثة أعضاء على الأقل وخمسة أعضاء كحد أقصى، على أن يكون أغلبهم من خارج مجلس الإدارة.
The Audit Committee members shall not include the Company's executives, employees, or consultants.		يجب ألا يكون أحد أعضاء لجنة المراجعة من المدراء التنفيذيين في الشركة أو أحد موظفيها أو مستشاريها.
The Audit Committee members shall not include board members, executives, employees, consultants, representatives of any parties connected to the Company, including but not limited to: <ul style="list-style-type: none"> Major shareholders and founders. External auditors. Suppliers. The Company's customers. The legal persons who have first-degree relationships with the Company's Board of Directors or executives or have any financial or business relationship therewith. 		يجب ألا يكون أحد أعضاء لجنة المراجعة عضواً في مجالس الإدارة أو مديري أو مستشاري أو موظفي أو منسوبي أو ممثلي أحد الأطراف ذوي العلاقة بالشركة، منهم على سبيل المثال لا الحصر: <ul style="list-style-type: none"> كبار المساهمين والمؤسسين. ب- المراجعون الخارجيون. ت- الموردون. ث- عملاء الشركة. ج- الأشخاص الاعتباريون الذين تجمعهم علاقات من الدرجة الأولى أو ممن لديهم أي علاقة مالية أو تجارية وذلك مع أحد الموظفين التنفيذيين أو مجلس إدارة الشركة.
An Audit Committee member shall not be a member of a Board or an Audit Committee of any other company operating in the insurance sector in the Kingdom of Saudi Arabia.		يجب ألا يكون أحد أعضاء لجنة المراجعة عضواً في مجلس إدارة أو عضواً في لجنة مراجعة في أي شركة تعمل في قطاع التأمين في المملكة العربية السعودية.
The audit Committee members shall not include anyone who worked in the company's Executive Management and Finance Management during the last two years.		لا يجوز أن يكون أعضاء لجنة المراجعة شخص قد عمل في الإدارة التنفيذية للشركة والإدارة المالية خلال العامين الماضيين.
The Audit Committee member shall not be one of the executive members of the Board. And that the member be independent.		يجب أن يكون عضو لجنة المراجعة المرشح للعضوية مستقلاً وألا يكون عضواً تنفيذياً في مجلس الإدارة.
No Audit Committee Member shall simultaneously serve on the audit committees of more than four public companies.		لا يجوز لأي عضو من أعضاء لجنة المراجعة العمل في آن واحد في عدة لجان مراجعة لأكثر من أربع شركات عامة.
The Board shall ensure that the members of the Audit Committee are appropriately qualified to discharge their responsibilities. At least two Audit Committee members, including the AC Chairman, have recent and relevant accounting or financial management expertise or experience.		يتوجب على مجلس الإدارة التأكد من أن أعضاء لجنة المراجعة مؤهلون لاستيفاء واجباتهم. ويجب أن يكون يمتلك عضوين على الأقل في لجنة المراجعة بما في ذلك رئيس لجنة المراجعة خبرات حديثة وذات صلة في مجال المحاسبة والإدارة المالية.

<p>4. Appointing the Chairman and the Secretary of the Committee</p>	<p>4. تعيين رئيس وسكرتير اللجنة</p>
<p>The Board of Directors shall, after obtaining SAMA's written no-objection, shall appoint one of the Audit Committee's members as a Chairman thereof.</p>	<p>يعين مجلس الإدارة أحد أعضاء لجنة المراجعة رئيساً لها بعد الحصول على عدم ممانعة البنك المركزي كتابياً.</p>
<p>The Chairman of the Board shall not be a member or Chairman of the Audit Committee.</p>	<p>لا يجوز أن يكون رئيس مجلس الإدارة عضواً في لجنة المراجعة أو رئيساً لها.</p>
<p>The Chairman of the Audit Committee shall not be related to the other members of the Board or have any financial or business relationship with any members of the Board.</p>	<p>لا يجوز أن يكون لرئيس لجنة المراجعة صلة قرابة أو علاقات مالية أو تجارية بأحد أعضاء مجلس الإدارة.</p>
<p>The Chairman of the Audit Committee shall not have a relationship with Senior Management of the company that could affect his independence.</p>	<p>لا يجوز أن يكون لرئيس لجنة المراجعة علاقة مع الإدارة العليا للشركة مما قد تؤثر على استقلاليتها.</p>
<p>The Audit Committee shall appoint a Committee Secretary from the UCA's staff to handle its administrative tasks, prepare meeting minutes and ensure that its Chairman signs these minutes, and schedule the Audit Committee's meetings in coordination with its Chairman.</p>	<p>تعين لجنة المراجعة سكرتيراً لها من موظفي الشركة؛ للقيام بالمهام الإدارية وإعداد محاضر الاجتماعات والتأكد من توقيع رئيس اللجنة وأعضائها على هذه المحاضر، إضافة إلى جدولة مواعيد واجتماعات لجنة المراجعة بالتنسيق مع رئيسها.</p>
<p>The Audit Committee Secretary must document and keep meeting minutes in a special register.</p>	<p>يجب على سكرتير لجنة المراجعة توثيق وحفظ محاضر اجتماعات لجنة المراجعة في سجل خاص بذلك.</p>
<p>The Secretary of the Audit Committee shall not be a Secretary of any other board committee.</p>	<p>لا يجوز لسكرتير لجنة المراجعة أن يكون سكرتيراً لأي لجنة أخرى من لجان مجلس الإدارة.</p>
<p>5. Committee Members' Remuneration</p>	<p>5. مكافأة أعضاء اللجنة</p>
<p>Every member of the Audit Committee shall be eligible for remuneration for each Committee meeting attended. The amount of such remuneration shall be determined under a policy approved by the Board of Directors and shall be reasonable in comparison with the board members' remuneration.</p>	<p>يحق لكل عضو في لجنة المراجعة الحصول على مكافأة عن كل اجتماع للجنة المراجعة. ويتم تحديد قيمة هذه المكافآت بموجب سياسة معتمدة من قبل مجلس الإدارة حيث تكون مقبولة مقارنةً بمكافآت أعضاء مجلس الإدارة.</p>
<p>The Secretary of the Audit Committee shall be eligible for remuneration for carrying out his or her functions for each Committee meeting. The amount of such compensation shall be determined by a decision issued by the Board of Directors.</p>	<p>يحق لسكرتير لجنة المراجعة مكافأة عن إنجاز مهامه لكل جلسة من جلساتها، ويتم تحديد قيمة المكافأة من قبل مجلس الإدارة.</p>
<p>6. Committee's Tasks</p>	<p>6. مهام اللجنة</p>
<p>The tasks of the Audit Committee shall include but not be limited to the following:</p>	<p>تشمل مهام لجنة المراجعة على سبيل المثال لا الحصر على ما يلي:</p>
<p>A. Exercise oversight over the internal audit function.</p>	<p>أ- الرقابة على وظيفة المراجعة الداخلية في الشركة</p>

<p>B. Recommending to the Board to approve the appointment or reappointment of external auditors. This may include ensuring that the nominated external auditors have the necessary experience in auditing Insurance and/or Reinsurance Companies.</p> <p>C. Appointing or dismissing the head of the Compliance Control Department or the Compliance Officer after obtaining SAMA's written non-objection.</p> <p>D. Appointing or dismissing the head of the Internal Audit Department or the Internal Auditor after obtaining SAMA's written non-objection.</p> <p>E. Ensuring the independence of external auditors from the Company, the Board members and the senior management of the Company.</p> <p>F. Ensuring the independence of the internal audit department or the internal auditor in performing their tasks and ensuring that there are no restrictions on their scope of work or any impediments that might negatively affect their work.</p> <p>G. Ensuring the independence of the Compliance Control Department or the Compliance Officer in performing their tasks and ensuring that there are no restrictions on their scope of work or any impediments that might negatively affect their work.</p> <p>H. Discussing the annual and interim quarterly financial statements with the external auditors and the UCA's Senior Management before the issuance thereof.</p> <p>I. Reviewing and auditing annual and interim quarterly financial statements and making recommendations thereon for the Board.</p> <p>J. Reviewing the audit plan of the internal and external auditors.</p> <p>K. Reviewing, approving, and monitoring the implementation of the compliance plan.</p>	<p>ب- التوصية لمجلس الإدارة بالموافقة على تعيين أو إعادة تعيين المراجعين الخارجيين، ويشمل هذا ضمان تمتع المراجعين الخارجيين المرشحين بالخبرة اللازمة لمراجعة أعمال شركات التأمين و/أو إعادة التأمين.</p> <p>ت- تعيين وعزل مدير إدارة الالتزام أو مسؤول الالتزام بعد الحصول على عدم ممانعة الجهة المعنية كتابةً.</p> <p>ث- تعيين وعزل مدير إدارة المراجعة الداخلية أو المراجع الداخلي بعد الحصول على عدم ممانعة الجهة المعنية كتابةً.</p> <p>ج- التأكد من استقلالية المراجعين الخارجيين عن الشركة وأعضاء مجلس إدارتها والإدارة العليا للشركة.</p> <p>ح- التأكد من استقلالية إدارة المراجعة الداخلية أو المراجع الداخلي في أداء مهامهم، والتأكد من عدم وجود قيود على أعمالهم أو وجود ما يمكن أن يؤثر سلباً على أعمالهم.</p> <p>خ- التأكد من استقلالية إدارة الالتزام أو مسؤول الالتزام في أداء مهامهم، والتأكد من عدم وجود قيود على أعمالهم أو وجود ما يمكن أن يؤثر سلباً على أعمالهم.</p> <p>د- مناقشة القوائم المالية السنوية والربع سنوية الأولية مع المراجعين الخارجيين والإدارة العليا للشركة قبل إصدارها.</p> <p>ذ- دراسة ومراجعة القوائم المالية السنوية والربع سنوية الأولية والتوصية لمجلس الإدارة بشأنها.</p> <p>ر- دراسة خطة المراجعة للمراجعين الداخليين والخارجيين.</p> <p>ز- دراسة خطة الالتزام واعتمادها ومتابعة تنفيذها.</p>
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<p>L. Reviewing critical accounting policies and procedures as well as the modifications that might be introduced thereto.</p> <p>M. Coordinating between internal and external auditors.</p> <p>N. Reviewing the external auditors' reports and making recommendations thereon for the Board.</p> <p>O. Reviewing the reports of the Internal Audit Department or the Internal Auditor and submitting the related recommendations to the Board.</p> <p>P. Reviewing the reports of the Compliance Control Department or the Compliance Officer and making recommendations thereon for the Board.</p> <p>Q. Assessing the efficiency, effectiveness and objectivity of work performed by the external auditors, the Internal Audit Department or the Internal Auditor, and the Compliance Control Department or the Compliance Officer.</p> <p>R. Reviewing the comments of SAMA and other relevant supervisory and control entities related to any regulatory violations or corrective actions requested and making recommendations thereon for the Board.</p> <p>S. Reviewing the internal and external auditors' assessment of internal control procedures.</p> <p>T. Reviewing intra-group transactions and related parties' transactions.</p> <p>U. Reviewing the Actuary reports and making recommendations thereon for the Board.</p> <p>V. Ensuring the Company's compliance with the Actuary's proposals and recommendations, where these are mandatory and required by Regulations or</p>	<p>س- دراسة السياسات المحاسبية الهامة وإجراءاتها والتغيرات التي قد تجرى عليها.</p> <p>ش- التنسيق بين المراجعين الداخليين والخارجيين.</p> <p>ص- دراسة تقارير المراجعين الخارجيين ورفع التوصيات بشأنها لمجلس الإدارة.</p> <p>ض- مراجعة تقارير إدارة المراجعة الداخلية أو المراجع الداخلي ورفع التوصيات بشأنها لمجلس الإدارة.</p> <p>ط- دراسة تقارير إدارة الرقابة النظامية أو المراقب النظامي ورفع التوصيات بشأنها لمجلس الإدارة.</p> <p>ظ- تقييم مستوى كفاءة وفعالية وموضوعية أعمال المراجعين الخارجيين، وإدارة المراجعة الداخلية أو المراجع الداخلي، وكذلك إدارة الالتزام أو مسؤول الالتزام. دراسة ملاحظات الجهة المعنية والجهات الإشرافية والرقابية ذات العلاقة بشأن أي مخالفات نظامية أو طلب إجراءات تصحيحية ورفع التوصيات بشأنها لمجلس الإدارة.</p> <p>ع- دراسة ملاحظات الجهة المعنية والجهات الإشرافية والرقابية ذات العلاقة بشأن أي مخالفات نظامية أو طلب إجراءات تصحيحية ورفع التوصيات بشأنها لمجلس الإدارة.</p> <p>غ- دراسة تقييم المراجعين الداخليين والخارجيين لإجراءات الرقابة الداخلية.</p> <p>ف- دراسة العمليات فيما بين كيانات المجموعة والعمليات مع الأطراف ذوي العلاقة.</p> <p>ق- دراسة تقارير الخبير الاكتواري ورفع التوصيات بشأنها لمجلس الإدارة.</p> <p>ك- ضمان التزام الشركة بتطبيق مقترحات وتوصيات الخبير الاكتواري عندما تكون إلزامية بموجب اللوائح والتعليمات الصادرة عن البنك المركزي والجهات</p>
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<p>SAMA's instructions. Following-up the reports issued by SAMA and other relevant supervisory and control entities and making recommendations thereon for the Board.</p>	<p>الإشرافية والرقابية ذات الصلة. متابعة التقارير الصادرة عن البنك المركزي والجهات الإشرافية والرقابية ذات العلاقة ورفع التوصيات بشأنها لمجلس الإدارة.</p>
<p>W. Following-up the reports issued by Regulatory authority and other relevant supervisory and control entities and making recommendations thereon for the Board.</p>	<p>ل- متابعة التقارير الصادرة عن الجهات الرقابية والاشرفية ذات الصلة ورفع التوصيات بشأن تلك التقارير لمجلس الإدارة</p>
<p>X. Determining the monthly salary, bonus and other remuneration of the Internal Audit Department or the Internal Auditor in accordance with the Company's internal by-laws approved by the Board.</p>	<p>م- تحديد المرتب الشهري والمكافأة التشجيعية والمكافآت الأخرى لإدارة المراجعة الداخلية أو المراجع الداخلي بما يتماشى مع اللوائح الداخلية للشركة المعتمدة من قبل المجلس.</p>
<p>Y. Determining the monthly salary, bonus and other remuneration of the Compliance Control Department or the Compliance Officer In accordance with the Company's internal by-laws approved by the Board.</p>	<p>ن- تحديد المرتب الشهري والمكافأة التشجيعية والمكافآت الأخرى لإدارة الالتزام أو مسؤول الالتزام بما يتماشى مع اللوائح الداخلية للشركة المعتمدة من قبل المجلس.</p>
<p>Z. Ensuring the Company has a written code of conduct duly approved by its Board of Directors to ensure that the Company's activities are conducted in a fair and ethical manner.</p>	<p>هـ- التأكد من توافر لائحة مكتوبة خاصة بقواعد السلوك المهني بعد اعتمادها من قبل مجلس إدارة الشركة لضمان القيام بأنشطة الشركة بطريقة عادلة وأخلاقية.</p>
<p>AA. Following-up on the important lawsuits filed by or against the Company with the Compliance Officer and submitting periodic reports thereon to the Board.</p>	<p>و- متابعة الدعاوى القضائية المهمة المرفوعة من الشركة أو المرفوعة ضدها مع مدير إدارة الالتزام أو مسؤول الالتزام، ورفع تقارير دورية بشأنها إلى مجلس الإدارة.</p>
<p>BB. Ensuring the optimal use and controls of information technology necessary to generate accurate and reliable information and data are in place.</p>	<p>ي- ضمان الاستخدام الأمثل لتقنية توافر المعلومات وتوافر الضوابط اللازمة للحصول على معلومات وبيانات دقيقة يعتمد عليها.</p>
<p>CC. The Audit Committee members are accountable to the Regulator (SAMA), UCA's shareholder and the Board for implementing the provisions of this Charter and executing the Audit Committee's action plan issued by a Board's decision.</p>	<p>أ- يعتبر أعضاء اللجنة مسئولين أمام البنك المركزي ومساهمي الشركة ومجلس الإدارة عن أحكام الميثاق وعن تنفيذ خطة عمل لجنة المراجعة الصادرة بقرار مجلس الإدارة.</p>
<p>DD. The Committee member while performing their tasks, give priority to the Company's interest against</p>	<p>ب- يجب على أعضاء اللجنة أثناء تأدية مهامهم تقديم مصلحة الشركة على أي اعتبارات أخرى قد تؤثر على</p>

<p>any other consideration that might affect their work or decisions.</p> <p>EE. The audit committee shall review the company's financial statements, and auditor's reports and notes, and shall provide its opinion thereon, if any. The committee shall also prepare a report of its opinion concerning the efficiency of internal control within the company, and about any other activities falling within its powers. The board shall deposit a sufficient number of copies of such report at the head office of the company at least 10 days prior to the general assembly meeting to be available for shareholders. Said report shall be read during the meeting of the general assembly.</p> <p>FF. The Audit Committee must send their report to CMA at 15 days before conducting the ordinary assembly meeting to allow the shareholders to view it.</p>	<p>أعمالهم وقراراتهم.</p> <p>ت- تقوم لجنة المراجعة بمراجعة البيانات المالية للشركة وتقارير وملاحظات مدقق الحسابات وتقدم رأيها بشأنها إن وجدت. كما تعد اللجنة تقريراً عن رأيها بشأن كفاءة الرقابة الداخلية داخل الشركة، وعن أي أنشطة أخرى تدخل في اختصاصها. كما يرسل لمجلس الإدارة عددًا كافيًا من نسخ هذا التقرير في المكتب الرئيسي للشركة قبل عشرة أيام على الأقل من اجتماع الجمعية العمومية لتكون متاحة للمساهمين حيث يتم قراءة التقرير المذكور خلال اجتماع الجمعية العمومية.</p> <p>ث- يجب على لجنة المراجعة إرسال تقريرهم إلى هيئة السوق المالية في غضون 15 يومًا قبل عقد اجتماع الجمعية العمومية للسماح للمساهمين بمشاهدته.</p>
<p>7. Committee's Meetings</p>	<p>7. اجتماعات اللجنة</p>
<p>The Audit Committee meetings shall not be held without the presence of at least half of its members.</p>	<p>لا تعقد اجتماعات لجنة المراجعة دون حضور نصف أعضائها على الأقل.</p>
<p>The Audit Committee shall meet at least six times a year, include an annual meeting with the Board of Directors. The Audit Committee is entitled, if the need arises, to hold other meetings in response to any of the following cases including but not limited to:</p> <p>A. Upon the request of the Chairman of the Board.</p> <p>B. Cases in which the External Auditor, Internal Auditor, Compliance Officer or Actuary requests a Committee meeting due to reason that requires so.</p> <p>C. Meetings on other issues such as: Financial and audit issues, compliance issues, conflicts of interest and professional and ethical codes of conduct</p>	<p>تعقد لجنة المراجعة ست اجتماعات في السنة على الأقل، بما فيها الاجتماع السنوي مع مجلس الإدارة. ويمكن للجنة المراجعة - عند الحاجة - عقد اجتماعات أخرى استجابةً لأي من الآتي على سبيل المثال لا الحصر:</p> <p>أ- طلب من رئيس مجلس الإدارة.</p> <p>ب- الحالات التي يطلب فيها المراجع الداخلي أو الخارجي أو مسؤول الالتزام أو الخبير الإكتواري عقد اجتماع للجنة لوجود حالة تستدعي ذلك.</p> <p>ت- اجتماعات بشأن مسائل أخرى مثل: المسائل المالية ومسائل المراجعة، المسائل النظامية، تعارض المصالح، قواعد السلوك المهني والأخلاقي.</p>
<p>8. Committee's Decisions</p>	<p>8. قرارات اللجنة</p>
<p>The Audit Committee's decisions shall be determined by the majority of the members' votes. In case of equal votes, the Committee's Chairman shall have the casting vote, provided that the Audit Committee's Secretary shall record the views of all sides in the meeting minutes.</p>	<p>تصدر قرارات لجنة المراجعة بالأغلبية، وفي حال تساوي عدد الأصوات فيعد صوت رئيس لجنة المراجعة مرجحاً، على أن يثبت سكرتير لجنة المراجعة آراء جميع الأطراف في محضر الاجتماع.</p>

Voting on the Audit Committee's decisions on behalf of, or by proxy from, any other member is not allowed.	لا يجوز التصويت على قرارات لجنة المراجعة بالنيابة أو الوكالة عن أحد الأعضاء.
9. Committee's Meetings Attendance	9. حضور اجتماعات اللجنة
The Audit Committee is entitled to invite, if the need arises, whomever it deems relevant from inside or outside the Company to attend its meetings.	للجنة المراجعة دعوة من تراه من داخل الشركة أو خارجها لحضور اجتماعاتها إذا دعت الحاجة إلى ذلك.
10. Plan Action Committee Audi	10. خطة عمل لجنة المراجعة
The Audit Committee shall develop its charter that shall be approved by the Board's decision. This charter shall include the Audit Committees' rules, responsibilities and obligations. In addition, the Audit Committee shall develop a detailed annual action plan that includes the key topics to be discussed during the year and meeting dates.	على لجنة المراجعة وضع دليل عمل لها معتمد بقرار من مجلس الإدارة يتضمن قواعد ومسؤوليات والتزامات لجنة المراجعة، كما يجب على لجنة المراجعة وضع خطة عمل سنوية مفصلة تتضمن المواضيع الرئيسية التي ستقوم ببحثها خلال السنة ومواعيد اجتماعها.
11. Committee Connection with the External Auditors	11. ارتباط اللجنة بالمراجعين الخارجيين
The relevant issues between the Audit Committee and the external auditors shall include as a minimum:	تشمل المواضيع ذات العلاقة بين لجنة المراجعة والمراجعين الخارجيين بحد أدنى التالي:
Key amendments made by the Company to its accounting policies.	التعديلات الرئيسية التي تجريها الشركة على سياساتها المحاسبية.
Deficiencies in the general structure and performance of internal control systems.	جوانب القصور في الهيكل العام لأنظمة الرقابة الداخلية وعملها.
Material errors in financial statements.	الأخطاء الجوهرية في البيانات المالية.
Management decisions and the basis on which the external auditors relied to validate critical accounting estimates, such as technical provisions and reserves.	قرارات الإدارة والأسس التي اعتمد عليها المراجعون الخارجيون بشأن عدالة التقديرات المحاسبية الحساسة مثل المخصصات والاحتياطيات الفنية.
Accounting principles and standards and disclosure decisions related to extraordinary transactions.	مبادئ ومعايير المحاسبة وقرارات الإفصاح المتعلقة بالمعاملات غير العادية.
Adequacy of technical provisions and reserves set by the Actuary.	كفاية المخصصات والاحتياطيات الفنية المعتمدة من الخبير الإكتواري.
Actuary's Reports relevant to the Financial Statements.	تقارير الخبير الإكتواري ذات العلاقة بالقوائم المالية.
Any major problems in dealing with the management that affected the working of the audit.	أي مشاكل رئيسية في التعامل مع الإدارة تكون قد أثرت على أعمال المراجعة.
Internal control and the assessment of the Company's assets and solvency.	الرقابة الداخلية وتقييم الموجودات والملاءة المالية للشركة.
Any other issues that the committee is aware of and falls within its responsibilities.	أي مسائل أخرى تطلع عليها لجنة المراجعة وتقع ضمن مسؤولياتها.

Any amendments introduced to the audit scope and the reasons thereof.	أي تعديلات على نطاق أعمال المراجعة وأسبابها.
Reviewing letters to management prepared by the external auditors and the Company's management comments thereon.	مراجعة خطاب الإدارة المعد من قبل المراجعين الخارجيين ومرئيات إدارة الشركة حوله.
Material conflicts with the management regarding any issue pertaining to the safeguarding of invested assets.	الخلافات الجوهرية مع الإدارة بشأن أي مسألة تتعلق بحماية الموجودات المستثمرة.
Violations of Laws, Regulations and Instructions issued by the supervisory and control entities or non-compliance with the Company's policies and procedures	مخالفات الأنظمة واللوائح والتعليمات الصادرة عن الجهات الإشرافية والرقابية أو عدم الالتزام بسياسات وإجراءات الشركة.
12. Committee relationship with internal audit	12. ارتباط اللجنة بالمراجعين الداخليين
The Committee should review and approve the internal audit annual plan	يجب على لجنة المراجعة مراجعة واعتماد خطة المراجعة الداخلية للشركة.
The Audit Committee shall review and approve the Internal Audit Charter and Manual and ensure it specify the objectives, scope, responsibilities and authority, approach and methodology of the internal audit function	تقوم لجنة المراجعة بمراجعة واعتماد ميثاق التدقيق الداخلي ودليله والتأكد من أنه يحدد أهداف ونطاق ومسؤوليات وسلطة ونهج ومنهجية وظيفة المراجعة الداخلية.
The Audit Committee shall evaluate (at least once a year) the adequacy of the internal audit function and ensure that the observation is clearly documented	تقوم لجنة المراجعة بتقييم (على الأقل مرة في السنة) مدى أداء إدارة المراجعة الداخلية والتأكد من توثيق الملاحظات بشكل واضح.
13. Periodic Assessment	13. التقييم الدوري
The Internal Audit Manager should periodically review the Audit Committee Charter to ensure its adequacy and the achievement of the Audit objective. The periodic assessment's results shall be communicated to the Board for approval.	يجب على مدير إدارة المراجعة الداخلية مراجعة ميثاق لجنة المراجعة بشكل دوري للتأكد من كفاءته لتحقيق أهداف المراجعة، حيث ترفع نتائج التقييم الدوري إلى مجلس الإدارة للموافقة عليها.



المتحدة للتأمين التعاوني
UNITED COOPERATIVE ASSURANCE

رؤية
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

Article 25

Nomination and remuneration committee charter

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Nomination and Remuneration Committee Charter

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Chapter 1. Charter Introduction

1.1 Introduction

This Nomination and Remuneration Committee Charter (“the Charter”) governs the activities and operations of the Nomination and Remuneration Committee (“NRC” or “the Committee”) of United Cooperative Assurance (“UCA” or the Company”). The Charter is established by the Board of Directors of UCA in accordance with the Corporate Governance Regulation issued by Saudi Central Bank (“SAMA”) and Capital Markets Authority (CMA).

1.2 Purpose

The purpose of the Nomination and Remuneration Committee is to recommend the nomination for the membership of the Board of Directors and Board Committee members, performance evaluation, remuneration for members of the Board, Board Committee members and Senior Management of the company. The principal role of the Nomination and Remuneration Committee is to assist the Board in fulfilling its oversight responsibilities so as to effectively manage the Nomination and Remuneration of the Board and the Board Committees.

The Board along with the Nomination and Remuneration Committee shall be responsible for ensuring the fitness and propriety for the candidates for Board Membership, Board Committee membership and positions in Senior Management.

1.3 Definitions

- **SAMA:** Saudi Central Bank
- **CMA:** Capital Market Authority
- **General Assembly (GA):** The General Assembly is the link between a company’s shareholders and its board of directors. It takes care of discussing the topics that requires shareholders’ approval and make its decisions based on that.
- **Senior Management:** Managing Director, Chief Executive Officer, General Manager, and their deputies; Chief Financial Officer; Managers of key departments; and officers of Risk Management, Internal Audit, and Compliance Departments, and in addition to occupants of any other positions determined by SAMA.
- **Nomination and Remuneration Committee (The Committee / NRC):** an independent committee that reports directly to the Company’s Board.
- **Remuneration:** amounts, allowances, dividends and the like, periodic or annual bonuses linked to performance, long or short-term incentive plans 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 duties.

1.4 Record retention

UCA will comply with the record retention requirements contained in the SAMA and CMA CG Regulation and will ensure that all related documentation pertaining to NRC meetings and activities are retained for a minimum of 10 years either physically or electronically.

1.5 Review and approval

- The Committee shall develop, implement, and review its own Charter annually and shall thereafter recommend its revised Charter for the Board’s approval. The Committee shall ensure that the revised Charter is approved by the Board.
- The Committee shall make available the Charter (explaining the role and the authority delegated to it by the Board) on request and by including the information on the Company’s website.

Chapter 2. Committee Formation and Membership

2.1 Committee Formation

- A committee shall be formed by decision of the company's Board of Directors from other than the Executive members of the Board of Directors, provided that at least one independent member shall be amongst them.
- The NRC shall be composed of three (3) members at minimum and not more than five (5) members maximum, and two (2) of these must be independent members.
- The Company's Board shall, by resolution thereof, form a Committee to be named the "Nomination and Remuneration Committee,".
- The Company's General Assembly, as per the Board recommendation, issues a regulation for the NRC including its procedures, duties and rules for selecting its members, the term of their membership and their remunerations.
- The members and Chairman shall be appointed by the Board in accordance with the GA approved Nomination and Appointment Policy and Procedure, and the relevant Saudi Arabia regulations, subject to the receipt of the SAMA no-objection(s) thereafter.
- A committee shall be chaired by an independent member, and shall not be chaired by the Chairman of the Board (based on Article 85 of the Key Principles of Governance in Financial Institutions under the Control and Supervision of the Saudi Central Bank and based on Article 102 of Insurance Corporate Governance Regulation).
- Members of the Committee shall not be Executive Directors, provided that there shall be at least one Independent Director amongst them.
- The members of the Committee shall be selected in a manner that ensures the availability of diverse and appropriate skills and expertise relating to the company's field of work.

2.2 Appointment of Members and Term of Membership

- The members of the Committee shall be appointed for a period not exceeding three (3) years and may be reappointed according to the needs of the formation of the Committee.
- If the position of one of the members of the Committee is vacant, the Board of the company may appoint a member in the vacant position after obtaining a prior written non-objection from SAMA, provided that he shall be experienced and competent and the authority shall be informed within five (5) working days from the date of appointment and get the approval hereof in the first General Assembly.
- The Board of Directors may appoint new members of the NRC after obtaining a no-objection from SAMA in writing.
- The Company shall provide the Capital Market Authority (CMA) with the names of the members and the types of their memberships in such Board committees within five (5) days of their appointment, and shall notify the Authority of any changes thereto within five (5) days of the date of such changes (based on Article 50/6 of CMA Corporate Governance Regulations).
- SAMA may cancel its no-objection to appoint of any member or members of the NRC in the event of any violation including the provisions of this Charter or the provisions of the Cooperative Insurance Companies Control Law and Its Implementing Regulations or the provisions of other Regulations and other relevant instructions, and to take the measures it deems appropriate against the company and the concerned person.
- The membership of the Committee shall end with the expiration of its duration or the expiration of the member's eligibility for it in accordance with any law, regulation, or instructions in force in the Kingdom. However, the Board may at any time dismiss all or some of the Committee members and the Committee member has the right to resign from the Committee's membership.
- The Board of Directors, after obtaining SAMA's no-objection in writing, have the right to dismiss any of the Committee members in the event of losing membership conditions or violating the provisions of this Charter or the provisions of Cooperative Insurance Companies Control Law or Its Implementing Regulations or the provisions of other relevant Regulations and instructions.

- A member of the NRC has the right to submit his resignation, provided that he submits his resignation request to the Board of Directors, one month in advance from the effective date of his resignation, and the company shall notify SAMA in writing of the resignation of the member of the NRC and the reasons for his resignation and to provide SAMA with a copy of the resignation request within five (5) working days from resignation date as specified in Article 80 of SAMA CG Regulation.
- The Board must appoint members to positions which become vacant during the year after obtaining SAMA's no-objection. The new member shall complete the tenure of their predecessor.
- The General Assembly may, on the recommendation of the Board, terminate the membership of the NRC members who have been absent from three consecutive meetings without legitimate excuse.

2.3 Membership Conditions

- Committee members shall not take part in any business that might compete with the Company or trade in the activities performed by the Company. The Company has the right to claim indemnification for any losses caused by such business or act.
- Each member of the Committee shall disclose to the Committee:
 - Any personal financial interest in any matter including, but without limitation to, business and family interests, to be decided by the Committee; and
 - Any potential conflict of interest arising from a cross-directorship.
- Any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions unless such conflict has previously been disclosed to, and authorized by the Board.
- Committee members shall not have any direct or indirect interest in the Company's business and contracts concluded by it.
- The Board of Directors must ensure that members of the NRC are qualified to fulfil their responsibilities.

2.4 Appointment of the Chairman and Secretary of the Committee

- The Chairman shall be appointed in the Committee's first meeting by the members of the NRC.
- The Committee shall appoint a Secretary from the UCA's staff to handle its administrative tasks.
- The Secretary shall be appointed in the Committee's first meeting by the members of the NRC.
- The Secretary of the NRC shall not be a Secretary of any other Board Committee.

Chapter 3. Duties & Responsibilities of the Committee

3.1 Duties and Responsibilities of the NRC

- Suggesting clear policies and standards for membership in the Board, Board Committees and the Senior Management.
- Set up a process of appointment of Board, Board Committees and the Senior Management according to SAMA circular on Requirements for Appointments to Senior Positions released on September 2019 as amended from time to time
- Providing recommendations to the Board on the nomination of Board members and Board Committee members in accordance with regulatory requirements and approved Charters.
- Recommending the Board and Board Committee members to nominate and re-nominate members in accordance with the approved policies and standards, considering not to nominate any person previously convicted of a breach of trust.
- Regularly reviewing and evaluating the structure and composition of the Board, its Committees and the Senior Management and determining their strength and points of weakness and recommending remedies.
- Assess and monitor the independence of Board and Board Committee members including fitness and propriety of Board members and ensuring the absence of any conflict of interest, including ensuring the independence of the independent members, at least on an annual basis.
- Draw policies regarding the compensations and remunerations of members of the Board, the Board committees, and Senior Management and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that are linked to performance and disclosing and ensuring the implementation of such policy. Also, periodically reviewing such policies to assess its effectiveness in achieving its objectives.
- The Company shall have a remuneration policy, as per Article (11) of this Regulation, covering all levels and categories of employees, whether regular or contractual. The remuneration policy shall address the following at minimum:
 - Be consistent with the Company's strategy and objectives;
 - Objectives of the compensation scheme (with focus on promoting effective risk management and achieving financial soundness and stability of the Company)
 - Structure of the compensation system (including key determinants of compensation, alignment of compensation with risk taking, etc.)
 - Determinants of the mix of remuneration components (fixed and variable components; cash and noncash benefits, etc.)
 - Provide remunerations with the aim of encouraging the Board members and Executive Management to achieve the success of the Company and its long-term development, by for example making the variable part of the remuneration linked to the long-term performance
 - Determine remuneration based on job level, duties and responsibilities, educational qualifications, practical experience, skills and level of performance; Link compensation with performance
 - Clarify the relationship between the paid remunerations and the adopted remuneration policy and highlighting any material deviation from that policy.
 - Be consistent with the magnitude, nature and level of risks faced by the Company;
 - Take into consideration the practices of other companies in respect of the determination of remunerations, and avoid the disadvantages of such comparisons in leading to unjustifiable increases in remunerations and compensations;
 - Attract talented professionals and retain and motivate them without exaggeration;
 - Be prepared in coordination with the nomination committee in respect of new appointments;
 - Take into consideration situations where remunerations should be suspended or reclaimed if it is determined that such remunerations were set based on inaccurate information provided by a member of the Board or the executive management, in order to prevent abuse of power to obtain unmerited remunerations; and
 - Regulate grant of Company's shares to the Board members and the Executive Management, whether newly issued or purchased by the Company.

- Periodically review the requirement of suitable skills for membership of the Board, its committees and Senior Management on an annual basis and preparing descriptions of the required capabilities and qualifications for such memberships, including the time that a member should reserve for the activities of the Board and/or Board Committees.
- The nomination and remuneration policy followed by the Company shall have formal and rigorous standards and procedures to continuously monitor and assess the fitness and propriety of Board members, members of Board Committees, members of Senior Management, and shall immediately notify SAMA of any information or circumstances that may be relevant to assessment of fitness and propriety of these persons within a maximum period of (3) three business days from the day of obtaining the information or from the day of change occurrence.
- The Committee shall ensure that an annual remuneration review (internally through the internal audit function or externally commissioned by a specialized firm) is conducted independently of Executive Management and Control Functions.
- Setting job descriptions for Executive, Non-Executive, and Independent members and Senior Executives.
- Establishing special procedures in the event of a vacancy in the position of a member of the Board or Senior Executives.
- Providing an appropriate level of training and familiarization with the new Board members about the company's tasks and achievements so that they can perform their work with the required efficiency.
- Evaluating and reviewing the performance and effectiveness of the Board, Board Committee members annually.
- Evaluating performance of the Senior Management on a regular basis
- Making recommendations to the Board with regards to selecting and dismissing members of Senior Management.
- Establishing a succession policy and procedures for the CEO and other key members of Senior Management and monitoring the implementation of the succession plans and process.
- Reviewing and supervising the compensation plans for Board, its Committee members, Control functions and Senior Management.
- Studying and reviewing the job replacement plans for the company in general, the Board, Board Committee, the CEO, and Senior Executives.
- Studying and reviewing the CEO's recommendations for appointing and terminating Senior Executives, except for the Head of the Internal Audit Department, who is appointed and dismissed on the recommendation of Audit Committee of the company.
- Ensuring of the company's commitment and compliance with the policy of remuneration of board members, members of Committees emanating from the Board of Directors and Executive Management approved by the General Assembly of shareholders.
- Making recommendations to the Board on various issues related to nomination and remuneration.
- A Company must make appropriate provisions in its contract with its Appointed Actuary such that on prior to ceasing to hold the role of the Appointed Actuary, the former Appointed Actuary must provide all information and explanations as the successor Appointed Actuary, Senior Management and Board of Directors of the Company may reasonably require, at the Company's expense, within no more than (30) calendar days of appointment of the successor Appointed Actuary
- On termination or cessation of office as Appointed Actuary, the Appointed Actuary shall notify the Board of Directors and SAMA within (10) calendar days of whether there are any disagreements or matters associated with their termination or ceasing to hold office that, in their professional opinion, SAMA and the board should be aware of.

3.2 Duties of the Chairman of Nomination and Remuneration Committee

- The Chairman of the Committee shall be an independent member and shall be appointed by the members of the Committee at the first meeting of the Committee after its formation.
- Assume responsibility and be accountable to the Board for the proper functioning of the Committee.
- Prepare/ approve the agenda of the Committee meetings after consultation with other Committee members.
- Review requests from other Committee members, staff, and/or any other party to participate in the meetings of the Committee whenever it is deemed necessary.
- Ensure appropriate documentation of the activities and decisions of the Committee and notify the Board, and perform the necessary follow-up as required.
- Prepare periodic reports for submission to the Board and the General Assembly.
- The Chairman of the Committee or his representative shall attend the company's General Assembly meetings to answer the Shareholders' questions.
- Minutes of the Committee meetings shall be recorded, signed by the Chairman of the Committee, and entered into an official register.

3.3 Duties of the Secretary of Nomination and Remuneration Committee

The Committee shall appoint the Committee Secretary who shall perform the following duties:

- Provide notification of meetings to the Committee members.
- The Secretary shall give advance notices, send meeting agendas with any relevant materials to the Committee members and ensure their delivery within a period of (10) working days prior to the meeting.
- Draft minutes of the proceedings and resolutions of all meetings of the Committee which includes the date, time, place, members present or absent, and action taken at each meeting, including executive sessions.
- Minutes of the meetings shall be distributed to the Committee members within a period not exceeding fifteen (15) days from the meeting.
- Minutes of the Committee meetings shall be recorded, signed by the Secretary of the Committee, and entered into an official register.

3.4 Power of the Nomination and Remuneration Committee

- The Committee has the right to investigate any matter that falls within its tasks or any matter specifically requested by the Board.
- The Committee has the right to review the company's records and documents, as required.
- The Committee has the right to request any clarification or statement from the members of the Board, the Executive Management, or the company's employees for the purpose of investigation and inquiring about any information.
- The Committee has the right to seek legal and technical advice from any external or other independent consultancy whenever this is necessary to assist the Committee in carrying out its duties.

Chapter 4. Committee Meetings

4.1 Frequency of Meetings

- The Committee meetings shall be held on a regular basis and as needed, such that the Committee meets at least twice every year (based on Article 103 of the Insurance Corporate Governance Regulation).
- The Secretary shall convene a meeting on receipt of a request by one (1) of the Committee members, the Board or by a related external party.

4.2 Meeting Quorum

- The majority of its members, where the Committee membership size is not less than 3 and more than 5 or half the members, where the membership size is an even number, throughout the meeting.
- If a member of the Committee is unable to attend any of the Committee's meetings in person because of his travel or any other emergency reason, he can participate in the Committee's meetings by modern means of communication, and his participation in this case is considered as the one who attended in person.

4.3 Agenda of the Meeting

The Secretary shall give advance notices, send meeting agendas with any relevant materials to Board members and ensure their delivery within a period of (10) working days prior to the meeting.

4.4 Minutes of Meeting

- The Committee's meetings shall be documented, and minutes shall be prepared including the discussions and deliberations that took place.
- The recommendations and voting results of the Committee shall be documented and kept in a special and organized record.
- The names of the attendees and the reservations they made, if any, shall be stated and such minutes shall be signed by all the members present.
- The Committee Secretary shall maintain an accurate written record of each meeting which includes:
 - The location and time of the meeting
 - Names of the present and absent members
 - The names of Committee members giving their assent and dissent to the decisions/resolutions presented before the Committee and reasons thereof, including objections or abstention from voting
 - Members who are excluded from discussions in the Committee meeting by reason of their interest in the matter under discussion
 - The results of voting on an individual basis
 - Decisions made by the NRC including the rationale for the decision
 - Documents supporting the discussions held during the meeting
- The Committee shall submit recommendation and conclusions reports, and all follow up items to the Board at the first board meeting following the Committee meeting.
- Minutes of the meetings shall be distributed to the parties concerned within a period not exceeding fifteen (15) days.

4.5 Resolutions of the Committee

- The decisions of the NRC are issued by majority of present votes, and in the event of an equal number of votes / tie vote, the Chairman of the NRC shall have the casting vote.
- The decisions of the Committee shall be recorded by way of a circular signed by all the members of the Committee.

- Each member of the Committee shall have equal voting rights and shall vote on all decisions unless when a member has a personal material interest in the matter being considered.
- All approved resolutions taken by circulation shall be recorded at the next meeting minutes; and in case of objection by any member during the circulation process, such objection shall be recorded in the minutes.

Chapter 5. Committee Remuneration and Evaluation

5.1 Committee Member Remuneration

- Every member of the NRC shall be eligible for remuneration for each Committee meeting attended.
- The amount of such remuneration shall be determined in accordance with the General Assembly approved Corporate Governance Charter and Evaluation and Remuneration of Directors, Committee Members, and Senior Management Policy.

5.2 Performance Evaluation of the Nomination and Remuneration Committee

The Board of Directors must annually evaluate the performance of the NRC in general and the performance of the NRC members, and that evaluation should be kept in the records by the Committee Secretary.