إتحاد الخليج الأهلية للتأمين التعاوني
GULF UNION AL AHLIA COOPERATIVE INSURANCE

Extraordinary General Assembly Meeting

Gulf Union Al Ahlia Cooperative Insurance

Thursday 29/05/2025 - 02/12/1446 H

07:00 PM - Through Modern Technology

إتحاد الخليج الأهلية للتأمين التعاوني
GULF UNION AL AHLIA COOPERATIVE INSURANCE

Agenda – Extraordinary General Assembly Meeting for Gulf Union Al Ahlia Cooperative Insurance

2025/05/29 - 07:00 PM – Through Modern Technology Means

1. Voting on the amendment of company Bylaws to change the name of the "Saudi Central Bank" to the "Insurance Authority" wherever it appears in the bylaws (attached).
2. Viewing and discussing the Board of Directors' Report for the fiscal year ending on 31 /12/ 2024 G.
3. Voting on the Auditors Report on the company's accounts for the fiscal year ending on 31 /12/ 2024 G.
4. Viewing and discussing the Financial Statements for the fiscal year ending on 31 /12/ 2024 G.
5. Voting on the discharging the Board members from any liabilities for the fiscal year ending on 31 /12/ 2024 G.
6. Voting on appointing the Auditors for the Company from among the candidates based on the Audit Committee's recommendation. The appointed auditors shall examine, review and audit the second and third quarter and annual financial statements, of the fiscal year 2025 G, and the first quarter of the fiscal year 2026 G, and the determination of the auditors' fees.
7. Voting on amending the Company's Corporate Governance regulation (Attached).
8. Voting on amending the Remuneration Policy for Board of Directors & Board Committees Members and Executive Management (Attached).
9. Voting on amending the Policies, Criteria and procedures for membership in the Board of Directors (Attached)
10. Voting on payment of total SAR (1,950,000) as remuneration to the members of the Board of Directors for the fiscal year ended on 31 /12/2024 G.
11. Voting on the business and contracts that were entered into between the company and Rawabi Holding Group, in which the Chairman of the Board of Directors - Mr. Abdulaziz Ali Al-Turki has a direct interest in (where he holds the position of Chairman of the Board of Directors), noting that the transactions that took place during the fiscal year 2024 are (insurance policies for one year with a value of 33,562,062 Saudi riyals), there are no preferential terms in these deals and contracts.
12. Voting on the business and contracts that were entered into between the company and Al Muhaidib Group, in which a member of the Board of Directors - Mr. Majid Shatti Al Dhafiri has an indirect interest in (where he holds an executive position), noting that the transactions that took place during the fiscal year 2024 are (insurance policies for one year with a value of 5,054,026 Saudi Riyals), and there are no preferential terms in these deals and contracts.
13. Voting on the business and contracts that were entered into between the company and Al Muhaidib Group, in which a member of the Board of Directors - Mr. Majid Shatti Al Dhafiri has an indirect interest in (where he holds an executive position), noting that the transactions that took place during the fiscal year 2024 are (Rent Contracts for the Company's offices for one year with a value of 1,035,760 Saudi Riyals), and there are no preferential terms in these deals and contracts.

Agenda Item # 7

7- Voting on amending the Company's Corporate Governance regulation (Attached).

Before Amendments

Company's Corporate Governance regulation

Gulf Union Al Ahlia Cooperative Insurance Company

Corporate Governance Regulation

إتحاد الخليج الأهلية للتأمين التعاوني
GULF UNION AL AHLIA COOPERATIVE INSURANCE

Transparency & Disclosures

Board Secretary

Confidentiality Policy

Shareholders' Rights

Shareholders' Relations

Code of Conduct

Audit Committee

Nomination and Remuneration Committee

We ensure the protection of our stakeholders' interests, from investors and employees to customers, suppliers and the public.

Corporate Governance Regulation approval

Approval	Description	Date
Approval	Board of Directors approval on the Corporate Governance Regulation	19/04/2016
	General Assembly approval on the Corporate Governance Regulation	13/11/2016
	Board of Directors approval on the Corporate Governance Regulation	21/01/2018
	General Assembly approval on the Corporate Governance Regulation	28/06/2018
	Board of Directors approval on the Corporate Governance Regulation	13/03/2019
	General Assembly approval on the Corporate Governance Regulation	19/05/2019
	Board of Directors approval on the Corporate Governance Regulation	22/05/2022
	General Assembly approval on the Corporate Governance Regulation	28/06/2022
	Board of Directors approval on the Corporate Governance Regulation	28/04/2024
	General Assembly approval on the Corporate Governance Regulation	04/06/2024

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Document Control

Author	Version	Change Reference	Date
PwC	1		October 31st 2018
Board of Directors	**2**	**Rules and regulations**	**May 2022**
Board of Directors	**2**	**Rules and regulations**	April 2024

Gulf Union Al Ahlia Cooperative Insurance Company Document Audit and Approvals

Approval Authority	**General Assembly of Gulf Union Al Ahlia Cooperative Insurance Co.**
Date Approved	**04/06/2024**

Introduction

1

1. Introduction and Purpose

Effective governance starts with a Board of Directors that is independent, engaged, committed, and effective.

This Regulation of Company Gulf Union Al Ahlia Cooperative Insurance Company's (GUAI) Board of Directors with the foundations to establish, maintain, and monitor standards and policies for ethics, business practices, and compliance that span the Company. Since responsibility for fulfilling legislative corporate governance obligations rests with the company's Board members and in recognition of compliance with CMA, MoC and Insurance Authority rules and regulations and the importance of good leading practices on corporate governance, Gulf Union Al Ahlia Cooperative Insurance Company has developed this framework which outlines the Corporation's Corporate Governance Framework. Furthermore, the successful implementation of good corporate governance practices depends on an approach that extends beyond simple compliance with legal requirements, this framework provides a framework for establishing a culture of business integrity, accountability, and responsible business practices. This Corporate Governance Framework lays down the necessary responsibilities and procedures that are the foundations of a well governed company.

It was approved by Gulf Union Al Ahlia Cooperative Insurance Company's Board of Directors on 28/04/2024 and will be reviewed annually to ensure that it remains at the forefront of global leading practices.

The Corporate Governance System

2

2. The Corporate Governance System

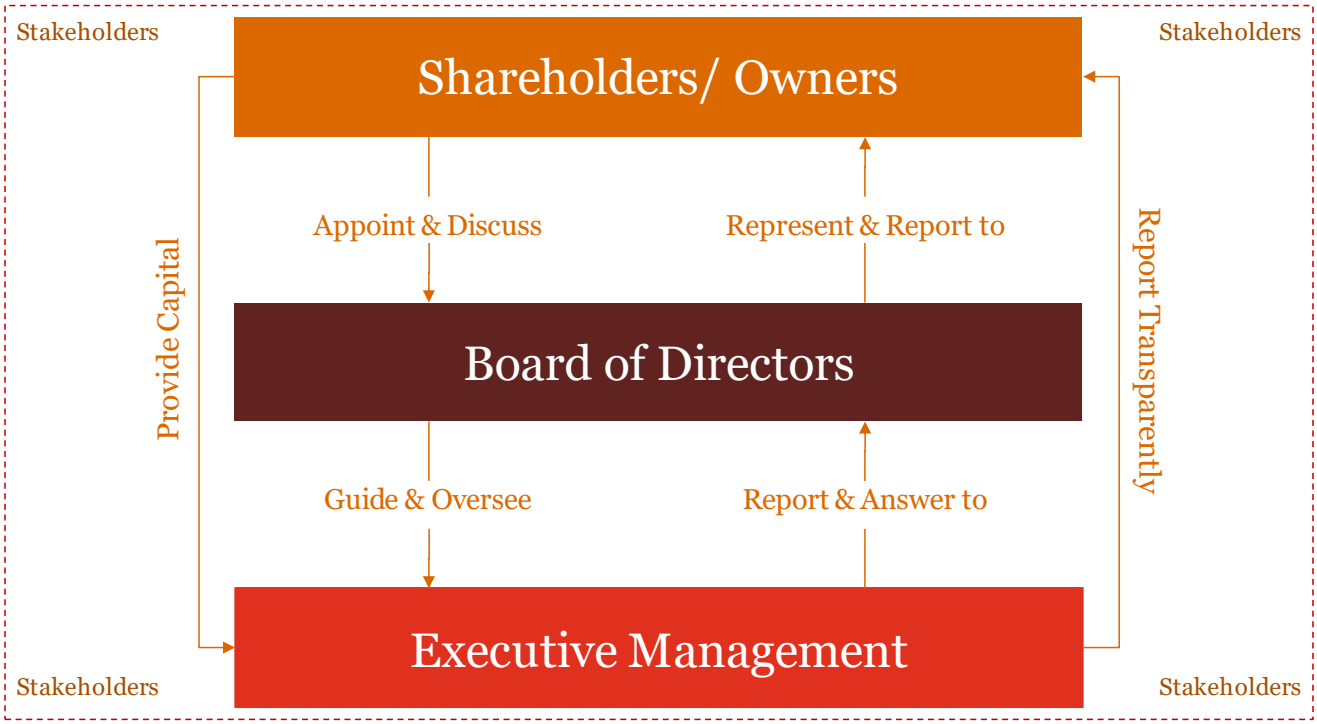

Figure 1: Corporate Governance System

Corporate governance of Gulf Union Al Ahlia Cooperative Insurance co. is a system of relationships, defined by structures and processes.

The relationship between shareholders and management consists of the former providing capital to the latter to achieve a return on their (shareholder) investment. Managers in turn are to provide shareholders with financial and operational reports on a regular basis and in a transparent manner.

Shareholders also elect a supervisory body (Board of Directors) to represent their interests. This body essentially provides strategic direction to and control over the Company's managers. Managers are accountable to this supervisory body, which in turn is accountable to shareholders through the Annual General meeting.

The external aspect of corporate governance, on the other hand, concentrates on relationships between the Company and its stakeholders. Stakeholders are those individuals or institutions that have an interest in Gulf Union Al Ahlia Cooperative Insurance co.; such an interest may arise through legislation or contract, or by way of social or geographic relationships. Stakeholders include investors, but also employees, creditors, suppliers, consumers, regulatory bodies and state agencies, and the local community in which Gulf Union Al Ahlia Cooperative Insurance co. operates.

Governance Structure for Gulf Union Al Ahlia Cooperative Insurance Co.

3

3. Gulf Union Al Ahlia Cooperative Insurance Company Corporate Governance Organizational Structure

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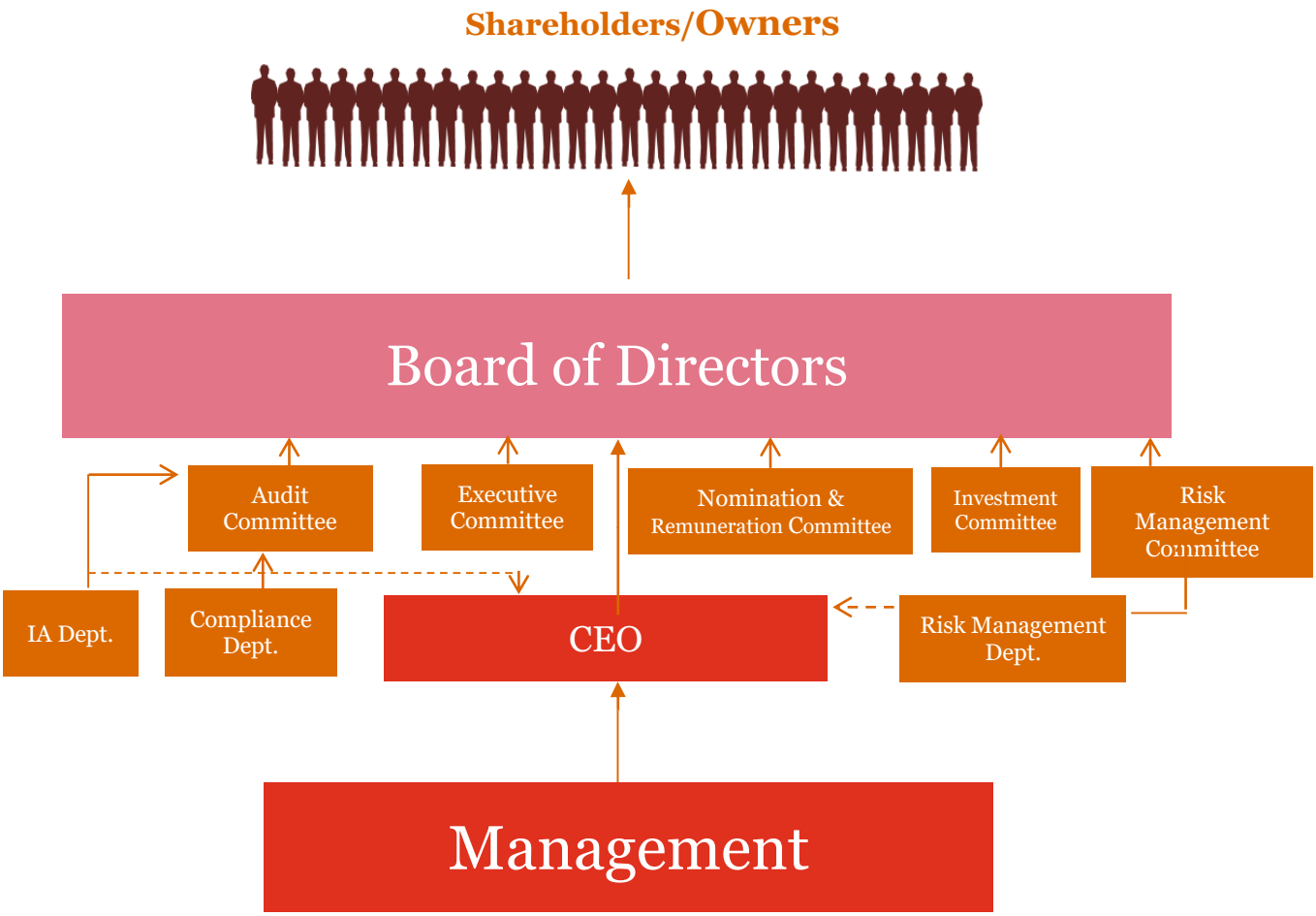


Figure 2: Gulf Union Al Ahlia Cooperative Insurance Company Corporate Governance Structure

This corporate governance structure presents a good fit for Gulf Union Al Ahlia Cooperative Insurance Company. The organization structure illustrated above is based on global leading practices in corporate governance. It is important to highlight that as the Company grows, so does the need to review and select the best suited governance structure for Gulf Union Al Ahlia Cooperative Insurance Company.

The governance structure of the Company reflects the accountability of the Senior Management to the Board and the accountability of the Board to the shareholders and other Stakeholders, through relevant internal systems and policies.

Below is a brief introduction to the roles and responsibilities of components of the organizational structure. A full description of the roles and responsibilities of key governance positions and structures will be detailed in the following sections.

3.1 Roles and Responsibilities

3.1.1 Shareholders

The Company should make available all information which enables the shareholders to perfectly exercise their rights. This information should be sufficient and accurate and should be updated regularly and presented in a regular manner to the shareholders. Additionally, the Company should implement an effective method to communicate with its shareholders and there should be no preference between a shareholder and another in giving this information.

A shareholder is any individual, group, or organization that owns one or more shares in the company, and in whose name the share certificate is issued. And it is the rights of every shareholder to participate and vote in the General Assembly meetings and the Company should avoid any procedure that would hinder the shareholders voting right. On the contrary, the Company should facilitate the shareholders' rights to vote.

3.1.2 Board of Directors

The Board of Directors is elected by the Company's Shareholders to supervise the management of the business and affairs of the Company. The prime responsibility of the Board is to ensure the viability of the Company and to ensure that it is managed in the interest of the Shareholders as a whole while taking into account the interests of other stakeholders.

Chairman of the board

The chairman of the board is designated to organize the board's activities, including (not limited to) setting the agenda for Board meetings in consultation with the CEO and other Board members, Supervising the relationships between the Board and internal and external parties, and supporting the Board's effort in promoting higher corporate governance and ensuring compliance with applicable laws and regulations at all times.

3.1.3 Audit Committee

The main purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to: accounting, auditing, systems of internal controls, and financial reporting processes generally, compliance with the laws and regulations applicable to the Company's business; and compliance with Company's Code of Conduct and related policies

3.1.4 Nomination and Remuneration Committee (NRC)

The main purpose of the Nomination and Remuneration Committee is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to: Identifying and recommending individuals qualified to become Board members, to be elected by shareholders. Recommending to the Board of Directors nominees for each Board committee. In addition to that, oversight of all matters relating to Board member and executive officer compensation, as well as shaping the Corporate Governance Framework of the Company.

3.1.5 Executive Committee (EC)

The main purpose of the Executive Committee is to assist the Board of Directors in implementing the Board's fiduciary, strategic and generative plans, policies and decisions consistent with the organization's Vision, Mission and Guiding Principles. The Executive Committee is responsible for implementing the will of the Board, with appropriate level of input from the Board before decisions are made, appropriate representation of the discourse to the Board, and voting by the Board where appropriate. Direct the process of selection, supervision, and evaluation of the chief executive. And Oversee and present an annual performance review of the CEO to the Board.

3.1.6 Risk Management Committee (RMC)

The main purpose of the Risk Management Committee is to assist the Board of Directors in identifying risks that may imperil the Company and maintaining an acceptable risk profile for the Company, overseeing the risks management system and assessing its effectiveness, defining a comprehensive risk management strategy for the Company. And Reviewing risk management policies.

3.1.7 Investment Committee (IC)

The main purpose of the Investment Committee is to assist the Board of Directors in formulating the investment and reviewing its implementation on a quarterly basis, reviewing the performance of each asset class, monitoring the overall risks of the investment policy and submitting a performance review report to the board of directors. In addition, the Investment Committee assist the Board in ensuring the compliance of overall investment activities with the requirements of the "Investment Regulation" issued by Insurance Authority and any other applicable laws and regulations.

3.1.8 Chief Executive Officer (CEO)

Gulf Union Al Ahlia Cooperative Insurance Company's CEO is the Chief Executive Officer for its administration. He is accountable to the Board of Directors for the effective and efficient operation of Gulf Union Al Ahlia Cooperative Insurance Company and for conformity with its Bylaws as well as with policies agreed upon by the Board of Directors. The CEO's primary purpose is to provide the required linkage between the Board of Directors and the Executive Management Team.
If the CEO is part of the Board of Directors; he will attend Board of Directors' meetings regularly and will have a voting right in any voting scenario conducted during Board meetings.

3.1.9 Board Secretary

A Board Secretary is responsible along with the Board of Directors, for certain tasks. The key responsibility for the Board Secretary is to ensure that the Board has the proper advice and resources for discharging its fiduciary duty, and to ensure that the records of the Board's actions reflect that the Board has done so. In addition, the Board Secretary plays an important role in the development of, compliance with, and periodic review of the company's governance policies and practices. The Board Secretary helps to ensure that the Board of Directors adheres to all relevant regulatory requirements. The Board Secretary reports functionally to the Board of Directors and administratively to the CEO.

3.1.10 Internal Audit Function

The role of the Internal Audit Function is to assist the Board and Management in achieving effective Corporate Governance, Business Risk Management and Internal Control through providing objective, independent, professional and risk-based assurance and consultation services in line with the company's values and audit profession ethics and standards. The function provides an independent appraisal to examine and evaluate operations as a service to Gulf Union Al Ahlia Cooperative Insurance Company's Audit Committee. The company's internal audit department reports functionally to the Audit Committee and administratively to the CEO.

3.1.11 Management

The role of Management is to assume day to day responsibility for Gulf Union Al Ahlia Cooperative Insurance Company's operations. This includes recommending a strategic direction for Board of Director's approval and then translating it into operations and activities by managing Gulf Union Al Ahlia Cooperative Insurance Company's human, physical and financial resources to achieve its objectives.

Gulf Union Al Ahlia Cooperative Insurance Company's Principles of Corporate Governance

4

4. *Gulf Union Al Ahlia Cooperative Insurance Company's* Principles of Corporate Governance

4.1 Purpose

Gulf Union Al Ahlia Cooperative Insurance Company is committed to developing effective, transparent and accountable corporate governance practices. Our corporate governance philosophy is to adopt practices that are not only compliant with MoC, CMA, Insurance Authority and global leading practices and other legislative requirements but that are genuinely effective yielding a Board that is constructively and actively engaged in corporate oversight. The board must present the code to the general assembly for approval thereafter, and submit a copy thereof to Insurance Authority within twenty-one (21) working days from the date of its approval by the General Assembly.

Therefore, the Board of Directors (the "Board") of Gulf Union Al Ahlia Cooperative Insurance Company (the "Company") has adopted the following corporate governance principles to provide a framework for the effective governance of Gulf Union Al Ahlia Cooperative Insurance Company in an effort to enhance long-term shareholder value.

The Board intends to review these principles and other aspects of corporate governance in annual basis and shall make such amendments as it deems necessary in its discretion and to the extent required under any applicable securities laws and stock exchange regulations. And all these amendments must be submitted to Insurance Authority within twenty-one (21) days from the date of the amendment.

Gulf Union Al Ahlia Cooperative Insurance Company believes that there is no single model of good corporate governance; however, work performed by many other institutions has identified some common elements that underlie good corporate governance principles that we believe in. The principles are evolutionary in nature and should be reviewed in light of significant changes in circumstances. To remain competitive in this changing world, Gulf Union Al Ahlia Cooperative Insurance Company will always strive to adapt our corporate governance practices so that they can meet new demands and grasp new opportunities for the benefits of our shareholders.

4.2 The rights of shareholders and key ownership functions:

The Board of Directors will protect and facilitate the exercise of shareholders' rights. Basic shareholder rights should include the right to:

- Secure methods of ownership registration;
- Convey or transfer shares;
- Obtain relevant and material information on the corporation on a timely and regular basis;
- Participate and vote in general shareholder meetings;
- Elect and remove members of the Board; and
- Elect and remove external auditors;
- Share in the profits of the corporation.

Shareholders have the right to participate in, and to be sufficiently informed on, decisions concerning fundamental changes such as:

- Amendments to the statutes, or articles of incorporation or similar governing documents of the company;
- The authorisation of additional shares; and

- Extraordinary transactions, including the transfer of all or substantially all assets that in effect result in the sale of the Gulf Union Al Ahlia Cooperative Insurance Company.

4.3 The equitable treatment of shareholders:

The Board of Directors will ensure the equitable treatment of all shareholders including minority and foreign shareholders.

All shareholders of the same series of a class, such as preferred shares, will be treated equally. In addition, any Gulf Union Al Ahlia Cooperative Insurance Company's Board members and key executives are required to disclose to the Board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the corporation.

Investors are expected to be informed regarding their voting rights before they invest. Once they have invested, their rights will not be changed unless those holding voting shares had the opportunity to participate in the decision.

Any change to the voting rights of different series and classes of shares in Gulf Union Al Ahlia Cooperative Insurance Company will be submitted for approval at General Assembly meeting by having a majority of voting shares in the affected categories in addition to the approval of any relevant governmental authorities.

Gulf Union Al Ahlia Cooperative Insurance Company will ensure that the processes and procedures for General Assembly meetings will allow for equitable treatment of all shareholders. The Company ensures that its procedures will not make it unduly difficult or expensive to cast votes.

Gulf Union Al Ahlia Cooperative Insurance Company will take all the necessary actions to prohibit any insider trading and abusive self-dealing. *"Self-dealing occurs when persons having close relationships to the company, including controlling shareholders, exploit those relationships to the detriment of the company and investors. Insider trading entails manipulation of the capital markets which is definitely prohibited by the Company."*

Members of the Board and key executives of Gulf Union Al Ahlia Cooperative Insurance Company have an obligation to inform the Board where they have a business, family or other special relationship outside of the company that could affect their judgement with respect to a particular transaction or matter affecting the company. Where a material interest has been declared, the same person will not be involved in any decision involving the transaction or matter.

4.4 The role of stakeholders in corporate governance:

The Board of Directors will recognize the rights of stakeholders established by law or through mutual agreements and encourage active co-operation between the Company and its stakeholders to create wealth, jobs and the sustainability of a financially sound enterprise.

Gulf Union Al Ahlia Cooperative Insurance Company believes that stakeholders, including individual employees and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the Board and their rights should not be compromised for doing this.

4.5 Disclosure and transparency:

The Board of Directors will ensure that timely and accurate disclosure is made on all material matters regarding the Company, including the financial situation, performance and governance of the Company. Gulf Union Al Ahlia Cooperative Insurance Company defines material information as information whose omission or misstatement could influence the economic decisions taken by users of information in a way that will not to endanger Gulf Union Al Ahlia Cooperative Insurance Company's competitive position.

Disclosure includes, but not is limited to, material information on

- The financial and operating results of the Company;
- Company objectives;
- Major share ownership and voting rights;
- Related party transactions; and
- Foreseeable risk factors.

Gulf Union Al Ahlia Cooperative Insurance Company will make sure that all financial information are prepared and disclosed with high quality standards of accounting and financial and non-financial disclosure. Furthermore, an annual audit will be conducted by an independent, competent and qualified, auditor in order to provide us an external and objective assurance to the Company's Board and shareholders that the financial statements fairly represent the financial position and performance of the company in all material respects. External auditors are accountable to the Company's shareholders and owe the duty to the company to exercise due professional care in the conduct of the audit.

4.6 The responsibilities of the Board:

The Board of Directors will ensure the strategic guidance of the Company and the effective monitoring of management to the Company and its shareholders. Gulf Union Al Ahlia Cooperative Insurance Company's Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders. Where Board decisions may affect different shareholder groups differently, the Board should treat all shareholders fairly. We will ensure that our Board will apply high ethical standards takes into account the interests of stakeholders.

The Board shall comply fully with the provisions of the Companies Law, Capital Market Law, their implementing regulations, the relevant regulations and the bylaws when performing his/her duties as a member of the Board and abstaining from taking or participating in any action that constitute mismanagement of the Company's affairs.

The key functions that the Board should carry out include:

- Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures;
- Monitoring the effectiveness of Gulf Union Al Ahlia Cooperative Insurance Company's governance practices and making changes as needed;
- Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning;
- Aligning key executive and Board remuneration with the longer term interests of the company and its shareholders;
- Ensuring a formal and transparent Board nomination and election process;
- Monitoring and managing potential conflicts of interest of management, Board members and shareholders, including misuse of Gulf Union Al Ahlia Cooperative Insurance Company's assets and abuse in related party transactions;
- Ensuring the integrity of the financial and accounting rules, including rules relating to the preparation of financial reports, and Gulf Union Al Ahlia Cooperative Insurance Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards; and

- Overseeing the process of disclosure and communications.
- Setting the values and standards that govern the work at the Company.

Gulf Union Al Ahlia Cooperative Insurance Company will make sure that the Board is able to exercise objective independent judgement on the company's affairs through assigning a sufficient number of non-executive Board members who are capable of exercising independent judgement to tasks where there is a potential for conflict of interest. Examples of such key responsibilities are ensuring the integrity of financial and non-financial reporting, the review of related party transactions, nomination of Board members and key executives, and Board remuneration. On the other hand, when committees are established, their mandate, composition and working procedures should be well defined and will be disclosed by our Board. In order to fulfil their responsibilities, Board members are going to have access to accurate, relevant and timely information.

4.7 Internal Control

The Board shall approve an internal control system for the Company in order to assess the policies and procedures relating to risk management, implementation of the provisions of the Company's governance rules approved by the Company and compliance with the relevant laws and regulations. Such system shall ensure compliance with clear accountability standards at all executive levels in the Company, and that Related Party transactions are implemented in accordance with the relevant provisions and controls.

For purposes of implementing the approved internal control system, the Company shall establish units or departments for the assessment and management of risks and for internal auditing.

The Company may utilise external entities to perform the duties and competencies of the units or departments of risks assessments and management and internal control without prejudice to the Company's responsibility for those duties and competencies.

An internal audit unit or department assesses and monitors the implementation of the internal control system, and verifies that the Company and its employees comply with the applicable laws, regulations and instructions, and the Company's policies and procedures.

The Company shall keep records of the audit reports and business documents, which shall clarify its accomplishments, findings and recommendations, and all actions taken in their regard.

4.8 The External Auditor

The Company shall assign the function of auditing its annual accounts to an independent and competent external auditor who possesses the necessary expertise and qualifications to prepare an objective and independent report to the Board and the shareholders, setting out whether the Company's financial statements clearly and impartially express the financial position of the Company and its performance in the significant areas.

The Ordinary General Assembly shall appoint the Company's external auditor based on a recommendation from the Board, depending on a Recommendation from the Audit Committee, provided that the following requirements are met:

- The nomination shall be based on a recommendation from the Audit Committee;
- The external auditor shall be authorised by the Competent Authority;
- The external auditor's interests shall not conflict with the interests of the Company;
- The number of nominees shall not be less than two.

The external auditor shall:

- Owe the duties of loyalty and care to the Company.
- Notify the Authority if the Board fails to take appropriate actions in respect of suspicious issues it raises.
- Request the Board to call for a General Assembly meeting if the Board has not facilitated his mission; and shall be liable to compensate the Company, the shareholders or third parties for the damages resulted from errors it commits in the course of its engagement. If an error is attributable to more than one external auditor, they shall be jointly responsible therefor.

4.9 Risk Management Function

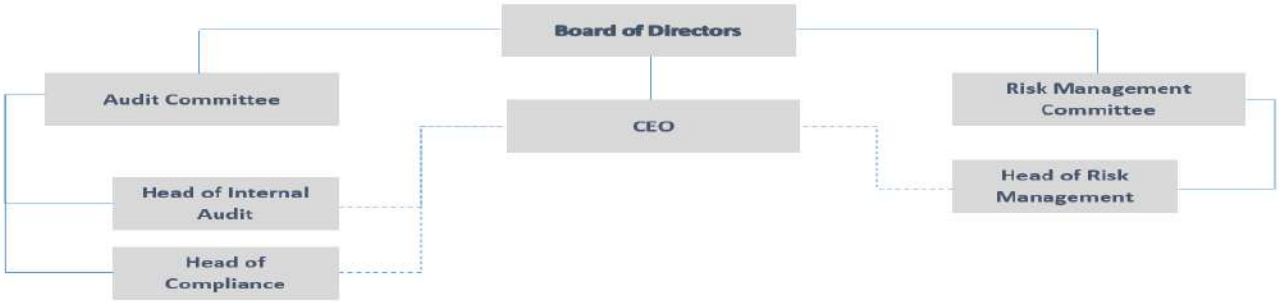
- In addition to any other regulatory or supervisory requirements, The risk management function is in charge of identifying, assessing, quantifying, controlling, mitigating, and monitoring the Company's risks, on a continuous basis and at an individual and aggregate level.

- Risk management responsibilities

  - Implementing the risk management strategy
  - Monitoring the Company's risk profile
  - Developing effective risk management policies and procedures to identify, assess, quantify, control, mitigate, and monitor risks
  - Identifying emerging risks and recommending remedial actions to mitigate and control them.
  - Regularly evaluating the Company's tolerance for, and exposure to, risks (e.g., through stress testing exercises)
  - Establishing a contingency plan
  - Coordinating with Senior Management to ensure the effectiveness and efficiency of the risk management system

- Risk Management Structure

  - The company's risk management is an independent department linked to the Risk Management Committee and administratively reporting to the CEO.
  - • The risk management reports to the CEO, and the company's director of risk management is allowed to communicate directly with the risk management committee without any obstruction.
  - • The risk management function is independent of the underwriting function.
  - • The company's risk management consists of a risk manager, and the company can appoint other employees according to business needs.



4.10 Internal Audit Function

- Internal audit is an objective, independent and organized evaluation and advisory activity designed for the purpose of adding value and improving the company's operations, and it is one of the most important internal control tools in the company. Rather, it is the most important and most effective tool if it is employed optimally in a proper professional manner so that the benefit is doubled for the whole entity.

- The Internal Audit Department is an independent department linked to the Audit Committee and administratively to the CEO. It is concerned with setting the audit and audit work plan in the company, and monitoring the company's performance through auditing and examining the company's operations to verify that there are no financial abuses of the company's internal systems, and ensuring compliance with the internal control systems and ensuring that The efficiency and effectiveness of these systems and verification of the implementation of internal control decisions. The Internal Audit Department submits its reports to the Audit Committee.

- Internal Audit Role
    - The Internal Audit Department helps the company to achieve its objectives through the systematic and regular application of evaluating and improving the effectiveness of the internal control processes, procedures and policies.
    - Evaluating the internal control systems, including the accounting system, to verify their integrity and suitability, identifying deficiencies, if any, and proposing the necessary means and procedures to treat them to ensure the protection of the company's funds and properties from embezzlement, loss or manipulation, and so on.

- Internal Audit Responsibilities
    - Verify the company's application of the financial and non-financial systems, regulations, instructions, policies and procedures and verify their adequacy, suitability and efficiency.
    - Assessing the adequacy of the company's organizational plan in terms of clarity of authorities and responsibilities, separation of conflicting competencies and other organizational aspects.
    - Assessing the company's level of achievement of its set goals and analyzing the causes of differences and deviations, if any.
    - Identifying and evaluating risks for the management subject to review and raising the efficiency of internal control in a way that limits risks.
    - Identifying the company's misuse of its material and human resources, and providing what the company can tackle and avoid in the future.
    - Examine the documents related to expenses and revenues after their completion to ensure that they are correct and regular.
    - Examine the accounting records to ensure the regularity and correctness of the entries and the integrity of the accounting guidance.
    - Review the contracts and agreements concluded to which the company is a party to ensure the extent of compliance with them.
    - Reviewing the financial reports and final accounts prepared by the financial department and ensuring their accuracy and their compliance with the rules, regulations, instructions and policies applied by the company.
    - Providing advice when discussing the company's budget.
    - Verify that the concerned department carries out the tasks assigned to it by the company's chief official within the scope of its competencies.
    - Evaluate the performance of the efficiency and adequacy of automated accounting programs and others, and determine the extent to which they provide the required reports.
    - Provide the necessary recommendations, which hopefully will provide the necessary improvements to the efficiency of internal control tools, the quality of operations implementation, and performance.
    - Submit periodic and non-periodic internal audit reports to the Audit Committee.
    - Communicate with the Compliance and Risk Management Department to interact and reach the best possible performance of the internal control units.

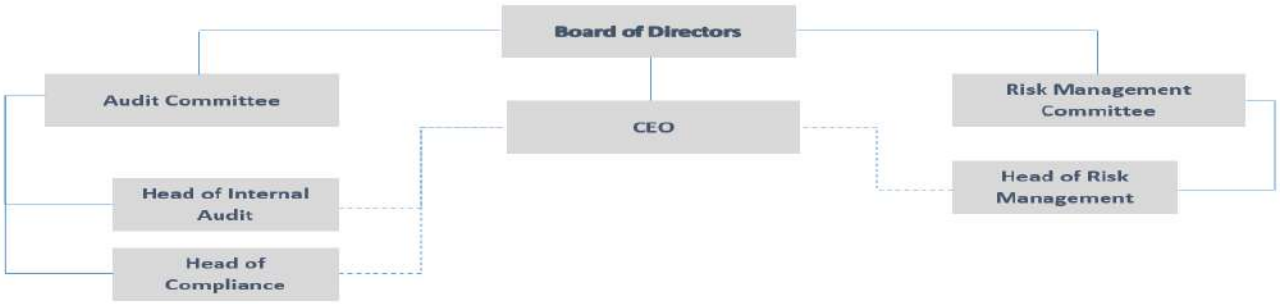
- Necessary professional competence
  - The employees assigned to perform the audit must have the professional competence necessary for the tasks required, as well as the comprehensive knowledge of the entity subject to the audit. This skill can be available in the audit department as a whole and does not necessarily apply to each auditor separately. The definition of professional competence includes, at a minimum, the appropriate scientific qualification, the necessary experience and training And for the purpose of maintaining the professional competence of audit workers, whether in planning, directing or field work, this requires training and continuous education for them and continuous briefing of new developments in the field of profession.

- Independence and impartiality
  - The Internal Audit Department is an independent department linked to the Audit Committee and administratively to the CEO. The auditor must have independence in reality and appearance, by not being biased towards the body being reviewed, and not being affected by his opinions and the results of his examination by the relationship with other parties, and appearance independence means moving away from what others suggest that Is not independent.
  - The auditor must have financial independence by providing him with financial resources to enable him to carry out his responsibilities in a reasonable manner, and the auditor must have independence in audit work by refusing any restrictions on him, whether when setting the program or during field research or time or when requesting access to documents, records and files.

- Take the necessary professional care
  - The internal audit department must exert the necessary professional care in performing all audit activities. Therefore, the internal audit department must perform its work with diligence and professional care in which there is a reasonable degree of technical skill and ethical practice that is commensurate with the responsibility placed upon it and the role expected of it. Also, the important role Which is performed by the personal judgment, wisdom and acumen of the internal audit department in determining the nature, extent and timing of the procedures necessary for the audit, and the association of the auditor's report with higher authorities, increases the importance and necessity of the necessary professional care as a basic criterion of auditing standards.

- Quality control
  - That the internal audit department have an appropriate internal system to control audit quality, improve its programs and follow-up, and ensure that auditors adhere to the quality standard in carrying out their tasks and all aspects of internal audit activities and continuous monitoring of their effectiveness, and to participate in an external supervisory program to inspect this quality.

- The structure of the internal audit department
  - The company's internal audit department is an independent department linked to the audit committee and administratively reporting to the CEO.
  - The Internal Audit Department submits its reports to the Audit Committee.
  - The company's internal audit department consists of the director of the internal audit department, and the company can appoint other employees according to business needs.



4.11 Compliance Function

- The Compliance Department at Gulf Union Al Ahlia Cooperative Insurance Company is an independent department linked to the Audit Committee and administratively to the CEO. It is concerned with ensuring the company's compliance with the application of the rules, regulations, and instructions issued by the Insurance Authority and other supervisory bodies and submits its reports to the Audit Committee on any violation of the regulations and instructions in the company.

- The Compliance Manager monitors the company's compliance with all relevant laws, regulations, and instructions issued by the Insurance Authority or other relevant regulatory authorities and takes the necessary measures to improve the company's regulatory compliance level.

- Compliance Department Responsibilities
  - Obtaining all relevant regulations and instructions (and the subsequent amendments, or the regulations and instructions issued thereafter) related to operations.
  - Preparing comprehensive policies and procedures for compliance that include all regulations, instructions and practices applied in insurance activities, to be approved by the company's board of directors.
  - The Compliance Department annually reviews all the instructions included in the policies and procedures manuals applied in the company to ensure their conformity and compatibility with the requirements of all regulations and instructions issued by the regulatory authorities and that their application is adhered to.
  - Update the policies and procedures periodically to ensure the company's commitment to all the latest regulations and instructions related to all the company's departments.
  - Informing all the company's employees, through the senior management, of all compliance policies and instructions and any updates thereto.
  - Maintain the provision of information on a permanent and adequate basis.
  - Ensure that all policies and procedures approved in the company are compatible and consistent with all requirements in the regulations compliance program prepared by the Compliance Department, and the Department gives suggestions about changes to be made to such policies and procedures to achieve compliance in accordance with the regulations compliance guide.
  - Reviewing and approving all the company's current and new products to ensure that they meet the regulatory requirements.
  - Cooperating with all company departments, external auditors and the Insurance Authority regarding the regulations and instructions included in the relevant reports, and ensuring that the necessary corrective actions are taken.
  - Designing and setting up a system for preparing internal reports on compliance and self-assessment of the risks of non-compliance.

- Duties of the Compliance Function
  - A link between the company and the supervisory authority
    - When any circular or any new regulation or amendments to a previous regulation is issued by any supervisory authority, the Compliance Department shall circulate to all company departments to be applied and followed up on that.

  - Assisting senior management in implementing the commitment
    - The Compliance Department supervises the implementation of the tasks of the compliance function, and its responsibilities are summarized in applying the compliance program to the company's departments.

  - Organization
    - The work of the Compliance department related to the organization can be done by employees in the company's various departments and its external branches. In turn, the Compliance Department supervises the work of these employees through a system approved by the board of directors or the authority authorized by it.

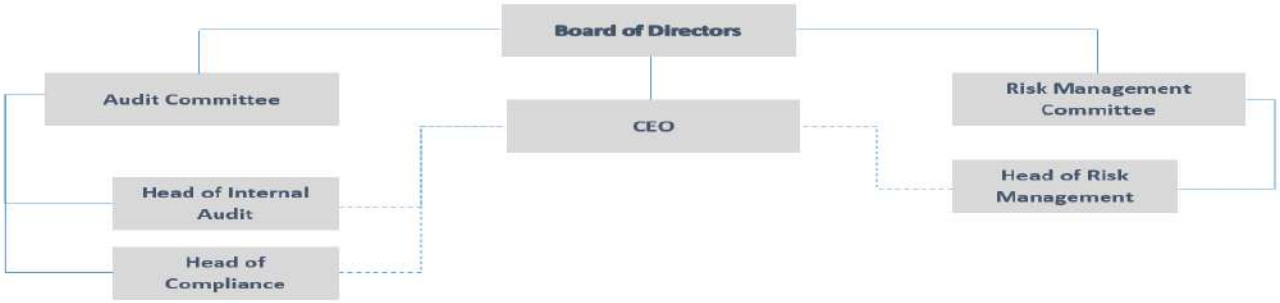
- Counseling
  - The Compliance Department shall provide advice to the senior management regarding compliance regulations, rules and standards, and this includes informing them of the latest developments that are taking place. The advisory mission includes the close cooperation of the Compliance Department members with all the company's departments, and the Compliance Department provides advisory services in the field of compliance in the company. And act as a liaison with regard to all inquiries of his employees related to the commitment.

- Training
  - The compliance program is subject to immediate modification in the event that there are new issues, fundamental changes or updates that should be covered in the regulations and instructions. The program includes compliance requirements that they practice in their work tasks, including, but not limited to, instructions related to sales and marketing services, anti-money laundering and terrorist financing, and care Due diligence and reporting suspicious operations.

- Identifying the risks of non-compliance
  - The company's compliance department is responsible for identifying, documenting and evaluating non-compliance risks related to (systemic risk, reputational risk, strategic risk, or other).

- Reports
  - Periodic reports are submitted on a quarterly basis to the Audit Committee in relation to the Compliance Department's work.

- Compliance Department Structure
  - The Company's Compliance Department is an independent department linked to the Audit Committee and administratively reporting to the CEO.
  - The Compliance department submits its reports to the audit committee.
  - The Compliance Department consists of a Compliance Department Manager, a Compliance Officer, and an Anti-Money Laundering and Terrorist Financing Officer, and the company can appoint other employees according to business needs.



4.12 Appointed Actuary

- Duties and Responsibilities of the Appointed Actuary

The general duties and responsibilities of an appointed actuary include (but are not limited to) the following:

- Obtain all necessary information from the previous appointed actuary.
- Studying the general financial position of the company.
- Assessment of the company's capital adequacy.
- Assessing the company's ability to meet its future obligations.

- Pricing health and motor insurance products, with recommendations on the adequacy of premium rates for other general insurance categories of products.
- Determining the company's technical reserves and recommending them.
- Coordination with the manager in the risk management in the company to assess the impact of the material risks and to determine the appropriate mechanism to mitigate their impact.
- Assessing the adequacy of reinsurance arrangements and appropriate levels of risk retention and recommending the optimal retention level.
- Presenting recommendations to the Board of Directors regarding the company's investment policy, taking into account the nature and timing of obligations towards insurance policy holders and the availability of appropriate assets.
- Determining the surplus or deficit of the company in general.
- Preparing the appropriate reports according to the financial reporting forms required by the Insurance Authority .
- Reviewing the company's Underwriting Manuals.
- Advise on any other actuarial matters.

- How the appointed actuary works
  - The appointed actuary must ensure the clarity and comprehensiveness of the actuarial report he submits so that another experienced actuary can follow up on the report and reach a conclusion.
  - The appointed actuary shall take all reasonable steps to ensure the consistency, accuracy and completeness of the data used in the analysis.
  - The appointed actuary shall submit an annual report to the company's management, its board of directors and the Insurance Authority , and he shall follow the detailed instructions issued by the Insurance Authority from time to time regarding the contents of that report.
  - The actuarial report contains, at a minimum, the following:
    - Adequacy of technical provisions for general and health insurance.
    - Analysing the actual returns achieved by the company's investments during the fiscal year.
    - Expenses analysis, and the analysis of expenses must be sufficient to determine the insufficient reserves of premiums for all general and health insurance products, and full reserves must be allocated to all expenses, zakat and income tax incurred by the company, and investment expenses can be excluded only and treated as a decrease in returns.
    - The general financial position of the company.
    - Analysing the growth of the insurance portfolio.
    - Recommendations on the ongoing process of formulating, implementing, following up and modifying strategies related to assets and liabilities to achieve adequate alignment between assets and liabilities.
    - Negative and positive developments in the underwriting policy.

  - The appointed actuary performs a semi-annual review and submits a report to the company's management and its board of directors. The company's management must submit the report to the Insurance Authority, and the appointed actuary must follow the detailed instructions issued by the Insurance Authority from time to time regarding the contents of that report.
  - The actuarial report contains, at a minimum, the following:
    - Updated future forecasts for a period of three years, taking into account any plans to distribute the surplus and clarifying the adequacy of the solvency margin, and the forecasts should cover at least claims, insurance premiums, all the various expenses and investment returns.
    - Analysing the appropriate levels of risk retention and advising on them, and the Board of Directors shall take into account the advice provided by the appointed actuary when conducting the annual review of the company's reinsurance strategy document.
    - The adequacy of pricing the premium rates for products.
  - If the company offers health insurance products, the appointed actuary must submit an annual quotation to the company's management, its board of directors and the Insurance Authority in accordance with the statutory dates. The actuary is bound by the detailed instructions issued by the Insurance Authority from time to time regarding the contents of the pricing report.
  - If the company offers Motor insurance products, the appointed actuary must submit an annual pricing to the company's management, its board of directors and the Insurance Authority in accordance with the

regular dates, and the actuary is bound by the detailed instructions issued by the Insurance Authority from time to time regarding the contents of the pricing report.

- Appointment and termination of actuarial work
  - The Insurance Authority 's prior no-objection to the appointment of the appointed actuary must be obtained.
  - The work of the appointed actuary with the company shall be terminated in the following cases:
    - Resignation of the appointed actuary or termination of his service in the event that he is an employee of the company, and in the event of termination of his service, the Insurance Authority must be notified of the reasons for this.
    - In the event that he was an external actuary, his contract shall expire unless it is renewed with the approval of the company and the appointed actuary.
    - Cancellation of the contract during its validity period, either by the company or by the appointed actuary. In both cases, the Insurance Authority must be notified of the cancellation and its reasons.
    - If The Insurance Authority asked the company to replace the appointed actuary if it was found that he is not suitable to carry out the responsibilities entrusted to him.

  - The company must notify the Insurance Authority of the end of the work of the appointed actuary within (5) working days, and it must appoint or contract with a replacement actuary within a period not exceeding (60) days, including vacations, from the date of the end of the work of the previous appointed actuary.

4.13 Actuarial Management

Duties and Responsibilities of the Actuarial Management
The general duties and responsibilities of the Actuarial Management include (but are not limited to) the following:

a. Adhere to the requirements of SAMA regarding:
1. The principles and liabilities of insurance contracts.
2. Technical prices.
3. Monitoring the adequacy of insurance premiums.
4. loss history / experience studies
5. Capital adequacy.
6. Reinsurance.
7. Quantitative aspects of risk management.
8. Supporting the actuarial work in the company.

b. Manage and review all reports and requirements related to the actuarial aspects.
c. Provide observations and recommendations to the Company management on the findings related to the actuarial studies and work.
d. Providing technical support regarding the adequacy of technical provisions.
e. Providing technical support regarding price adequacy.
f. Ensure full compliance with actuarial regulatory requirements.
g. The appointed actuary and the manager of Actuarial Management must communicate with the Board, senior management, and internal and external auditors of the Company, and the actuarial management activities include overseeing the provision of training and professional development for actuarial management.

Rights of Shareholders

5

5. Rights of Shareholders

5. 1 General Rights of Shareholders

A Shareholder shall be entitled to all rights attached to the share, in particular:

- The right to obtain his/her portion of the net profits which are to be distributed in cash or through the issuance of shares;
- To be briefed on the minutes of the General Assembly.
- The right to a share of the company's assets upon liquidation;
- The right to attend the General or Special Shareholders Assemblies regardless of their shares;
- The right to participate in deliberations and vote on resolutions in person, through modern technologies or in absentia by proxies;
- The right to dispose of his/her shares in accordance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations.
- The right to enquire and request viewing the books and documents of the Company, including the data and information related to the activities of the Company and its operational and investment strategy without prejudice to the interests of the Company or breach of the Companies Law and the Capital Market Law and their implementing regulations;
- The right to monitor the performance of the Company and the activities of the Board.
- The right to hold Board members accountable, to file liability lawsuits against them and appeal for nullification of the resolutions of the General and Special Shareholders Assemblies in accordance with the conditions and restrictions provided in the Companies Law and the bylaws of the Company;
- Pre-emptive rights to subscribe for new shares issued in exchange for cash unless otherwise specified in the Company's bylaws or when the Extraordinary General Assembly suspends the pre-emptive rights are per Article (129) of the Companies Law.
- The right to record his/her name in the Company's shareholders register;
- To request to view a copy of the Company's Articles of Association and bylaws unless the Company publishes them on its website.
- The right to nominate and elect the Board members
- The priority of subscription to new shares issued in respect of the cash shares, unless otherwise provided in the articles of association.
- The right to participate in, and to be sufficiently informed on, decisions concerning fundamental Company changes such as: 1) amendments to the Articles of Association or similar governing documents of the company; 2) the authorisation of additional shares; and 3) extraordinary transactions, including the transfer of all or substantially all assets, that in effect result in the sale of the company.
- The right to participate effectively and vote in General Assembly meetings and to be informed of the rules, including voting procedures that govern General Assembly meetings:

- Shareholders will be furnished with sufficient and timely information concerning the date, location and agenda of general meetings at least Twenty-one days prior to the date of the meeting, as well as full and timely information regarding the issues to be decided at the meeting.

- Shareholders will have the opportunity to ask questions to the Board, including questions relating to the annual external audit, to place items on the agenda of general meetings, and to propose resolutions, subject to reasonable limitations.

- The right to discuss matters listed in the agenda of the General Assembly and ask questions to the Board members and the auditor.

- The right to participate in key corporate governance decisions, such as the nomination and election of Board members and external auditors;

- The right to allow shareholders to make their views on the remuneration policy for Board members and key executives and the equity component of compensation schemes for Board members and employees that will be subject to shareholder approval.

- The shareholders representing at least (5%) of the capital may request the competent judicial authority to order the audit of the company if they have any doubts regarding the acts of the company Board members or auditor (According to the laws and conditions regulating this)

5. 2 General Assembly of Shareholders:

The Ordinary General assembly shall convene in accordance with the situations and circumstances stated in the Companies Law and its Implementing Regulations and the Company's bylaws. The Ordinary General Assembly shall convene at least once per year within the six months following the end of the Company's financial year.

The General and Special Shareholders' assemblies shall convene upon an invitation from the Board in accordance with the situations stated in the Companies Law and Its Implementing Regulations and the Company's bylaws. The Board shall invite the Ordinary General assembly to convene upon the request of the external auditor, the Audit Committee or a number of shareholders holding shares equal to at least (10%) of the voting shares of the Company. The external auditor may invite the assembly to convene if the Board does not invite the assembly within thirty days from the date of the external auditor's request.

The invitation to the General Assembly meeting shall be published on the website of the Exchange, the Company's website at least Twenty-one days prior to the date set for the meeting. The Company may invite the General and Special Shareholders' Assemblies to convene using methods of contemporary technologies. However, extending the invitation on the said date to all shareholders through registered letters to the addresses registered in the shareholders' register, or by an announcement using means of technology may suffice. A copy of the invitation and the meeting agenda shall be sent to Commercial Register and CMA within the period set for publishing. The Authority may add any items it deems appropriate to the agenda of the General Assembly.

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 within a period between publishing the announcement (Twenty-one days prior to the meeting) and the date of convening the General Assembly meeting, provided that the Company shall announce this through the market's website and the company's website .

The Board shall separate each of the matters listed in the agenda of the General Assembly meeting as an independent item, and not combine significantly different matters under one item, and not combine the businesses and contracts in which Board members have a direct or indirect interest under one item, for the purpose of obtaining the shareholders' vote for the item as a whole.

The method used to provide information to the shareholders shall be clear and detailed and shall include a list of the Company's information that the shareholders may obtain. This information shall be made available to all shareholders of the same class.

The shareholders shall be allowed through the Company's website and the Exchange's website, when the invitation for the convention of the General Assembly is published, to obtain the information related to the items of the General Assembly's agenda, particularly the reports of the Board and the external auditor, the financial statements and the Audit Committee's Report in order to enable them to make an informed decision in this regard. The Company shall update this information in case the General Assembly's agenda was amended.

Shareholders shall be granted the opportunity to effectively participate and vote in the General Assembly meetings. The meetings of the General Assemblies of shareholders may be convened and shareholders may participate in their deliberations and vote on their resolutions using methods of contemporary technologies pursuant to the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies.

The Board shall work on facilitating the participation of the largest number of shareholders in the meetings of the General Assembly, including choosing the appropriate place and time of such meeting.

The Company shall ensure recording the details of the shareholders who desire to attend at the Company's head office prior to the specified time for convening the assembly or through the means specified by the company in the invitation or on its website. The general assembly of the company may be held in any city within the Kingdom or through modern technology., unless the Company's bylaw state other means.

The subscription to and acquisition of shares implies that the shareholder accepts the company Articles of Association and to be bound by the resolutions issued by the shareholders' assemblies under the provisions of the Law and the company Articles of Association, whether he is present or absence and whether he voted for or against such resolutions.

No shareholder may intervene in the operations of the Board or the work of the Executive Management of the Company unless he/she is a member of its Board or its management team; or unless his/her intervention is through the Ordinary General Assembly according to its powers or within the limits and situations permitted by the Board.

Without prejudice to the rights of third parties, every resolution issued by the Shareholders' Assembly in breach of the provisions of the Law and the company Articles of Association shall be deemed void.

Any shareholder who objects to the breaching resolution in the Shareholders' Assembly which issued the resolution or was absent from such meeting for an acceptable excuse, may request the invalidation of such resolution.

The judgment of invalidation shall result in deeming the resolution void towards all the shareholders. The invalidation action may not be claimed after Ninety days from the date of issuance of the said resolution. To file the lawsuit referred to in this Article, the plaintiff must be a shareholder in the company upon filing the lawsuit and throughout its proceedings.

5. 3 Ordinary General Assembly:

The Ordinary General meeting shall be in charge of the affairs related to the company (except for the affairs related to the Extraordinary General meeting). Such assembly shall meet at least once every year during the six months following the end of the company financial year. Other Ordinary General meetings may be called for whenever necessary.

The shareholders' general meetings shall be headed by the Board Chairman, the Vice Chairman in case of the latter's absence or by the member appointed by the Board for such purpose in case of absence of the Chairman and Vice Chairman.

MoC and CMA may delegate one or more representatives to act as a supervisor to attend the general meeting of the companies to ensure the compliance with the applicable laws and regulations.

The Ordinary General meeting shall not be valid unless attended by a number of shareholders representing at least the quarter of the company's Voting Shares unless the company Articles of Association provides for a higher percentage not exceeding the capital half.

If the quorum required for the Ordinary General Meeting is not available, a second meeting shall be called to be held within thirty days following the date of the previous meeting and it may also be held after one hour of the first meeting. If first invitation allows so, the invitations will be as provided by the company Articles of Association. In all cases, the second meeting shall be valid regardless of the number of the voting shares represented therein.

The Ordinary General meeting shall elect the Board members for a period of no more than Four years, and may be re-elected thereafter unless otherwise provided for in the Company's bylaws.

The company Articles of Association shall specify the way of expiration or termination of the Board members.

The ordinary general assembly may, however, remove some or all board members. Subject to any controls set by the Capital Market Authority. In such case, the ordinary general assembly shall elect a new board of directors or a replacement for removed members, as the case may be, in accordance with the provisions of the companies Law and its implementing regulations.

Upon the request of the competent authority, the Ordinary General meeting may be called to meet in the following cases:

- If the period set for the meeting, once a year during the six months following the end of the financial year, is elapsed without the General Assembly meeting.
- If the number of the Board members becomes less than three members.
- If breaches of the provisions of the Law or the company Articles of Association are found or if there is fault in the company management.
- If the Board fails to invite the General Assembly to meet within fifteen days from the request of the auditor, the Audit Committee or a number of shareholders representing at least (%10) of the Voting shares

A number of the shareholders representing at least (10%) of the voting shares may submit a request to the competent authority to call the Ordinary General meeting to meet if any of these cases are available.

The competent authority shall call the Assembly to meet within thirty days from the date of submission of the shareholders' request. The invitation must be accompanied by the meeting agenda and the items requested to be approved by the shareholders.

The Ordinary General Assembly shall have competencies in the affairs of the Company, and particularly the following:

- Appointing and dismissing Board members;
- Permitting a Board member to have direct or indirect interest in the business and contracts that are executed for the Company's account, in compliance with the provisions of the Companies Law and Its Implementing Regulations;
- Permitting a Board member to take part in any activities that may lead to competition with the Company, or competition in any of its activities, in compliance with the provisions of the Companies Law and its Implementing Regulations;
- Monitoring the compliance of the Board members with the provisions of the Companies Law and Its Implementing Regulations and other relevant laws and the Company's bylaws; inspecting any damage that may occur as a result of their violation of such provisions or mismanagement of the affairs of the Company; determine the liability resulting therefrom and undertaking the procedures it deems proper in this regard pursuant to the Companies Law and Its Implementing Regulations;
- Review and Discuss the Company's financial statement;
- Review and Discuss the Board report;
- Deciding on the proposals of the Board with respect to the method of distributing the net profits;
- Appointing the external auditors of the company, specifying their remunerations, reappointing them, replacing them and approving their reports;
- Looking into the violations and errors committed by the external auditors of the Company when performing their duties and any difficulties, reported by the Company's external auditors, regarding their empowerment by the Company's Board or Management to review the books, records and other documents, statements and clarifications required to perform their duties, and respond to that as it deems appropriate in this regard;
- Using the Company's consensual reserve, if such has not been set aside for a specific purpose, provided that using such reserve shall be based on a proposal submitted by the Board and used in ways that benefit the Company or the shareholders;
- Forming the Company's and determining their uses;
- Setting aside amounts from the Company's net profits to set up social organizations for the benefit of the Company's employees or to assist any such existing establishments in accordance with Article (123) of the Companies Law;
- Approving the sale of more than (50%) of the assets of the Company, whether in one or several transactions within a period of 12 months from the date of the first selling transaction. In case selling these assets includes what falls within the powers of the Extraordinary General Assembly, the approval of the Extraordinary General Assembly is required.

5. 4 Extraordinary General Meeting:

The Extraordinary General meeting shall be in charge of the amendment of the Company Articles of Association and bylaws except what is related to the following:

- Deprivation or amendment of the Shareholder's basic rights he's entitled to as a partner, particularly the following:
    - Obtaining a share of the profits decided to be distributed whether in cash or by issue of free shares for the Shareholders not working in the company or its associates;
    - Obtaining a share in the company assets on liquidation;
    - Attending all the meetings of the shareholders' general or special meetings, participating in their deliberations and voting on their resolutions;
    - Disposal of his shares under the provisions of the Law;
    - Requesting the access to the company books and documents, control of the Board work, filing the liability actions against the Board members and challenging the resolutions of the shareholders' general or special meetings;
- Amendments that may increase the shareholders' financial obligations unless all the shareholders so agree;

The Extraordinary General Assembly shall have the following Competencies:

- Increasing the Company's share capital in accordance with the situations provided by the Companies Law and Its Implementing Regulations.
- Decreasing the Company's share capital if it exceeds the Company's needs or in the event the Company incurs financial losses, in accordance with the situations provided by the Companies Law and Its Implementing Regulations.
- Resolving to form a consensual reserve for the Company as provided for in its bylaws to be set aside for a specific purpose, and the disposal thereof.
- Resolving to maintain or liquidate the Company before the end of the term specified in its bylaws.
- Approving the Company's purchase of its shares.
- Issuing preferred shares or approving their buying, or converting ordinary shares into preferred shares or converting preferred shares into ordinary shares as per the Company's bylaws and the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies.
- Issuing debt instruments or financing deeds convertible into shares, and stating the maximum number of shares that may be issued against these instruments or deeds.
- Allocate Shares that are issued upon the capital increase or part of them for the employees of the Company, and its affiliates or some of them, or any of them; and
- Suspending pre-emptive rights of shareholders in subscribing for the capital increase in exchange for cash or giving priority to non-shareholders in cases as deemed in the interest of the Company if so is provided for in the Company's bylaws.

In additions to the functions assigned thereto, the Extraordinary General meeting may issue resolutions in the affairs within the jurisdiction of the Ordinary General meeting subject to the same terms and conditions applicable to the Ordinary General meeting.

If the resolution of the Ordinary General meeting would modify the rights of a class of shareholders, such resolution shall not have effect unless approved by those shareholders having voting rights and attending a shareholders' meeting subject to the conditions applicable to the Extraordinary General meeting.

The Extraordinary General meeting shall not be valid unless attended by shareholders representing at least half of Gulf Union Al Ahlia Cooperative Insurance Company's Voting Shares unless the company Articles of Association provides for a higher percentage subject to a maximum of two thirds.

If quorum is not attained, then a second meeting must be held within thirty days from the date of the first meeting.

The second meeting may, however be held one hour after first meeting if the company by-laws permit it and first meeting notice expressly states so.

The second meeting is valid if attended by shareholders representing at least quarter of Gulf Union Al Ahlia Cooperative Insurance Company's Voting Shares.

If quorum is not attained at the second meeting, then a notice for a third meeting must be issued, and be held after 21 days at least from the invitation.

The third meeting is valid regardless of the number of shares represented, provided the meeting is approved by the competent authority. .

The resolutions of the Extraordinary General meeting shall be passed by the majority of two thirds of the shares represented in the meeting unless the resolution is related to the increase or decrease of capital, extension of the company term, its dissolution before its term set in the Articles of Association or its merger with another company, then the resolution shall not be valid unless with the majority of three quarters of the shares represented in the meeting.

The Board of Directors shall publish the resolutions of the Extraordinary General meeting if they contain an amendment of the company's Articles of Association, and as prescribed by the Regulations, within 15 days from their issuance date.

5. 5 Facilitation of Shareholders Exercise of Rights and Access to Information

Gulf Union Al Ahlia Cooperative Insurance Company's Articles of Association and by-laws specify the procedures and precautions that are necessary for the shareholders' exercise of all their lawful rights.

All information which enable shareholders to properly exercise their rights will be made available and such information shall be comprehensive and accurate; it must be provided and updated regularly and within the prescribed times; the company will use the most effective means in communicating with shareholders. No discrepancy is to be exercised with respect to shareholders in relation to providing information.

5. 6 Dividends Rights of Shareholders

The Board of Directors lay down a clear policy regarding dividends, in a manner that may realize the interests of shareholders and those of the company as per the Company's bylaw. The company Articles of Association shall set the percentage of the net profits to be distributed to the shareholders after assignment of the statutory and other reserves. Shareholders are to be informed of that policy during the General Assembly and reference thereto is to be made in the report of the Board of Directors.

The shareholder shall be entitled to its share of the profits in accordance with the resolution of the general assembly issued in this regard. The resolution shall indicate the entitlement date and distribution date. The entitlement to profits shall be for the shareholders registered in the registers of shareholders at the end of the day specified for entitlement. The company shall notify Capital Market Authority without delay of any decisions for the distribution of profits or recommending same. The profits to be distributed among shareholders shall be paid in the place and on the date determined by the board of directors in accordance with the instructions issued by the competent authority subject to the prior written approval of the Insurance Authority

Code of Conduct

6

6. Code of Conduct

6. 1 Purpose

This Code of Business Conduct and Ethics (the "Code") contains the policies that relate to the legal and ethical standards of conduct that the Directors, executive management/officers and employees of Gulf Union Al Ahlia Cooperative Insurance Company (the "Company") are expected to comply with while carrying out their duties and responsibilities on behalf of the Company.

This Code is intended to focus the Board of Directors (the "Board") and management on areas of ethical risk, provide guidance to personnel to help them recognize and deal with ethical issues, provide mechanisms to report unethical conduct, and help to foster a culture of honesty and accountability.

No code or policy can anticipate every situation that may arise. The Company expects each Board member, executive officer and employee to act with honesty and integrity, to exercise independent professional judgment and to deter wrongdoing in the conduct of all duties and responsibilities on behalf of the Company.

6. 2 Compliance with Laws, Rules and Regulations

Board members, senior managers and employees should comply with the laws, rules and regulations applicable to the Company.

6. 3 Compliance with the Code

The Company's Board members, senior managers and employees have a responsibility to understand and follow the Code. In addition, all Board members, senior managers, employees are expected to perform their work with honesty and integrity in any areas not specifically addressed by the Code. A violation of the Code may result in appropriate disciplinary action including the possible termination from employment with the Company, without additional warning. The Code sets out general principles to guide Board members, senior managers and employees in making ethical decisions, and they cannot and are not intended to address every specific situation. As such, nothing in the Code prohibits or restricts the Company from taking any disciplinary action on any matters pertaining to employee conduct, whether or not they are expressly discussed in this document. The Board of Directors of Gulf Union Al Ahlia Cooperative Insurance Company is responsible for the final interpretation of the Code.

6. 4 Conflict of Interest

All Board members, senior managers and employees should avoid conflicts of interest between themselves and the Company. A "conflict of interest" can occur when the private interest of a Board member, executive officer or employee interferes in any way – or even appears to interfere – with the interests of the Company as a whole. A conflict situation can arise when a Board member, executive officer or employee takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest also arise when a Board member, executive officer or employee, or a member of his or her immediate family, receives improper personal benefits as a result of his or her position in the Company. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company should be disclosed promptly to the Board Chairman and the Chairperson of the Audit Committee of the Board. Similarly, all senior managers and employees shall report any conflict of interest to their direct supervisors.

6. 5 Gifts

No gift should be accepted from a supplier, vendor, contractor or customer unless the gift has insubstantial value and a refusal to accept it would be discourteous or otherwise harmful to the Company. All gifts offered having a value over SR 150 must be approved before they are accepted. As such, all senior managers and employees shall report any gifts offered to their direct supervisors. Similarly, all Board members shall report any gift offered to the Chairman of the Audit Committee. In all cases, all gifts should be reported without regard to value.

6. 6 Entertainment

Acceptance of normal business entertainment such as lunch, dinner, an event, and the like, generally is appropriate if it is of a reasonable nature and is in the course of a meeting or another occasion, the purpose of which is to hold bona fide business discussions or to foster better business relations. All senior managers and employees are to report any such entertainment (in advance, if practical) to their direct supervisors. Similarly, all Board members shall report any entertainment offered to the Board Chairman and the Chairman of the Audit Committee.

6. 7 Outside Activities

All Board members, senior managers and employees are prohibited from engaging in any "freelance" or "moonlighting" activity or employment that adversely affects the quality or quantity of work performed; competes with the Company's activities; implies sponsorship or support by the Company of the outside employment or organization; or adversely affects the Company's reputation; or makes use of or interferes with the Company's time, facilities, resources or supplies.

6. 8 Interests in Other Businesses

It is a potential conflict of interest for all workers or their spouses or any (jointly referred to as "family members") to directly or indirectly have a financial interest (e.g., as an investor, lender or Board members) in a competitor, or in a customer or supplier with whom that employee or his or her subordinates deal in the course of his or her job with the Company. Accordingly, all senior managers and employees must promptly disclose any such interests to their direct supervisor. Similarly, all Board members must promptly disclose any such interests to the Board Chairman and Chairperson of the Audit Committee. In addition, all senior managers and employees must disclose to his or her direct supervisor any employment or consulting relationship that a family member has with a competitor, or with a customer or supplier with whom the individual deals with. Similarly, Board members must disclose the same to the Board Chairman and Chairperson of the Audit Committee.

6. 9 Corporate Opportunities

Board members, senior managers and employees have a duty to advance the Company's legitimate interests when the opportunity to do so arises. They are, therefore, prohibited from:

- Taking for themselves, personally, opportunities that are discovered through the use of corporate property, information or position;
- Using corporate property, information or position for personal gain; and
- Competing with the Company.

6. 10 Nepotism Disclosure

The Company does not prohibit the employment of relatives, and it does not wish to become involved in consensual relationships between co-workers. However, precautions must be taken to ensure that individuals are not and do not appear to be improperly influenced by the existence of close personal relationships. In particular, Board members, senior managers and employees may not directly supervise or otherwise participate in decisions regarding the hiring, retention, promotion or compensation of other employees with whom they have a close personal relationship. The Company construes "close personal relationships" as relationships between immediate family members, spouses, fiancés, children, grandchildren, siblings, parents, grandparents, aunts, uncles, nieces, nephews, and their respective spouses and any other relationships that reasonably might be perceived as potentially compromising on employee's ability to make independent, unbiased decisions on behalf of the Company.

6. 11 Employee Relations

It is the Company's policy that all Board members, senior managers and employees, regardless of level, should strive to meet the following objectives:

- Respect each employee, worker and representative of customers, suppliers and contractors as an individual, showing courtesy and consideration and fostering personal dignity.
- Make a commitment to and demonstrate equal treatment of all employees, workers, customers, suppliers and contractors without regard to race, colour, gender, religion, age, national origin, citizenship status or disability.
- Provide a workplace free of harassment on the basis of race, colour, gender, religion, age, national origin, citizenship status or disability.
- Afford employees a reasonable opportunity, consistent with the needs of the Company, for training to become better skilled in their jobs.
- Encourage promotion from within, consistent with the needs of the Company, whenever qualified employees are available.
- Ensure that each manager knows personally every employee two levels directly below them to allow employees an avenue to voice opinions to management other than their direct management.
- Treat any suggestions by external consultants brought in to enhance our processes as opportunities to improve skills and not as criticism.
- Provide and maintain a safe, healthy and orderly workplace.
- Assure uniformly fair compensation and benefit practices that will attract, reward and retain quality employees.

6. 12 Safety

The Company is committed to providing a safe workplace for all employees. In addition, there are laws and regulations that impose responsibility on the Company to safeguard against safety and health hazards. For those reasons, Board members, senior managers and employees and other persons who are present at the Company's facilities are required to follow all safety instructions and procedures that the Company adopts. If senior managers and employees have any questions about possible health and safety hazards at any Company facility, they should bring those questions to the attention of their supervisor as soon as possible. Similarly, Board members should bring those questions to the Board Chairman.

6. 13 Confidential Information

Board members, senior managers and employees should maintain the confidentiality of information entrusted to them by the Company or its customers, except when disclosure is authorized or legally mandated. “Confidential information” includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed.

6. 14 Fair Dealing

Board members, senior managers and employees should endeavour to deal fairly with the Company’s customers, suppliers, competitors and employees. None should take advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

6. 15 Corruption and Bribery

Bribery occurs when anyone offers, solicits, gives, receives or accepts anything of value in exchange for favourable treatment by a Company, government authority or official. It also occurs when a Company secures an unfair advantage over its competitors through secret and corrupt dealings with prospective customers. Bribery is illegal, and any Company employee who elicits, participates in or condones a bribe, kickback, or other unlawful payment or attempts to participate in any such activity, will be subject to

strict disciplinary action, up to and including termination. The Company also reserves the right to refer such matters to public authorities for possible criminal prosecution.

6. 16 Protection and Proper Use of Company Assets

Board members, senior managers and employees should protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. As such, the Company's assets are to be used only for the legitimate business purposes of the Company and its subsidiaries and only by authorized employees or their designees. This includes both tangible and intangible assets. Some examples of tangible assets include Company vehicles and office equipment such as phones, copiers, computers, furniture, and supplies.

The Company's email system should be restricted primarily to Company business. Highly confidential information should be handled appropriately. Files containing sensitive business data should be appropriately password protected. The Company reserves the right at any time to monitor and inspect, without notice, all electronic communications data and information transmitted on the network and electronic files located on personal computers owned by the Company or computers on the premises used in Company business.

Third party software is provided as a productivity tool for employees to perform their job functions. Employees may be liable as individuals for illegal software use. To the extent permitted under applicable laws, employees, contractors and temporary employees shall assign to the Company any invention, work of authorship, composition or other form of intellectual property created during the period of employment.

6. 17 Advertising and Promotional Activities

False, misleading or deceptive advertising and related activities in the promotion and sale of products sold or offered by the Company is prohibited. In addition, fair and accurate advertising and sales practices are critically important in preserving the Company's goodwill and reputation with its customers and the general public. Therefore, all advertising claims and other representations to customers and potential customers must be truthful and have a reasonable basis. In addition, all advertising claims, whether made in catalogues, brochures, leaflets, posters, newspapers, magazines or other print as well as non-print media, must be substantiated before publication or dissemination.

6. 18 Accurate Record Keeping and Reporting

Board members, senior managers and employees should accurately reflect the transactions of the Company in its books, records, accounts and reports and should maintain an adequate system of internal controls and disclosure controls to promote compliance with the laws, rules and regulations applicable to the Company. Falsification of any Company record is prohibited. All reports, documents or communications authorized or legally mandated for disclosure to the public should be full, fair, accurate, timely and understandable.

The company shall retain all minutes, documents, reports and other papers required to be maintained in the company's head office for at least ten years as per these Regulations. This shall include the Board report and Audit Committee report. Without prejudice to this period, a company, in case of any lawsuit (filed or threatened to be filed) or ongoing claim or any investigation relating to those minutes, documents, reports and other papers, shall maintain them until the end of the ongoing lawsuit, claim or investigation.

6. 19 Influence on the Conduct of Audit

Board members, senior managers and employees must not take any action to fraudulently influence, coerce, manipulate or mislead any auditor performing an audit or review of the Company's financial statements. The types of conduct that may constitute improper influence include:

- Offering or paying bribes or other financial incentives, including offering future employment or contracts for non-audit services.

- Providing an auditor with inaccurate or misleading information or advice, including legal analysis.
- Threatening to cancel or cancelling existing non-audit or audit engagements if an auditor objects to the Company's accounting.
- Seeking to have a partner removed from an audit engagement because he objects to the Company's accounting.
- Blackmailing and making physical threats.

6. 20 The Environment

The Company recognizes that its businesses have an impact on the environment. The Company is committed to ensuring that this impact is reduced where practicable. To satisfy this commitment, the Company seeks to ensure that the resources and materials used by our businesses are sustainable, are capable of being recycled and are used effectively with the minimum of waste; that where practicable, we utilize technologies, materials and processes which do not have an adverse impact on the environment and, where such impact is unavoidable, it is minimized; and that our suppliers and contractors have the same objectives.

6. 21 Government Contracting

The laws, rules and regulations applicable to contracting with government entities are complex and may impose different and special requirements on the Company. Failure to comply with these requirements may be a criminal offence. Board members, senior managers and employees should comply with these requirements and questions regarding compliance should be referred to appropriate personnel or outside counsel as necessary.

6. 22 Reporting of Illegal or Unethical Behaviour

Board members, senior managers and employees should promote ethical behaviour and should encourage employees to talk to supervisors, managers or other appropriate personnel when in doubt about the best course of action in a particular situation. All Board members, senior managers and employees should report violations of laws, rules, regulations or this Code to their appropriate supervisor and/or to the Board Chairman and Chairperson of the Audit Committee. Violations will be investigated and action will be taken by the appropriate personnel or the Board as necessary. The Company will not allow retaliation for reports made in good faith.

6. 23 Corporate Governance and Accountability

The Company is committed to high standards of corporate governance. The Board is accountable to shareholders and others for the Company's activities and is responsible for the effectiveness of corporate governance practices within the Company. The Board of Directors believe the Company complies with all of the recommendations contained in all applicable regulations.

6. 24 Publication, Amendments and Waiver

This Code shall be made available on the Company's website. Moreover, any amendments to or waiver of this Code shall be made only by the Board. If an amendment to or waiver of this Code is made or granted, appropriate disclosure will be made as required by applicable laws and stock exchange regulations.

6. 25 Enforcing the Code

It is the responsibility of the Board and management to enforce the Code onto all levels of employees. The following are enforcement mechanisms that can be used to help emphasize the distribution and awareness of the code throughout the workforce. These are not limited to:

- Employment contracts to new and existing employees must include a full copy of the Code.

- Introduce the Code into training course with required assessment tests. This can be done online, and be an interactive way for new and existing employees to train and/ or re-train themselves on the Company's Code.

- Include a preface at the beginning of the Code from the Chairman emphasizing the importance for following it by all Board members, executive officers and employees of the company.

- Periodical messages from the Chairman, Audit Committee Chair, and Senior Management to all Board members, senior managers and employees reminding them of the Code's existence, implications and any updated sections put forth. This can be in the form of newsletters, emails, bulletins in common areas and if applicable in the company's magazine.

- Board members, senior managers and employees must sign the most current Code on a yearly basis. A copy of this is to be kept for records.

- An electronic copy of the Code should be present on the company's website, accessible to all Board members, senior managers and employees and the general public.

- Periodic update of the Code is necessary to keep up-to-date with the specific industry's regulations, governing laws of the country and/or change of Board's directions.

- Consequences of breaching the Code must be clear and concise, avoiding misconceptions and erroneous beliefs.

- Take full measures when there is a breach of the Code. Consequences taken should be as defined by HR policies, and there should be no exceptions. Board members, senior managers and employees should be aware of this to understand the seriousness.

- Create Code of Conduct "Champions". These are employees who have been trained and have extensive knowledge on the matter. Furthermore, these "Champions" can give workshops and seminars to all employees in the company.

- Periodic workshops of the Code, where Board members, senior managers and employees join in group discussion and are presented with case studies.

- A copy of the Code should be placed in a common area in the office that is always accessible and/or an area that is in the daily path of employees; for easy access and viewing.

- Provide translated versions of the Code through all channels listed in this document, in all the languages spoken at the office and country the firm is located in. It could be presented in a small yet attractive booklet, which can be easily carried around and viewed.

- Enforce the Code with all Business Associates/Partners, both domestically and internationally.

- Conduct periodic compliance audits by the internal audit department to ensure all personnel are complying with the Code.

The company may use further mechanisms to ensure compliance with code as it deems appropriate.

Disclosure and Transparency

7

7. Disclosure and Transparency

7. 1 Purpose

The purpose of Disclosure and Transparency policy is to ensure that the Board of Directors will guarantee that timely and accurate disclosure is made on all material matters regarding the Company, including the financial situation, performance and governance of the Company. This policy shall be reviewed periodically and their compliance with the best practices and the provisions of the Capital Market Law and its implementing rules shall be verified.

7. 2 Presumption of Disclosure

This Policy Commits Gulf Union Al Ahlia Cooperative Insurance Company to the principle of maximum disclosure. This means that company executives will approach information creation, management and disclosure issues with the presumption that disclosure will be allowed, unless the release of information would be genuinely likely to cause harm to one of the key interests listed below and there is no overriding public interest reason in favour of disclosure.

Gulf Union Al Ahlia Cooperative Insurance Company is committed to ensuring that information which if released could harm the company. To this end, in accordance with this policy executives should withhold information in the following situations:

- Where disclosure would be reasonably likely to cause serious prejudice to the effective development or delivery of products and services.
- Where disclosure would constitute a breach of legal professional privilege or any other fiduciary relationship recognized by statute.
- Where disclosure would endanger the health or safety of any natural person.
- Where disclosure would seriously prejudice the legitimate commercial or competitive position of Gulf Union Al Ahlia Cooperative Insurance Company or a third party or cause unfair gain or loss to any person or the information was obtained in confidence from a third party and it contains a trade secret protected by law.
- Where disclosure would constitute an unreasonable invasion of privacy of a person or where the information is about a Gulf Union Al Ahlia Cooperative Insurance Company executive but has no relation whatsoever to their official position or duties.

7. 3 Clear fair and not misleading disclosure

All disclosures made by Gulf Union Al Ahlia Cooperative Insurance Company to the public must be clear, fair and not misleading. The Company's website shall include all information required to be disclosed and any details or other information that may be published through other disclosure methods.

The Board shall make available to the shareholder complete, clear, accurate and non-misleading information to enable him/her to properly exercise his/her rights. Such information shall be provided at the proper times and shall be updated regularly.

The method used to provide information to the shareholders shall be clear and detailed and shall include a list of the Company's information that the shareholders may obtain. This information shall be made available to all shareholders of the same class.

The Company shall use the most effective methods in communicating with shareholders and shall not discriminate among shareholders in respect of providing information.

Reporting rules shall be established and shall describe the information required to be disclosed and the method of its classification in terms of its nature, and the frequency of its disclosure;

Disclosures to the public of any information or material developments required must be made at least two hours before the start of the trading period.

7. 4 Material developments disclosure obligation

Gulf Union Al Ahlia Cooperative Insurance Company shall not announce any anticipated actions that require Insurance Authority's prior approval or non-objection, before obtaining the actual approval or non-objection, taking in consideration all related laws and regulations.

Gulf Union Al Ahlia Cooperative Insurance Company must notify the CMA and the public without delay of any material developments in its sphere of activity which are not public knowledge and which may have an effect on the assets and liabilities or financial position or on the general course of business of Gulf Union Al Ahlia or its subsidiaries and which may:

- Lead to movements in the price of the listed securities; or
- Significantly affect Gulf Union Al Ahlia Cooperative Insurance Company's ability to meet its commitments in respect of debt instruments.

Gulf Union Al Ahlia Cooperative Insurance Company must assess whether any investor would be likely to consider information about the development in making his investment decisions.

Material developments referred above which Gulf Union Al Ahlia Cooperative Insurance Company must disclose include, but are not limited to, the following:

- Any transaction to purchase or sell an asset at a price equal to or greater than 10% of the net assets of Gulf Union Al Ahlia Cooperative Insurance Company. GULF UNION AL AHLIA's disclosure must contain the following information (where applicable):
  - Transaction details, conditions, parties' involved and funding method.
  - Description of the business subject of the transaction.
  - Three years financial information of the asset subject of the transaction.
  - Transaction reasons and expected effects on Gulf Union Al Ahlia Cooperative Insurance Company and its operations.
  - Statement on the use of proceeds.
- Any debt outside Gulf Union Al Ahlia Cooperative Insurance Company's ordinary course of business, of a value equal to or greater than 10% of GULF UNION AL AHLIA's net assets;
- Any losses equal to or greater than 10% of Gulf Union Al Ahlia's net assets;
- Any significant change in Gulf Union Al Ahlia 's production environment or activity including but not limited to the availability of resources and the possibility of obtaining them;
- Any changes in the composition of the Board of Directors or CEO of Gulf Union Al Ahlia;
- Any significant legal proceedings where the value involved is equal to or greater than 5% of the net assets of Gulf Union Al Ahlia Cooperative Insurance Company;
- The increase or decrease in the net assets of GULF UNION AL AHLIA equal to or greater than 10%;

- The increase or decrease in the gross profit of GULF UNION AL AHLIA equal to or greater than 10%;
- The entering into, or the unexpected termination of, any contract with revenues equal to or greater than 5% of the gross revenues of Gulf Union Al Ahlia Cooperative Insurance Company;
- Any transaction between Gulf Union Al Ahlia Cooperative Insurance Company and a related party or any arrangement through which GULF UNION AL AHLIA and a related party invest in any project or asset or provide financing therefore; and
- Any interruption in the principal activities of Gulf Union Al Ahlia Cooperative Insurance Company or its subsidiaries.

7. 5 Disclosure of Financial Information

The financial year of the company shall consist of twelve months to be set in its Articles of Association. As an exception, the first financial year may be set in not less than six months and not more than eighteen months from the date of the company incorporation in the commercial register.

The interim and annual financial statements of Gulf Union Al Ahlia Cooperative Insurance Company must be approved by the Board members and signed by Board Chairman, CEO and Finance Manager prior to their issuance and circulation to shareholders and third parties.

The interim and annual financial statements and the Board of Director's report must be filed with the CMA immediately upon approval by the Board members.

Gulf Union Al Ahlia Cooperative Insurance Company shall announce, through the electronic applications that the CMA specifies, its interim and annual financial statements immediately upon approval by the Board members and such statements must not be published to the shareholders or third parties prior to their announcement in the Exchange.

Gulf Union Al Ahlia Cooperative Insurance Company must provide the CMA and announce to the shareholders its interim financial statements (which must be prepared and reviewed in accordance with the accounting standards issued by IFRS) as soon as they have been approved and within a period not exceeding the specified legal period after the end of the financial period included in such financial statements.

Gulf Union Al Ahlia Cooperative Insurance Company must provide the CMA and announce to the shareholders its annual financial statements (which must be prepared and audited in accordance with the accounting standards issued by IFRS) as soon as they have been approved and within a period not exceeding the specified legal period after the end of the annual financial period included in such financial statements. Gulf Union Al Ahlia Cooperative Insurance Company must provide the CMA and announce to the shareholders these annual financial statements not less than Twenty-one days calendar days before the date of convening GULF UNION AL AHLIA's Annual General Meeting.

7. 6 Disclosure in the General Assembly report

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, including but not limited to the following:

- Analytical review of the Company's financial performance during the last period
- Key decisions made and their impact on the Company's performance and
- position
- Assessment of the Company's strategy and financial position

- Names of any joint stock company(ies) in which a member of the Company's Board is a board member
- Any punishment, preventive restriction or penalty imposed on the company by any judiciary, supervisory or regulatory body
- Any punishment, preventive restriction or penalty imposed on any board member by any judiciary, supervisory or regulatory body if it is related to the company
- Assessment of potential risks and how such risks are being managed
- Projections of future performance

7. 7 Disclosure in the Board of Directors' report

Gulf Union Al Ahlia Cooperative Insurance Company must include within its annual financial statement a report issued by the Board of Directors including a review of the operations of GULF UNION AL AHLIA during the last financial year and of all relevant factors affecting GULF UNION AL AHLIA's business which an investor requires to assess the assets, liabilities and financial position of GULF UNION AL AHLIA.

- The Board shall make the financial statements and BOD annual report available to the auditor at least forty-five days prior to the date set for the General Assembly meeting.
- The company Board Chairman, CEO and finance manager must sign the documents and a copy of the financial statements and BoD annual report shall be kept at the company headquarters at the shareholders' disposition at least Twenty-one days prior to the date of the General Assembly meeting.
- The Board Chairman must provide the shareholders with the company financial statements, BoD report and the Auditor's report unless they are published in a daily newspaper distributed at the company headquarters.
- The classification of the previous years shall be considered in the classification of financial statements of every financial year.
- The principles of recognition of the assets and liabilities shall remain the same without prejudice to the generally accepted accounting standards.

The Board of Directors' report must contain, as a minimum, the following:

- Implemented and non-implemented provisions of the Corporate Governance regulations, and justifications therefor;
- Names, qualifications, dates of current term start and end, and experience of the Board members, committees members and Executive management;
- The Board shall include the names of other joint stock or non-joint stock companies inside and outside of the Kingdom in which the Board members act as members of their current or previous Board or Executive management; and other positions held within the company (if applicable)
- The composition and classification of the Board members as follows: Executive Board member, Non-Executive, or Independent members;
- Procedure taken to the Board to inform its members, Non-Executive Directors in particular, of the shareholders' suggestions and remarks on the Company and its performance.

- Brief summary of the duties and jurisdiction of the Board's main committees; including names of their members and the Chairman with the aggregate of their respective meetings dates of those meetings and the members' attendance details of each meeting;

- Where applicable, the means used by the Board to assess its performance, the performance of its committees and members and the external body which conducted the assessment and its relation with GULF UNION AL AHLIA;

- The Board's report shall include a comprehensive statement of all the remuneration, allowances and other benefits earned by the Board members and top executives during the financial year, and shall include:

  - The remuneration policy and the method by which remunerations of the Board and Executive Management are determined;

  - All the amounts paid to the Chairman, Board members and Executive management in their capacities as workers or executives, and whether these were in 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;

  - All the amounts paid to them for technical, administrative or consulting works.

  - The number of meetings of the Board held from the date of the last General Assembly meeting and the attendance record of each meeting.

  - An explanation of the relationship between remunerations granted and applicable remuneration policy, highlighting any significant deviation from such policy

  - Description of the necessary details with respect to the remunerations and compensations granted to each of the following, separately (divided into salaries, allowances, bonuses and any other components), in addition to a description of any performance-linked incentives available for members of Senior Management:

    - Board members;
    - The top five executives who have received the highest compensation and remuneration from the company. The CEO and CFO shall be included if not within the top five;
    - Members of committees.
  - The remuneration disclosures in the Board report shall be pursuant to the schedule in CMA Corporate Governance Regulations.

- Any fines imposed on the company by the Insurance Authority, CMA, other regulatory and/or judiciary bodies describing the reasons for non-compliance, the imposing authority and the measures undertaken to remedy and avoid such non-compliance in the future shall be included in the Board's report. This includes but is not limited to punishments, penalties or any preventive restrictions.

- Results of the annual audit and internal controls procedures of the company and the opinion of the Audit Committee with respect to the adequacy of GULF UNION AL AHLIA 's internal control system;

- The Audit Committee's recommendation on the need for appointing an internal auditor for GULF UNION AL AHLIA, if there is no internal auditor.

- The Audit committee's recommendation with conflict with Board resolution or those which the Board disregards relating to the appointment, dismissal, assessment or determining the remuneration of an external auditor, as well as justifications for those recommendations and reasons for disregarding them.

- A list of the dates of the General Assembly meetings held during the last fiscal year and the names of the Board members who attended them.

- A description of the principal activities of GULF UNION AL AHLIA. If two or more activities are described, a statement must be included giving for each activity the turnover and contribution to trading results attributable to it;

- A description of GULF UNION AL AHLIA's significant plans and decisions (including any restructuring, business expansion or discontinuance of operations of GULF UNION AL AHLIA), the future prospects of GULF UNION AL AHLIA's business and any risks facing the Company;

- Information on any risks facing the company (operational, financial or market related) and the policy of managing and monitoring these risks.

- A summary, in the form of a table or a chart, of the assets and liabilities of GULF UNION AL AHLIA and of GULF UNION AL AHLIA's business results for the last five financial years or from incorporation, whichever is shorter;

- A geographical analysis of GULF UNION AL AHLIA's gross revenues;

- An explanation for any material differences in the operating results of the previous year or any announced forecast made by GULF UNION AL AHLIA;

- Any inconsistency with the standards approved by the Saudi Organisations for Certified Public Accountant.

- An explanation for any departure from the accounting standards issued by IFRS;

- The name of each affiliate, its share capital, GULF UNION AL AHLIA's ownership percentage in it, its main business, its principal country of operation and its country of incorporation;

- The particulars of the issued shares and debt instruments of every affiliate company;

- A description of GULF UNION AL AHLIA's dividend policy;

- The method of distribution of profits.

- A description of any interest in a class of voting shares held by persons (other than GULF UNION AL AHLIA's Board of Directors, senior executives and their relatives) that have notified GULF UNION AL AHLIA of their holdings pursuant to Article 45 of Listing Rules, together with any change to such interests during the last financial year;

- A description of any interest, contractually based securities, and subscription rights of GULF UNION AL AHLIA's Board of Directors, senior executives and their relatives in the shares or debt instruments of GULF UNION AL AHLIA or any of its subsidiaries, together with any change to such interest or rights during the last financial year;

- Information relating to any borrowings of GULF UNION AL AHLIA (whether repayable on demand or otherwise), and a statement of the aggregate indebtedness of GULF UNION AL AHLIA and its subsidiaries together with any amounts paid by GULF UNION AL AHLIA as a repayment of loans during the year the amount of the principal debts, the creditor name, the

loan term and remaining amount. In case there are no loans outstanding for GULF UNION AL AHLIA, GULF UNION AL AHLIA must provide an appropriate statement;

- A description of the classes and numbers of any convertible debt instruments, any contractually based securities, warrants or similar rights issued or granted by GULF UNION AL AHLIA during the financial year, together with the consideration received by GULF UNION AL AHLIA in return;
- A description of any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by GULF UNION AL AHLIA;
- A description of any redemption or purchase or cancellation by GULF UNION AL AHLIA of any redeemable debt instruments and the value of such securities outstanding, distinguishing between those listed securities purchased by the company and its affiliates
- The number and the dates of meetings of the Board of Directors held during the last financial year and the attendance record of each meeting listing names of the attendees;
- Ownership in the Company (direct and indirect) by Board members and members of Senior Management, and any changes of their ownership over the last year as listed in the approved shareholders' register.
- Names of all Major Shareholders and their ownership in the company
- Numbers of company's requests of shareholders records, dates and reasons thereof.
- A description of any transaction between GULF UNION AL AHLIA and any related party including significant shareholders and members of the Board and Senior Management, that took place during the period, and how much transactions are or were approved ;
- Any potential cases of conflict of interest and how they were addressed
- Information relating to any business or contract to which GULF UNION AL AHLIA is a party and in which a Board member of GULF UNION AL AHLIA, the CEO, the CFO, senior executive or any person related to any of them is or was materially interested, or if there are no such contracts, GULF UNION AL AHLIA must submit an appropriate statement;
- A description of any arrangement or agreement under which a Board member or a senior executive of GULF UNION AL AHLIA has waived any salary or compensation;
- A description of any arrangement or agreement under which a shareholder of GULF UNION AL AHLIA has waived any rights to dividends;
- A statement of the value of any paid and outstanding statutory payment on account of any Zakat, taxes, fees or any other charges that have not been paid until the end of the annual financial period with a brief description and the reasons therefore;
- A statement as to the value of any investments made or any reserves set up for the benefit of the employees of GULF UNION AL AHLIA;
- Details of GULF UNION AL AHLIA's social contributions, if any;
- Declaration that:
    - Proper books of account have been maintained;

- The system of internal control is sound in design and has been effectively implemented; and
- There are no significant doubts concerning GULF UNION AL AHLIA's ability to continue as a going concern;

- If the external auditor's report containing reservations on the relevant annual financial statements is qualified, the Board of Directors report must include such qualifications, its reasons and any related information;
- If the Board members recommend that the external auditors should be changed before the elapse of the term it is appointed for, the report must contain a statement to that effect and the reasons for such recommendation;
- If any of the statements above cannot be made, the report must contain a statement clarifying the reasons therefore.

7. 8 Disclosure regarding corporate governance

The company shall disclose material information on corporate governance policies and procedures. Specifically, the company shall disclose the following:

- Division of authority between stakeholders, executive officers and Board members;
- Board nomination policies;
- Conflicts of interest;
- Number of Board meetings held annually;
- Corporate objectives other than stakeholder value maximization and their explanation; and
- Stakeholder voting system.

7. 9 Disclosure in the Audit Committee Report

The report of the audit shall include details of its performance of its competencies and duties stated in the Companies Law and Its Implementing Regulations, provided that the report contains its recommendations and opinion on the adequacy of the internal and financial control systems and risk management systems in the Company.

The Board shall make available sufficient copies of the Audit Committees' report at 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. Summary of the report shall be read at the General Assembly.

7. 10 Disclosure regarding the Annual General Meeting (AGM)

Date, place, and agenda of the General Assembly shall be specified and announced by a notice, at least Twenty-one days prior to the date the meeting; invitation for the meeting shall be published in the Exchange' website, the company's website

The Company may invite the General and Special Shareholders' Assemblies to convene using methods of contemporary technologies

7. 11 Disclosure regarding Corporate Social Responsibility Polices

The company shall disclose its corporate social responsibility policies and procedures related to employees, community and environment at least once a year, including:

- Disclosing the objectives of the Company's social responsibility to its employees and raising their awareness and knowledge of social responsibility;
- Disclosing plans for achieving social responsibility in the periodical reports on the activities of GULF UNION AL AHLIAGULF UNION AL AHLIA;
- Disclosing details of the company's social contributions, if any.

7. 12 Disclosure to the Regulatory Bodies

The Board shall disclose the following to the specified regulatory bodies:

- A termination of a Board member, with reasons to such a termination shall be promptly disclosed to the Authority, Exchange and Insurance Authority.
- Insurance Authority's written non-objection prior to the appointment of any Board member
- CMA must be notified within five working days from the appointment date of the Board member.
- A copy of the General Assembly meeting invitation and the meeting agenda shall be sent to CMA within Twenty-one days prior to the date set for the meeting.
- A copy of the company financial statements, Board report and the auditor's report must be sent to CMA at least Twenty-one days prior to the date of the General Assembly meeting.
- Within thirty days from the date of the General Assembly approval of the company financial statements, Board report, the auditor's report and the Audit Committee report, the Board of Directors shall deposit a copy of these documents to CMA.

7. 13 Notification related to substantial holdings in shares or convertible debt instruments

Where a person is subject to one or more of the following events, the person must notify GULF UNION AL AHLIA and the CMA Within a period not exceeding the third trading day following the implementation of the occurrence of the relevant event:

- Becoming the owner of, or interested in, 5% or more of any class of voting shares or convertible debt instrument of GULF UNION AL AHLIA;
- A Board member or senior executive of GULF UNION AL AHLIA becoming the owner of, or interested in, any rights in the shares or convertible debt instruments of GULF UNION AL AHLIA; and

For the purposes of calculating the total number of shares or convertible debt instruments in which a person is interested, that person will be deemed to be interested in any shares or convertible debt instruments owned by or controlled by any of the following persons:

- A relative of that person;
- A Company controlled by that person; or
- Any other persons with whom that person has agreed to act in concert to acquire interest in or exercise voting rights in the shares of GULF UNION AL AHLIA.

The notice referred above shall be in accordance with a form prepared by the CMA and must contain at least the following information:

- The names of the persons who own or have the right to dispose of the subject shares or convertible debt instruments;
- Details of the ownership process;
- Details of any loans or financial support for the ownership process that the person has received from any other persons; and
- The ownership objective.

In case of a change in the ownership or interest objective that was previously disclosed, the relevant person shall promptly notify GULF UNION AL AHLIA and the CMA of such change.

7. 14 Notification related to securities

GULF UNION AL AHLIA must notify the CMA without delay of any significant change in the holding or identity of those persons holding more than 5% of GULF UNION AL AHLIA's shares or convertible debt instruments.

- GULF UNION AL AHLIA must notify the CMA and the public without delay of the following information:
- Any proposed change in the capital of GULF UNION AL AHLIA;
- Any decision to declare, recommend to declare or pay dividends or to make any other distributions to the holders of its listed securities;
- Any decision not to declare, recommend not to declare or pay dividends which would otherwise have been expected to have been declared, recommended to declare or paid in the normal course of events;
- Any decision to call, repurchase, draw, redeem or propose to buy any of its securities and the total amount and value thereof;
- Any decision not to make payment in respect of debt instruments or convertible debt instruments; or
- Any change in the rights attaching to any class of listed shares or to the debt instruments convertible to such shares.

7. 15 Miscellaneous provisions

The Board shall regulate the disclosures of each of its members and the members of the Executive Management, observing the following:

- Maintaining a register for the disclosures of the Board members and the Executive Management and updating it regularly based on disclosures required as per the Companies Law, the Capital Market Law and their implementing regulations;
- Making such register available for review by the Company's shareholders free of charge.

GULF UNION AL AHLIA must notify the public promptly of:

- Any change in GULF UNION AL AHLIA's Articles of Association or the location of its principal office;
- Any change in its external auditors;

- The presentation of any winding-up petition, the making of any winding-up order or the appointment of a liquidator in respect of GULF UNION AL AHLIA, its holding Company or any of its subsidiaries under the companies law, or the commencement of any proceedings under the bankruptcy regulations;

- The passing of a resolution by GULF UNION AL AHLIA or its affiliates that it be dissolved or liquidated, or the occurrence of an event or termination of a period of time which would require GULF UNION AL AHLIA to be put into liquidation or dissolution;

- The making of any judgment, decision, order or declaration by a court or tribunal of competent jurisdiction, whether at first instance or on appeal, which may adversely affect GULF UNION AL AHLIA's utilization of any portion of its assets which in aggregate value represents a value in excess of 5% of the net assets of GULF UNION AL AHLIA; or

- The call for convening a General Assembly and its agenda.

- Date, place, and agenda of the General Assembly shall be specified and announced by a notice, at least Twenty-one days prior to the date the meeting.

- Invitation for the meeting shall be published in the Exchange' website, the Company's website. Modern high tech means shall be used in communicating with shareholders.

- The General Assembly may authorize the Board of Directors to set the amount of bond loans and conditions. The Assembly resolution to issue bonds will be implemented only after the loan is registered in the Commercial Register and published in the Official Gazette.

7. 16 Language of announcements, notifications and publications

All announcements, notifications and publications must be in Arabic and GULF UNION AL AHLIA may translate them to English, as the regulatory requirements.

7. 17 Provision of documents to the CMA

GULF UNION AL AHLIA must send copies to the CMA of the circulars sent to shareholders and all documents relating to acquisitions, mergers and offers, notices of meetings, reports, announcements or other similar documents, promptly after they are issued.

7. 18 Policy Review

The Audit Committee will, at least annually, conduct a review of this policy and their compliance with the best practices and the provisions of the applicable laws, and present its observations and recommend changes (if any) to the Board of Directors for their review and approval.

7. 19 Responsible officer

The CEO shall be responsible for overseeing the interpretation and implementation of this policy.

Conflict of Interest Policy

8

8. Conflict of Interest Policy

8. 1 Purpose

The purpose of this section is to outline the policies that shall prohibit conflicts of interest within the Board of GULF UNION AL AHLIA. This policy aims to help GULF UNION AL AHLIA's Board of Directors to appropriately manage conflicts in accordance with legal requirement and the goals of accountability and transparency in GULF UNION AL AHLIA's operations. This policy shall include the following:

- Inform Board members, Substantial Shareholders, Senior Executives and other employees of the Company of the importance of avoiding situations that may lead to a conflict between their interests and the interests of the Company, and dealing with them in accordance with the provisions of the Companies Law and Its Implementing Regulations.
- Provide examples of conflicts of interest situations that are relevant to the nature of the Company's activity.
- Clear procedures for disclosing conflicts of interest and obtaining authorization or the requisite approval prior to commencing the activities that may lead to conflicts of interest.
- The obligation to constantly disclose situations that may lead to conflicts of interest or upon the occurrence of such conflicts.
- The obligation to abstain from voting or taking part in decision making when there is conflicts of interest.
- Clear procedures when the Company contracts or enters into a transaction with a Related Party, this shall include notifying the Authority and the public without any delay of 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.
- Procedures to be taken by the Board when discovering that such policy is violated.

8. 2 Overview

Conflicts of Interest exist in organisations where a person's private interests interfere in any way with the overall interests of the organisation.

GULF UNION AL AHLIA acknowledges and respects the fact that its Board of Directors have their own individual interests and have the right to engage in various activities provided that the activities do not in any possible way lead to a situation that conflict with the overall interests of GULF UNION AL AHLIA.

Furthermore, conflicts of interests may be determined by the following situations:

- Use of one's position in the company, or of information, or of business opportunities acquired during one's work, to one's undue benefit or to the undue benefit of third parties;
- The performing of any type of work for suppliers, sub-suppliers and competitors by employees and/or their relatives.

A conflict of interest can arise when an individual takes actions or has interests that may make it difficult to perform his or her work for the Company objectively and effectively. Conflicts of interest may also arise when an individual, or members of his or her family, receive improper personal benefits as a result of his or her position in the Company. Loans to, or guarantees of obligations of, individuals and their family members may create conflicts of interest. It is almost always a conflict of interest for an individual to work simultaneously for a competitor, customer or supplier.

8. 3 GULF UNION AL AHLIA Policies on Conflicts of Interest

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/she 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/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.

All Board members shall:

- A Board member shall perform his/her duties with honesty and integrity, and prioritise the interests of the Company over personal interest, and not use his/her position to achieve personal interests.

- A Board member shall avoid situations of conflicts of interest and notify the Board of situations of conflict which may affect his/her neutrality when looking into matters presented before the Board.

- Protect the confidentiality of the information related to the Company and its activities, and not disclose any of such information to any person.

- A Board member may not take part in any business that might compete with GULF UNION AL AHLIA in any branch of its businesses otherwise the company may claim indemnification before the competent judicial authority unless such member obtains a prior authorization for this purpose from the Ordinary General meeting to be renewed annually.

- A member of the Board of Directors may not have any interest, whether directly or indirectly, in the transactions or contracts made for the account of the company, except with an authorization from the Ordinary General meeting, to be renewed annually.

- Shareholders may not act as a shareholder, manager or Board member in any competing company nor to hold shares or stocks with influencing percentage in a company doing the same business.

- Members of the Board shall 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, Insurance Authority, and their implementing regulations.

- Members of the Board shall notify the Board fully and immediately of his/her 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, Insurance Authority and their implementing regulations.

- All conflicts of interest(s) shall be disclosed in Board meetings where the disclosure shall be entered into the minutes of the meeting. Furthermore, conflicts of interests can be disclosed

and submitted to the Audit Committee of GULF UNION AL AHLIA through a Conflict of Interest Disclosure Form.

- Prior to Board or committee action on a Contract or Transaction involving a Conflict of Interest, a Board member or committee member having a Conflict of Interest and who is in attendance at the meeting shall disclose all facts material to the Conflict of Interest. Such disclosure shall be reflected in the minutes of the meeting. If other Board members are aware that a Board member has a conflict of interest, relevant facts should be disclosed by the Board member or by the interested person himself if invited to the Board meeting as a guest for purposes of disclosure.

- A Board member or committee member who plans not to attend a meeting at which he has reasons to believe that the Board or committee will act on a matter in which the person has a Conflict of Interest shall disclose to the chair of the meeting all facts material to the Conflict of Interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.

- A person who has a Conflict of Interest shall not participate in or be permitted to hear the Boards or committee's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter, either in or outside the meeting.

- A person who has a Conflict of Interest with respect to a contract or transaction that will be voted on at a meeting shall not be counted in determining the presence of a quorum for purposes of the vote.

- In the event it is not entirely clear that a Conflict of Interest exists, the individual with the potential conflict shall disclose the circumstances to the Audit Committee, who shall determine whether full Board discussion is warranted or whether there exists a Conflict of Interest that is subject to this.

- The Board shall notify the Ordinary General meeting on the transactions and contracts in which a Board member or Senior Management or their related parties may have a direct or indirect interest, and the notice shall be accompanied by a report by the company external auditor.

- The Board members may not participate in the voting on the Assembly resolutions related to their release from the company management or related to their direct or indirect interests therein.

- If the Board member fails to disclose any direct or indirect interest he has in the Company, or any similar business entities, the Company may request the competent judicial authority to invalidate the contract and oblige the member to refund any profit or benefits earned as a result of such interest.

Competing with the Company:

Without prejudice to Article (71) of the Companies Law, 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:

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

- The conflicted member shall abstain from voting on the related decision in the Board meeting and General Assemblies.

- The Board informing the Ordinary General Assembly, once convened, of the competing businesses that the member of the Board is engaged in.

- Obtaining an authorisation of the Ordinary General Assembly of the Company for the member to engage in the competing business, provided that such authorisation shall be renewed annually.

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:

- The Board members' establishing a company or a sole proprietorship or the ownership of a controlling percentage of shares or stakes in a Company or any other entity engages in business activities that are similar to the activities of the Company or its group.

- Accepting 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.

- The Board member's acting as an overt or covert commercial agent for another company or entity competing with the Company or its group.

Rejecting the Renewal of Authorisation

- If the General Assembly rejects renewing the authorisation granted pursuant to Articles (27) and (71) of the Companies Law and Article (44) of Corporate Governance Regulations, the member of the Board shall resign within a period specified by the General Assembly; otherwise, his/her membership in the Board shall be deemed terminated, unless he/she decides to withdraw from such contract, transaction or competing venture or regularise his/her situation in accordance with the Companies Law and its Implementing Regulations prior to the end of the period set by the General Assembly.

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 a conflicts of interest.

Taking into consideration what is stated in the relevant laws and regulations and what is stated in the Implementing regulations of the Companies Law

Stakeholders' Relations

9

9. Stakeholders' Relations

9.1 Purpose

The purpose of this section is to outline the policies that shall govern and provide guidelines for issues related to Stakeholder Relations within the Board of GULF UNION AL AHLIA.

9.2 Stakeholders' Relations: Overview

Stakeholders are individuals or groups of individuals that have a direct or indirect stake in an organisation who can affect or be affected by the organisation's actions, objectives and policies. Key stakeholders in an organisation include shareholders, executive management, employees, customers, creditors, banks, suppliers, local community and government. The table below shows these groups of stakeholders and their main interests and influences over an organization.

Table 1: Stakeholders' Interest

Stakeholder	Main Interests	Power and Influence
Shareholders	Profit growth	Voting in AGM
Banks and other lenders	Interest and principal to be repaid, credit rating	Can withdraw banking facilities or affect credit rating.
Directors and managers	Salary, Job satisfaction, status	Make decisions, have detailed information
Employees	Salaries & wages, job security, job satisfaction & motivation	Staff turnover, service quality
Suppliers	Long term contracts, prompt payment	Pricing, quality, product availability
Customers	Reliable quality, value for money, customer service	Revenue, Continued business relationship, word of mouth
Community	Environment, local jobs	Indirect via government
Government	Operate legally, jobs	Regulations

Organisations that invest time in ensuring healthy relations with their stakeholders are bound to enjoy more success and reap benefits compared to those organisations who do not recognize that building trust and support of stakeholders is an important component of the their success and long-term vision.

Good stakeholder relations can help organisations in various ways such as:

- Strengthen loyalty;
- Enable good decision making;
- Identifying problems/issues;
- Help resolve issues;
- Support shared learning.

9.3 Policies related to Stakeholder Relations

9.3.1 Overview

The Board of GULF UNION AL AHLIA is committed to the highest ethical standards as the company desires its stakeholders to have strong faith and commitment towards it. Trust and strong commitment is key for GULF UNION AL AHLIA in order to build a healthy relationship with its stakeholders.

9.3.2 Shareholders

GULF UNION AL AHLIA is committed to creating sustainable shareholders value and aims to provide prolific financial returns and act in the best interests of its shareholders.

9.3.3 Customers & Suppliers

GULF UNION AL AHLIA is committed to providing end products of superior quality, excellent services and value-adding solutions. GULF UNION AL AHLIA seeks to deal with customers and suppliers in a straightforward and honest manner. GULF UNION AL AHLIA seeks to build and maintain good relations with both its customers and suppliers and shall ensure the confidentiality of information related to them is protected.

9.3.4 Employees

GULF UNION AL AHLIA is committed to treating people with dignity and providing equal employment opportunities for all employees in its employment practices, including recruiting, compensation, professional development and promotion.

The Board of Directors of GULF UNION AL AHLIA believe in, providing safe and healthy working conditions, respecting human rights and respecting employees' rights.

The Board of Directors of GULF UNION AL AHLIA expects its employees to speak out when they see ethical lapses. The Company does not want others to ask its employees to do anything wrong and, likewise, shall not ask anyone else to do anything wrong.

9.3.5 Community

GULF UNION AL AHLIA committed to contributing to the overall quality of life wherever it operates and to use resources responsibly to preserve the environment. The Board of Directors wants communities to count on the company's help in civic, charitable and other community activities.

Furthermore, in order to develop successful stakeholder relations, GULF UNION AL AHLIA shall follow the following principles:

- Those affected by GULF UNION AL AHLIA's business have a right to be informed about the company's activities, participate in a transparent stakeholder engagement process and be involved in issues and opportunities that affect them.
- Stakeholders shall be provided with timely and accurate information about our business and GULF UNION AL AHLIA will take into account the needs and concerns of stakeholders when making decisions on the company's behalf.
- GULF UNION AL AHLIA shall keenly seek out feedback from its stakeholders on its business decisions.
- GULF UNION AL AHLIA shall encourage stakeholders to define the manner in which they wish to be consulted, and shall strive to remain flexible and responsive to stakeholder preferences.
- GULF UNION AL AHLIA respects the values and culture of each stakeholder. When disagreement with stakeholders occurs and cannot be resolved, the Company employees shall always demonstrate respect for the diversity of views presented and try to resolve issues as quickly as possible.

9.4 Stakeholders Relations

A stakeholder to the Company is a person, group, organization, or system who affects or can be affected by the Company's actions.

A useful way to manage stakeholder relations is to establish and disclose a written code of conduct, one part of which guides the Company's compliance with legal and other obligations to legitimate stakeholders.

In the event where a stakeholder's right(s) is (are) violated, the Audit Committee shall ensure that corrective action is taken or recommended in order to adequately resolve the issue.

The Board will be responsible for setting the tone and culture of the Company and overseeing the compliance with the code including the management of stakeholder requirements. The Code of Conduct should address the Company's legal obligations as well as provide an avenue for employees to alert management and the Board of potential misconduct without fear of retribution. Stakeholders whose interests are relevant for legal, contractual or commercial considerations include:

- Employees.
- Customers.
- Creditors.
- Institutional investors.
- Financiers/bankers.

9.4.1 Employees

Board members generally do not owe a legal fiduciary duty to employees, but the Board must be aware of:

- The importance of employee support and commitment to enable the Company to achieve its objectives.
- The specific obligations imposed by other legislation including occupational health and safety laws.

9.4.2 Customers

Without the customers there is no business. This evidences their importance to the Company and the Board. Understanding and responding to the needs or concerns of customers should not be left solely to management. It requires Board attention. Boards should take an active interest in how the Company handles and resolves customer complaints. Pertinent statistics and key emerging issues outlined in customer complaints should be reported to the Board on a periodic basis.

9.4.3 Creditors

The Board's positive duty to creditors has been widely discussed and confirmed in case law and should be a particular focus for the Board in times of financial difficulty.

9.4.4 Institutional Investors

Investors base decisions on the information they receive, most of which comes from the companies themselves. It is therefore, important to understand and respond appropriately to the needs and expectations of the shareholders as a group and to recognize that it is the institutional investors and shareholder advocacy groups that will be most vocal in their demands.

The Company needs to ensure that it balances the expectations and demands of institutional investors against the interests of shareholders as a whole, and to ensure that there is fair, equitable and consistent treatment of all shareholders.

9.4.5 *Financiers and Bankers*

Careful attention must be paid to the Company's obligations to its banks and financial institutions. Many lenders will have covenants in place that require the Company to adhere to predetermined ratios and other requirements in order to satisfy financing arrangements.

Board members need to have a clear understanding of these requirements and ensure that Management is appropriately monitoring the Company's position to ensure these covenants are not breached and penalties or other consequences are not triggered. In addition, care should be taken to establish open communication with the Company's financiers, engaging them in dialogue on a periodic basis and responding positively to their information needs and requests. Positive relations with the Company's financiers are important when facilities need to be extended, reviewed or revised.

9.4.6 *The Wider Community*

Environmental and trade practices law and public expectations require companies to be socially responsible in their operations and dealings with the community. These are not fiduciary duties but are significant legal and moral obligations that need to be considered as part of the Company's decision-making processes and in the conduct of its business activities. Failure to understand and respond appropriately to relevant issues may have adverse financial, reputational or other consequences for the Company.

9.5 Mechanisms to resolve disputes and complaints of stakeholders

The Board shall, based upon a proposal from the Audit Committee, develop the necessary policies and procedures to be followed by Stakeholders when submitting complaints or reporting any violations, taking the following into consideration:

- Facilitating the method by which Stakeholders (including Company employees) report to the Board conducts and practices of the Executive Management's that violate applicable laws, regulations and rules or raising doubts as to the financial statements or the internal audit controls or others, whether such conducts or practices are against them or not, and conducting the necessary investigation in that regard.
- Maintaining the confidentiality of reporting procedures ;
- Appointing an employee to receive and address complaints or reports sent by Stakeholders;
- Dedicating a telephone number or an email address for receiving complaints;
- Providing the necessary protection to the Stakeholders.

In the event where a complaint or dispute may arise between the stakeholder and the company, the stakeholder should fellow the procedures stated on the whistle Blowing policy to inform the company, or through the competent regulatory authorities.

9.6 Shareholders Suggestions

Shareholders can, through the General Assembly, the CEO, the Secretary of the Board of Directors, or any of the company's official channels, submit their suggestions and remarks regarding the company and its performance, and the Board of Directors must inform its members and take the necessary action regarding them.

Confidentiality Policy

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10. Confidentiality Policy

10.1 Purpose

This policy is to ensure that the Board of Directors (the "Board") is aware of the Company's commitment to high standards in the treatment of all confidential information. The policy is intended to help the Company's Board appropriately manage confidentiality, while in use to fulfil the objectives of the organization, in accordance with legal requirements and accountability standards.

10.2 Trading undisclosed information

GULF UNION AL AHLIA, its Board members, officers and committee members shall comply with securities laws and regulations relating to material undisclosed information.

These laws and regulations prohibit Board members, officers and committee members from purchasing or selling securities such as common stock of a company when they have undisclosed material information (often called "inside information") about that company. In general, those having such knowledge are prohibited from making any new investments in the company or selling its securities until after two full trading days following a public announcement of the information.

The securities laws also prohibit insiders from giving tips to others based on such undisclosed material information. Such tips might include passing along the undisclosed information or making a recommendation to buy or sell the securities of the company.

Board members, officers and committee members of GULF UNION AL AHLIA may from time to time become aware of material non-public information about other public companies with which GULF UNION AL AHLIA has business dealings. Examples are plans to award a major purchasing contract to a company, plans to acquire an equity interest in a developing enterprise, or undisclosed information about a business partner's revenues and profits. In such instances, Board members, officers and committee members of GULF UNION AL AHLIAGULF UNION AL AHLIA are similarly prohibited by law and by this policy from trading in the securities of this other company until after two full trading days following a public announcement. Tipping others is also prohibited.

The prohibitions set forth above generally reflect the requirements of law as well as the Company's policy. A breach of this policy will quite likely constitute a serious legal violation as well.

10.3 Maintaining Confidentiality

All GULF UNION AL AHLIA Board of Directors, officers and committee members shall refrain from discussing internal Company matters or developments with anyone outside of the Company, except as required in the performance of regular duties.

Serious problems could be caused for the Company by unauthorized disclosure of internal information about the Company (or confidential information about the Company's shareholders, affiliates, and business partners), whether or not related to the purchase or sale of equity or other securities.

In general, GULF UNION AL AHLIA group purchasing contracts contain confidentiality provisions that prohibit external disclosure of prices and terms. In some other instances that will be disclosed to the Board, GULF UNION AL AHLIA may enter into confidentiality agreements for purposes of negotiating a strategic business relationship or other business transaction. Board members, officers and committee members of the Company are bound by such confidentiality provisions.

Inquiries that come to Board members, officers and committee members from the financial media, investment analysts, or others in the financial community should be handled with care to assure disclosure requirements are met and that proprietary information is not publicized. In general, such inquiries should be referred to the Company's Chief Executive Officer or Chief Financial Officer, investors' relations and shareholders' relations officer who will support Board members, officers, or other spokespersons in providing appropriate responses.

10.4 Publications, Amendments and Waiver

Any amendments to or waiver of this policy shall be made only by the Audit Committee.

Board of Directors Charter

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11. Board of Directors Charter

11.1 Purpose

The Board of Directors (the "Board") of GULF UNION AL AHLIA (the “Company”) is elected by the Company's Shareholders to supervise the management of the business and affairs of the Company. The prime responsibility of GULF UNION AL AHLIA’s Board is to ensure the viability of the Company and to ensure that it is managed in the interest of the Shareholders as a whole while taking into account the interests of other stakeholders. The Board sets policy for GULF UNION AL AHLIA and advises the CEO and executive officers who manage GULF UNION AL AHLIA’s business and affairs.

11.2 Board Responsibilities

The business of GULF UNION AL AHLIA is conducted by its employees, managers and executive officers, under the direction of the CEO and the oversight of the Board, to enhance the long-term value of the Company for its shareholders. The Board is elected by shareholders to oversee and counsel management.

The company is bound by all acts of its Board of Directors, even if such acts fall outside the limits of the Board’s competence, except if the beneficiary of such acts is acting in bad faith or knew that such acts were outside the limits of the Board’s competence. The responsibilities of the Board of Directors shall be undertaken within the confines of the authorities set forth in the company’s Articles of Association and by-laws.

The following functions are the common recurring activities of the Board in carrying out its oversight responsibility. These functions are set forth as a guide with the understanding that the Board may diverge from this guide as appropriate given the circumstances.

- The Board must choose a Non-Executive Director as Chairman of the Board, and also the Board may select a nonexecutive member as Vice-Chairman (after obtaining "no-objection" from Insurance Authority).
- Without prejudice to the competences of the General Assembly, the company’s Board of Directors shall by operation of law have the widest authority to administer and manage a company’s operation, except for any authorities expressly excluded in the applicable local laws and regulations.
- The Board of Directors must carry out its duties in a responsible manner, in good faith and with due diligence. Its decisions should be based on sufficient information from the executive management, or from any other reliable source.
- The Board represents all shareholders; it shall perform its duties of care and loyalty in managing the Company’s affairs and undertake all actions in the general interest of the Company and develop it and maximize its value.
- The Board is responsible for the Company’s business even if it delegates some of its powers to committees, individuals or other third parties. In any case, the Board may not issue a general or an open-ended delegation.
- The Board of Directors shall determine the powers to be delegated to the executive management and the procedures for taking any action and the validity of such delegation. It shall also determine matters reserved for decision by the Board of Directors. The executive management shall submit to the Board of Directors periodic reports on the exercise of the delegated powers.

- The Board of Directors shall set forth specific and explicit policies, standards and procedures for membership in the Board, without prejudice to the mandatory provisions of the applicable regulations, and implementing them following approval by the General Assembly.

- The Board of Directors shall develop, review, approve and monitor the company's comprehensive strategy, long-term strategic objectives and business plans of management.

- The Board of Directors shall review and approve major corporate transactions including significant capital allocations and expenditures.

- The Board of Directors shall determine the most appropriate capital structure for the Company, its strategies and financial objectives, and approving all kinds of estimated budgets.

- The Board of Directors shall review and approve the organisational and human resources structures of the Company on a periodic basis.

- The Board of Directors shall ensure that the financial and human resources required for achieving the objectives and main plans of the Company are available.

- The Board of Directors shall review the effectiveness of the Company's internal control procedures on an annual basis.

- The Board shall ensure that the financial control and risk management systems are sound.

- The Board of Directors shall assess the major risks facing the Company and the steps taken by management to monitor and control such risks.

- Shall ensure the implementation of appropriate control procedures for risk assessment and management by generally forecasting the risks that the Company may encounter and creating an environment which is aware of the culture of risk management at the Company level and disclosing such risks transparently to the Stakeholders and parties related to the Company.

- The Board of Directors shall recommend Director nominees for election by shareholders.

- The Board of Directors shall select, develop and evaluate potential candidates for executive officer positions, including the CEO, and oversee the development of executive officers succession plans.

- The Board of Directors shall determine the compensation of the CEO, approve the compensation of the executive officers, and approve and monitor any incentive-compensation plans and equity-based plans.

- If the company articles of association do not contain the provisions on the functions of the Chairman, Vice Chairman and CEO and their remuneration as well as the Board members remuneration, the Board of Directors shall be in charge of the distribution of functions and setting its remuneration.

- The Board of Directors shall appoint a Secretary from 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.

- The Board of Directors shall specify the types of remunerations granted to the Company's employees, such as fixed remunerations, remunerations linked to performance and remunerations in the form of shares without prejudice to the applicable laws and regulations

- Board of Directors shall develop a written policy regarding conflicts of interest for each member of the Board of Directors, Executive Management, and shareholders, the basis for

dealing with them, and the measurement standards upon which it is based as a basis for conflicts of interest or the company's competition, in a manner that does not violate any regulations related to conflicts of interest.

- Description of transactions with related parties, including significant Shareholders and members of the Board and Senior Management, that took place during the period, and how much transactions are or were approved

- The Board of Directors shall oversee the integrity of GULF UNION AL AHLIA financial statements, compliance with legal and regulatory requirements, the performance, qualifications and independence of the external auditor, and the performance of GULF UNION AL AHLIA internal audit function.

- The Board of Directors shall prepare the Company's interim and annual financial statements and approve them before publishing them.

- The Board of Directors shall prepare the Board report and approve it before publishing it.

- The Board of Directors shall assess the adequacy of GULF UNION AL AHLIA Code of Business Conduct and Ethics to promote compliance with applicable laws and regulations.

- The Board of Directors shall evaluate the overall performance and effectiveness of the Board and decide on matters of corporate governance.

- The Board of Directors shall ensure that a procedure is laid down for orienting the new Board members of the company's business and, in particular, the financial and legal aspects, in addition to their training, where necessary.

- The Board of Directors shall ensure that specialised committees are formed pursuant to resolutions that shall specify the term, powers and responsibilities of such committees as well as the manner used by the Board to monitor such committees. Such resolutions shall also specify the names of the members and their duties, rights and obligations and shall evaluate the performance and activities of these committees and their members;

- The Board of Directors shall develop a written policy that regulates the relationship with Stakeholders;

- The Board of Directors shall set policies and procedures to ensure the Company's compliance with the laws and regulations in regards to the disclosure of material information to shareholders and Stakeholders, and ensuring the compliance of the Executive Management with these policies and procedures;

- The Board of Directors shall ensure the accuracy and integrity of the data and information which must be disclosed pursuant to the applicable policies and systems in respect of disclosure and transparency;

- The Board of Directors shall develop effective communication channels allowing shareholders to continuously and periodically review the various aspects of the Company's businesses as well as any material developments;

- The Board of Directors shall ensure that sufficient information about the company is made available to all members of the Board of Directors, generally, and, in particular, to the non-executive members, to enable them to discharge their duties and responsibilities in an effective manner.

- The Board of Directors shall supervise the management of the Company's finances, its cash flows as well as its financial and credit relationships with third parties;

- The Board of Directors shall provide recommendations to the Extraordinary General Assembly as to what it deems appropriate regarding the following:
    - Increasing or decreasing the share capital of the Company; and
    - Dissolving the Company before the end of its term as specified in its bylaws or deciding the continuity of the Company.
- The Board of Directors shall provide recommendations to the Ordinary General Assembly as to what it deems appropriate regarding:
    - Using the consensual reserve of the Company, if such has been formed by the Extraordinary General Assembly and has not been allocated to a specific purpose;
    - Forming additional financial allocations or reserves for the Company; and
    - Method of distributing the net profits of the Company.

The Board of Directors may grant loans of any term, sell or mortgage the company assets, sell or mortgage the company premises, or release the company debtors from their liabilities; unless the Board powers in this regard are restricted in the company Articles of Association or by a resolution to be issued by the Ordinary General Meeting. Taking into account the provisions of Article 75 of the Companies Law

The company shall not grant cash loan whatsoever to any of its Board members or render guarantee in respect of any loan entered into by a Board member with third parties, excluding banks and other fiduciary companies.

The Board can, by a majority vote of all Board members, dismiss its elected Chairman at any time.

- the duties of the Board shall include the following:
    - Providing strategic guidance to the Company, including setting objectives and formulating strategic plans
    - Supervising the implementation of strategic plans and major transactions
    - Approving key policies and procedures and regularly reviewing and updating them
    - Establishing and monitoring the Company's internal control system and ensuring its adequacy and effectiveness
    - Establishing and monitoring a risk management system, where risks are assessed, managed, and monitored on a continuous basis
    - 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
    - Supervising Senior Management and monitoring the Company’s performance against the performance objectives set by the Board
    - Ensuring the integrity of the Company's accounting and financial reporting system and the appropriateness of its disclosure process
    - Ensuring that the interests of the policyholders are being protected at all times
    - Promoting higher standards of corporate governance and ensuring compliance with applicable laws and regulations at all times

11.3 Directors Qualifications

Directors shall be individuals of high integrity and superior ability who are focused on enhancing long-term shareholder value. Directors shall organize its activities and allocate sufficient time to perform the duties and responsibilities assigned to it, including preparing for Board and committees meetings and

ensuring the coordination, recording and retaining of the minutes of its meetings, and should be committed to serve on the Board for an extended period of time.

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 prioritise their interests over his/her personal interests and shall comply with all laws, regulations, and rules issued by Insurance Authority at all times.. 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/she 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 in these Regulations.

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

Directors may serve on other Boards of public/non-public companies provided they are able to perform responsibly all of their Director duties and responsibilities (compliance with Article 17-c of CMA rules should be considered which says "A member of the Board of Directors shall not act as a member of the Board of Directors of more than five listed joint stock companies at the same time"). Every shareholder may nominate himself or any other person(s) for the Board membership within the percentage of his share in the capital. The Nomination and Remuneration Committee of the Board shall have the responsibility to identify individuals qualified to become Directors and to recommend to the Board the nominees to stand for election as Directors at the annual meeting of shareholders.

Accumulative voting shall be used when nominating Directors. This method of voting allows shareholders voting rights equivalent to the number of shares they own. This can be used to vote for electing Directors. The shareholders may use all their shares on one nominee or divide them between their selected nominees without any duplication of the votes. This shall ease the voting rights for minority shareholders, increasing their chances to vote for their chosen representatives on the Board. The Nomination and Remuneration Committee may consider individuals proposed by shareholders and management at its discretion.

The Audit Committee shall assist the Board in determining on an annual basis the compliance of each Director with the Company's code of business conduct and ethics and the independence of each Director as may be required under all applicable regulation.

Directors shall not have a limit on the number of terms served or a mandatory retirement age. The tenure of Directors will be determined by the Board at its discretion upon the recommendations of the Nomination and Remuneration Committee of the Board.

Developing the necessary mechanisms for Board members and the Executive Management to continuously enroll in training programmes and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.

11.4 Director Responsibilities

The basic responsibility of the Directors of the Board is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging that responsibility, Directors shall be entitled to rely on the honesty and integrity of the Company's senior executives and their outside advisors and auditors.

The Directors shall also be entitled to have the Company purchase reasonable Directors' and officers' liability insurance on their behalf, to the benefits of indemnification to the fullest extent permitted by law and the Company's organizational documents and any indemnification agreements, and to exculpation as provided the Company's organizational documents.

Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Directors are also expected to allocate sufficient time to fulfil his/her responsibilities and preparing for the Board and its committees meetings and effectively participating therein, including raising relevant questions and carrying discussions with the Senior Executives. They shall study and analyze all information related to the matters looked into by the Board before expressing an opinion on the same. The Directors shall also enable other Board members to express their opinions freely, and encouraging 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.

Information and data that is important to the Directors' understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the Directors two weeks prior to the meeting, and Directors should review these materials in advance of the relevant meeting.

A Director may resign provided that such resignation shall be applied for at the right time otherwise the member shall be responsible before the company for all the damages resulting from the dismissal.

11.5 Responsibility of Members of the Board of Directors

1- Members of the board of directors shall be jointly responsible for compensating the company, shareholders or third parties for the damage arising out from a wrongful act, negligence, or omission in the performance of their duties or their violation of the provisions of cooperative companies control law and its implementing regulations and other relevant regulations and instructions and the companies law and the company's by law. Each condition requires otherwise shall be void. The responsibility shall lie with all members of the board of directors if the error occurs due to a decision taken by them unanimously. The decisions issued by a majority of opinions, the objecting members shall not be responsible for whenever they record their objection in the meeting minutes. Absence from the meeting at which the decision is issued shall not be a reason for relieving from responsibility unless it is established that the member is not aware of the decision or able to object thereto after being aware thereof.

2- The company may initiate a derivative action against the board members for any damage incurred by the company resulting from the violation of the companies Law or the company's articles of incorporation or articles of association or from a wrongful act, negligence, or omission in the performance of their duties. The decision to initiate the action and to designate a representative on behalf of the company to pursue such action shall be made by the general assembly. If the company is under liquidation, the liquidator shall initiate the action. If any liquidation proceedings are initiated against the company under the Bankruptcy Law, the action shall be initiated by its legal representative.

3- The approval of the ordinary general assembly to release the members of the board of directors shall not prevent filing the responsibility case.

4- A single partner or shareholder, or more, representing 5% of the company's capital, may initiate a derivative action on behalf of the company if such action is not initiated by the company, provided the action serves the interests of the company and is based on valid grounds, and the plaintiff is acting in good faith and is a partner or shareholder in the company at the time of initiating the action.

5- To initiate the action referred to in item (4) of this Article, the company's board members, as the case may be, shall be notified of the intent to initiate the action at least 14 days prior to the initiation date.

6- A shareholder may initiate a private right of action against the board members if the wrongful act attributed thereto results in a damage personally affecting him

7- The competent judicial authority may, at the request of a shareholder, order the company to pay the expenses he incurred in the initiation of a derivative action, regardless of its outcome, if he initiates the action in good faith and such action is in the interest of the company.

8- Except for the cases of fraud and forgery the responsibility case shall not be heard after lapse of five (5) years from the expiration date of the fiscal year in which the wrongful act occurs or three (3) years from the membership expiration of the member of the board of directors concerned, whichever is later.

9- The company's manager or a board member shall be deemed to have fulfilled his duty in a decision he made or voted on in good faith if he:

a) has no personal interest in the subject matter of the decision;

b) understands and is familiar with the subject matter of the decision to an extent he deems reasonable according to the circumstances of the decision; and

c) believes firmly and rationally that the decision serves the company's interests.

The burden of proving otherwise shall rest with the plaintiff. For the purposes of this Article, a decision shall refer to an action or omission relating to the company's business.

11.6 Board Structure and Operations

The Board are appointed by the shareholders and shall be comprised of no less than five and not more than eleven Directors, the majority of which are non-executive, and the number of Independent directors shall not be less than two members or one –third of the Board, whichever is greater.

Without prejudice to the provisions of the Company's bylaws, the Board appoints a Chairman, a Vice Chairman and may appoint a managing director of its members. The term of the Board Chairman, Vice Chairman, CEO and the secretary who is a Board member shall not exceed their term of membership in the Board, and they may be re-elected unless otherwise provided in the company Articles of Association.

GULF UNION AL AHLIA shall notify the Authorities of the names of the Board members and description of their memberships within five business days from the commencement date of the Board term or from the date of their appointment, whichever is shorter, as well as any changes that may affect their membership within five business days from the occurrence of such changes.

GULF UNION AL AHLIA' bylaws shall specify the manner by which membership of the Board may be terminated. At all times, the Ordinary General Assembly may dismiss all or any of the Board members, even if the Company's bylaws provides for otherwise, without prejudice to the dismissed member's right for compensation if the dismissal was on an unacceptable reason or at inappropriate time The General Assembly may also, per a recommendation of the Board, terminate the membership of the member who missed three consecutive meetings without a legitimate excuse.

Upon the termination of the membership of a Board member by any termination method, the Company shall promptly notify the Authorities and the Exchange and shall specify the reasons for such termination within five (5) business days from the date of which the member leaves.

If the chairman and members of the board of directors resign, they shall call for an ordinary general assembly meeting to elect a new board. The resignation shall not take effect until a new board is elected, provided that the period of such continuation of the resigned Board does not exceed (120) days from the date of such resignation. And the Board shall undertake all necessary procedures to elect a new replacement Board before the expiry of the period specified

A board member may resign pursuant to a written notice submitted to the chairman of the board of directors. If the chairman of the board resigns, the notice shall be submitted to the board members and the board's secretary. In both cases, the resignation shall take effect from the date specified in the notice.

If the position of a board member of a joint-stock company becomes vacant due to his death or resignation, and if the minimum number of members required for the validity of board meetings as stipulated in this Law or the company's articles of association is not affected by such vacancy, the board may appoint a qualified person with relevant expertise to provisionally fill the vacancy. The appointment shall be reported to the Commercial Register, and to the CMA if the company is listed in the capital market, within 15 days from the date of such appointment, and it shall be submitted to the ordinary general assembly in its first meeting. The appointed member shall complete the term of his predecessor.

If the number of board members falls below the minimum number required for the validity of board meetings as stipulated in this Law or the company's articles of association, the remaining members shall call for an ordinary general assembly meeting within 60 days to elect the required number of members.

If a member of the Board resigns and has comments on the performance of the Company, he/she shall submit a written statement explaining such comments to the chairman of the Board and such statement shall be presented to the Board members.

Notwithstanding the foregoing membership requirements, no action of the Board shall be invalid by reason of any such requirement not being met at the time such action is taken.

One of the Directors shall serve as the Chairman of the Board, and this position may not be combined with any other executive position at the company, including the positions of the managing director, the Chief Executive Officer, or the general manager, even if the Company's bylaws provided for otherwise.. Also, the Chairman of the Board shall not be a member of the Audit Committee. He may be a member of other Board Committees, provided that he is not the Chairman of the Committees. Another one of the Directors shall serve as the Vice Chairman of the Board to fulfil the Chairman's role during the Chairman's absence. The Chairman and Vice Chairman of the Board shall be selected by the vote of the majority of the Directors.

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 to be determined by its Chairman, or upon the request of any one of its Directors. The agenda of each meeting will be prepared by the Chairman of the Board and whenever reasonably possible, circulated to each Director two weeks prior to the meeting date. The Chairman will preside, when present, at all meetings of the Board and if not the Vice Chairman will preside.

The board meeting shall be valid only if attended by at least half of the members on the condition that the number of the attendees shall not be less than at least three (3) members.

If the conditions required for holding the meeting of the board of directors are not met because the number of its members is below the minimum limit provided for in these articles, the remaining members shall convene the ordinary general assembly within sixty days to elect the required number of members.

A member of the board of directors may not appoint a representative to attend the meeting. Exception to that, the member of the board of directors may delegate another member.

The decision of the board shall be issued by a majority of the members present or represented therein. In case of a tied, the chairman shall provide the casting vote.

The board of directors may issue decisions in urgent matters be presentation them to members separately unless a member requests in writing the meeting of the board to deliberate thereon, it is permissible to request the approval of members of the Board of Directors on some matters by sending them via e-mail, while giving a specific time limit for a response with approval or rejection, with the

member's implicit approval being considered if the response is not received within the period specified in the e-mail sent to the members. Such decisions shall be presented to the board at its first following meeting.

A majority of the Directors present at any meeting at which a quorum is present may act on behalf of the Board. The Board will keep a written record of its meetings. The Board may meet by telephone or video conference and may take action by unanimous written consent.

If the members of the Board of Directors are less than three the remaining members must invite the Ordinary General meeting to meet within sixty days to elect the missing number of members.

Upon the Board recommendation, the General Assembly may terminate the membership of any member who fails to attend three successive meetings or five (5) separate meetings during his term of membership without acceptable reasons.

11.7 Board Committees

The Board of Directors appoint the Audit Committee from non-executive members whether Board members, shareholders or otherwise. The Board shall form a Nomination and Remuneration Committee, Executive Committee, Investment Committee, and Risk Committee.

The BoD Committees: Audit, Nomination and Remuneration, Executive, Risk, and Investment Committees assist the Board in discharging its oversight responsibilities.

Other committees may be established from time to time by the vote of the majority of the Board. The purpose and responsibilities of each committee are described in their respective committee charter, and obtains the necessary regulatory approvals before formation.

Members of the Committees shall meet the independence and experience requirements to the extent required under all applicable securities laws and stock exchange regulations and Insurance Authority Regulations.

Committee meetings are valid if attended by at least half 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.

No one other than the Committee members shall be entitled to be present at a meeting of Board Committees, but others may attend at the invitation of the Committee.

Board committee 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 and the Board Secretary.

11.8 Executive Sessions

Non-executive Board member may meet privately in regular executive sessions (at least once a year) without management participation during the year. "Non-executive" Board members are all those who are not Company executive officers, including such Board members who are not independent by virtue of a material relationship, former status or family membership, or for any other reason.

The Chairman or Vice Chairman shall preside such meeting, or The non-executive Board members may designate one among them as the presiding Board member to lead the non- executive sessions. The name of such lead non-executive Board member should be publicly disclosed to the extent required under any applicable securities laws and stock exchange regulations.

11.9 Access to Management and Independent Advisors

In discharging its oversight role, the Board is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the power to retain outside counsel, auditors or consultants, or incur other expenses for this purpose, which expenses the Company, shall pay.

The Board may also meet with the Company's investment bankers or financial analysts who follow the Company. The Board may require any officer or employee of the Company or any of its subsidiaries, the Company's outside legal counsel, and the Company's external auditors to meet with the Board or any committee of the Board.

The Board should use discretion to assure that such contact is not distracting to the business operations of the Company and that any written contact be copied to the CEO.

11.10 Director Compensation

The Nomination and Remuneration Committee of the Board shall have overall responsibility for the evaluation and recommendation on approval of the form and amount of Director Compensation in accordance with the Board of Directors' remuneration policy approved by the company's General Assembly. In discharging this responsibility, the Nomination and Remuneration Committee shall seek to attract, motivate, reward and retain Directors of high integrity and superior ability who are focused on enhancing long-term shareholder value.

For more details on the amount of remuneration, refer to the remuneration policy for members of the Board of Directors approved by the company's General Assembly

The Nomination and Remuneration Committee shall avoid Director compensation plans, policies or programs that exceed what is customary, that involve substantial charitable contributions by the Company to organizations with which a Director is affiliated, or that requires the Company to enter into consulting contracts with (or provides other indirect forms of compensation to) a Director or an organization with which the Director is affiliated.

11.11 Director Orientation and Continuing Education

The Nomination and Remuneration Committee of the Board shall maintain an orientation program for new Directors and organize continuing education programs for all Directors.

The orientation program for new Directors should build an understanding of the nature of the Company, its business and the markets in which it operates, build a link with the Company's people, and build an understanding of the Company's main relationships.

The orientation program shall include briefings by senior management to familiarize new Directors with the Company's strategic plans, financial statements, and key policies and practices, and may include visits to the Company's significant facilities.

All Directors are encouraged to participate in appropriate continuing education programs at the Company's expense to assist them in carrying out their duties and responsibilities.

11.12 Management Evaluation and Succession

The Nomination and Remuneration Committee shall also review and approve the decisions made by the CEO relating to the performance evaluation and annual compensation level of the executive officers of the Company. The Nomination and Remuneration Committee shall present a management performance evaluation and compensation report to the Board annually.

The Nomination and Remuneration Committee of the Board shall assist the Board in selecting, developing and evaluating potential candidates for executive officer positions, including the CEO, and oversee the development of executive officer succession plans.

The Nomination and Remuneration Committee shall request the recommendations and evaluations of the CEO with regard to potential successors for senior management positions. The Nomination and Remuneration Committee shall present a management succession planning report to the Board annually.

11.13 Annual Performance Evaluation

To assess its effectiveness, the Board should review what it has accomplished and whether it has fulfilled its responsibilities annually.

The Board shall develop, based on the proposal of the Nomination and Remuneration 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/her commitment to performing his/her duties and responsibilities, including attending the Board and its committees meetings and dedicating adequate time thereof.

There are several items that are taken into consideration when conducting the assessment, including, but not limited to:

- Attending board and committee meetings.
- Allocate sufficient time to review the documents attached and supporting the agenda items.
- Active participation in the discussion of the meeting agenda items.
- Accuracy in requesting information and asking inquiries.
- Impartiality in decision-making.
- Avoiding and/or avoiding conflicts of interest.
- Ensure the highest interest of the company.
- Compliance with the rules of governance and related laws.

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.

One way the Board can assess its self is by evaluating its activities against its charter. As the Board is reviewing itself as a whole, an exercise supervised by an outside facilitator is likely to be beneficial. They will not only be emotionally detached, but will approach the matter without bias or preconceptions. In addition, an outside view allows for different views to be discussed and considered.

At the end of the review process, the Board Chairman usually discusses the results of the evaluation with the Board. (Performance assessment templates are provided in the Appendix to this framework).

The process of the annual performance evaluation is the responsibility of the Board, however it could be delegated to the Nomination and Remuneration Committee.

11.14 Relations with Shareholders

The Board shall ensure communication between the Company and the shareholders based on the common understanding of the strategic objectives and interests of the Company. The Chairman of the Board along with the CEO should maintain sufficient contact with major shareholders to understand their issues and concerns and should ensure that the views of shareholders are communicated to the Board as a whole and discuss these opinions with them.

Non-management Directors should be offered the opportunity to attend meetings with major shareholders and should expect to attend them if requested by major shareholders. The senior independent Director should attend sufficient meetings with a range of major shareholders to listen to their views in order to help develop a balanced understanding of the issues and concerns of major shareholders. Nothing in this charter should be taken to override the general requirements of law to treat shareholders equally in access to information.

Board of Directors Manual

12

12. Board of Directors Manual

12.1 Introduction

The role of the Board of Directors can be summarized as being to bring an independent and objective view to the Company's decisions and to oversee the performance and activities of management.

This manual is intended to assist GULF UNION AL AHLIA's Board members in assuming their responsibilities efficiently and to provide perspectives to the Board of Directors on improving their effectiveness in addressing these expectations. It describes areas we believe Board members should focus on.

Table 2: Board responsibilities

Performance	Compliance/legal conformance	Overall operations
• Ensuring the Company's long term viability and enhancing the financial position • Setting a comprehensive strategy for the Company, key business plans, policies, and mechanisms of the risk management and review and guide them. • Approving the business plan, budget and corporate policies • Setting performance indicators, and monitoring the implementation thereof and the overall performance of the Company. • Reviewing reports related to the performance of the Company. • Monitoring/assessing performance of the Company, the Board itself, management and major projects. • Overseeing the risk management framework and monitoring business risk. • Monitoring development of the industry and the operating environment. • Oversight of the Company, including its control and accountability system. • Overseeing the main capital expenditures of the Company and the acquisition or disposal of assets.	• Understanding and protecting the Company's financial position. • Requiring and monitoring legal and regulatory compliance including compliance with accounting standards, unfair trading legislation, occupational health and safety and environmental standards. • Approving annual financial reports, annual reports and other public documents/sensitive reports. • Ensuring an effective system of internal controls exists and is operating as expected.	• Establishing the Company's vision, mission and ethical standard • Delegating an appropriate level of authority to management • Demonstrating leadership • Assuming responsibility for the relationship with CEO including his appointment, succession, performance assessment, remuneration and dismissal • Overseeing aspects of the employment of the management team including remuneration, performance and succession planning • Recommending new Directors to shareholders. • Ensuring effective communications with shareholders and other stakeholders • Crisis management • Appointment of the key positions within the company such as the CFO and Board Secretary.

12.2 The Business Judgment Rule

The business judgment rule provides that, if as a Director, you make a decision in relation to the business operations of the Company and meet a number of specific requirements, then you will be taken to have discharged your duty to act with care and diligence. The specific requirements that must be met are that:

- You made the decision in good faith for a proper purpose.
- You do not have a material personal interest in the subject matter of decision.
- You have taken steps to inform yourself on the subject matter of the decision to the extent you reasonably believe to be appropriate.
- You reasonably believe the decision is in the best interests of the Company.

12.3 Roles and Responsibilities of the Board of Directors

The Board has the following duties and responsibilities:

12.3.1 Election and Supervision of Executive Management

The Board will have the power to elect or appoint all necessary officers; to fix their compensation; to prescribe their duties; to dismiss any appointee and generally to exercise supervision over the management of the Company.

The Board shall also determine the appropriate level of remunerations of the remaining members of the Executive Management.

The Board shall express opinions as to the appointment and dismissal of members of the Executive Management.

12.3.2 Identification and Management of Principle Risks

The Board will identify and review with management the principal business risks faced by the Company.

The Board will ensure the implementation of appropriate systems and take the necessary measures to manage these risks.

The Board may delegate one or more committees to receive Management's assessment and responses to these risks and make recommendations and reports to the Board.

12.3.3 Adoption of a Strategic Planning Process

Each fiscal year the Board will meet with Management regarding the strategic planning for the Company in which future trends, opportunities and risks are jointly identified.

The Board will provide proposals to develop the strategy of the Company. The Board will review and approve the overall business strategy for the Company, which is developed by Management.

12.3.4 Evaluation and Approval of Financial Decisions

The Board will review the financial and operating results of the Company. The Board will review, evaluate and approve major resource allocations and capital investments. The Board will review, evaluate and approve the Company's budget and forecasts.

12.3.5 Development of Corporate Governance Guidelines

The Board will develop the Company's overall approach to corporate governance and review periodically the Company's corporate objectives and policies relating to social responsibility.

12.3.6 Executive Management Evaluation and Succession

The Board shall monitor the performance of the Executive Management and the extent to which it has achieved the objectives and purposes of the Company.

The Board will conduct an annual review of the CEO's performance in order to ensure that the CEO is providing the best leadership for the Company in the long- and short-term.

The Board should create an annual report on succession planning. Upon the recommendation of the Nomination and Remuneration Committee, the entire Board will nominate and evaluate potential successors to the CEO. The CEO should at all times make available his recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

12.3.7 Oversight over the Executive Management

The Board shall form the Executive Management of the Company, regulate its operating procedures, monitor and oversee it and ensure that it performs the duties assigned to it, and to achieve this, the Board shall:

- Develop the necessary administrative and financial policies.
- Ensure that the Executive Management operates in accordance with the policies approved by the Board.
- Select and appoint the Chief Executive Officer of the Company, and oversee his/her work.
- Appoint the manager of the internal audit unit or department, or the internal auditor and dismiss him and determine his remuneration, if any.
- Convene periodic meetings with the Executive Management to explore the work progress and any obstacles and problems in connection therewith, and review and discuss the important information in respect of the Company's business.
- Develop standards for the performance of the Executive Management consistent with the objectives and strategy of the Company.
- Review and evaluate the performance of the Executive Management; and
- Develop succession plans for the management of the Company.

12.4 Role of the Chairman

It is the Chairman's responsibility to lead the Board and facilitate constructive contributions by all Directors to ensure the Board functions effectively as a whole in discharging its responsibilities in order to achieve the interests of the Company.

One of the core competencies of the Chairman is ensuring that the Board meetings are efficient and effective. This is facilitated by:

- Preparing an appropriate meeting agenda which allocates sufficient time for each agenda item, taking into consideration any matters raised by Board members or the external auditor and consult with the Board members and the Chief Executive Officer upon preparing the Board's agenda.
- Ensuring that complete, clear, accurate and non-misleading information is provided to all Board members in due course.
- Competent management of the information flows to the Board to support agenda items.

- Managing Board room discussions and ensuring conclusions/decisions are reached, are clearly understood by all Directors and are appropriately recorded.

- Convening periodic meetings with the Non-Executive Directors without the presence of Executive Management.

The Board Chairman shall represent the company before the courts, judicial authorities and third parties in accordance with the Companies Law and Its Implementing Regulations and the Company's bylaws. Upon a written resolution, the Chairman may delegate some of his powers to other Board members or committees or third parties to carry out certain acts. The Vice Chairman shall replace the Chairman in case of the latter's absence.

The Chairman will, at some instances, be called upon to speak publicly on behalf of the Company even though this role should fall principally on the CEO. Other responsibilities of the Chairman include being the spokesman for the Board which entails showing leadership in difficult situations.

In addition, the Chairman is the key link between Management and the Board, and shall encourage constructive relationships and effective participation within the Board and with the Executive Management, creating a culture that encourages constructive criticism. The relationship between the CEO and the Chairman is vital and, if it is to be effective, it must be based on co-operation, trust and mutual respect.

The CEO should be encouraged to use the Chairman as a sounding Board to discuss sensitive issues or matters of concern. If the working relationship is a good one, the CEO will also seek the benefit of the Chairman's experience and where the Chairman is an independent, non-executive Director, his more independent and objective view. In discussing issues with the CEO, the Chairman may determine that certain issues require elevation for discussion at a Board level.

The Board Chairman ensures that there are effective communication channels between the Board and the shareholders so that the shareholders may convey their opinions to the Board. The Chairman must provide the shareholders with the company financial statements, Board report and the auditor's report unless they are published using any means of Technology and must send a copy of such documents to MoC, CMA at least fifteen Twenty-one days prior to the date of the General Assembly meeting.

The Board shall notify the Ordinary General Assembly while convening of the businesses and contracts in which any Board member has direct or indirect interest, the notification shall include the information disclosed provided by the member to the Board as per the applicable laws and regulations. This notification shall be accompanied by a special report of the Company's external auditor.

The Chairman will also be required to manage the Annual General meeting and have a key role in the Company's relationship with any institutional investors.

12.5 Role of the CEO

The CEO is accountable to the Chairman and Board of Directors for the effective and efficient operation of the Company and for conformity with its Bylaws and Articles of Incorporation as well as with policies agreed upon by the Board. The Chairman of the Board may not be appointed as a CEO during the first year following the end of his service as the Chairman of the Board.

The Key elements of the CEO's position are:

- Develops and documents the Company's strategic direction. The Board will be constructively engaged in this process and be responsible for the review and approval of the plan.

- Informs the Board of market, technology, and regulatory issues and trends that may impact the Company's goals.

- Brings the Company to high and sustained standards of performance.

- Creates a work environment that attracts and retains talented people.
- Ensures that the Company deals with fairness, transparency and integrity.
- Provides any signatures required by law (such as certification of financials).
- With Board guidance, articulates the Company's position on important matters to the community, government, and regulatory agencies.
- Builds a positive image of the Company.
- Communicates regularly and effectively with all stakeholders.
- Develops for Board review and approval an annual operating plan and financial budget, and is held accountable for achieving these.
- Establishes strong working relationships with the Board of Directors.
- Staffs, trains and develops employees to meet the Company's short and long-term goals.
- Ensures that there is clarity of objectives and focus for all employees.
- Ensures that there are clear and appropriate standards of performance, and measurement of those standards.
- Develops and implements processes which will ensure the achievement of the Company's operational mission on time and within budget.
- Advises the Board about operational issues, and puts in place appropriate operational plans.

12.6 Role of Management

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.

The responsibilities of management are to:

- Recommend the strategic direction and translate the strategic plan into the operations of the business.
- Manage the Company’s human, physical and financial resources to achieve the Company’s objectives.
- Assume day to day responsibility for the Company’s conformance with relevant laws and regulations and its compliance framework.
- Develop, implement and manage the Company’s risk management and internal control frameworks.
- Develop, implement and update policies and procedures.
- Be alert to relevant trends in the industry and the Company’s operating environment.
- Provide information to the Board.
- Act as a conduit between the Board and the Company.

12.6.1 Competencies and Duties of the Executive Management

Without prejudice to the competencies entrusted to the Board pursuant to the provisions of the Companies Law and Its Implementing Regulations, the Executive Management shall be responsible for implementing the plans, policies, strategies and main objectives of the Company in order to achieve its purposes. The competencies and duties of the Executive Management shall include the following:

- Implementing the Company's internal policies and rules approved by the Board.
- Suggesting the Company's comprehensive strategy as well as the principal and interim business plans and the policies and mechanisms for investment, financing, risk management and emergency administrative circumstances management plans and implementing them.
- Proposing the most appropriate capital structure for the Company and its strategies and financial objectives.
- Proposing the main capital expenditures of the Company, acquiring, and disposing of assets.
- Proposing the organizational and human resources structures of the company and presenting them to the Board for approval.
- Implementing policies and procedures to ensure the Company's compliance with the laws and regulations and its obligation to disclose material information to shareholders and Stakeholders. Implementing policies and procedures to ensure the Company's compliance with the laws and regulations and its obligation to disclose material information to shareholders and Stakeholders. Implementing internal control systems and procedures, and generally overseeing them, which include:
    - Implementing the conflicts of interest policy.
    - Correctly applying the financial and accounting procedures, including the procedures relating to the preparation of financial reports.
    - Applying appropriate control systems for measuring and managing risks by generally forecasting the risks that the Company may encounter and creating an environment, which is aware of the culture of risk mitigation at the Company level, and transparently disclosing them to the Company's Board and other Stakeholders.
- Implementing the Company's Corporate Governance rules effectively, to the extent they do not conflict with the provisions of these Regulations, and proposing amendments thereto if needed.
- Implementing policies and procedures to ensure the Company's compliance with the laws and regulations and its obligation to disclose material information to shareholders and Stakeholders.
- Providing the Board with the information required to exercise its competencies and provide recommendations regarding the following:
    - Increasing or decreasing the share capital of the Company.
    - Dissolving the Company before the end of its term as specified in its bylaws or deciding the continuity of the Company.
    - Using the consensual reserve of the Company.
    - Forming additional reserves for the Company; and

- The method for distributing the net profits of the Company.

- Proposing the policy and types of remunerations granted to employees, such as fixed remunerations, remunerations linked to performance and remunerations in the form of shares.

- Preparing periodic financial and non-financial reports in respect of the progress achieved in the business of the Company in light of the strategic plans and objectives of the Company, and presenting such reports to the Board.

- Managing the daily business and activity of the Company, in addition to managing its resources in the most appropriate form in accordance with the objectives and strategies of the Company.

- Participating effectively in building and developing a culture of ethical values within the Company.

- Implementing internal control and risk management systems and ensuring that they are effective and efficient, and ensuring compliance with the level of risks approved by the Board.

- Proposing and developing internal policies related to the business of the Company, including specifying the duties, competencies and responsibilities assigned to the various organizational levels.

- Proposing a clear policy to delegate tasks to the Executive Management and the method for implementing such policy; and

- Proposing the powers to be delegated to the Executive Management, the procedures for decision making and the period of delegation, provided that it shall present periodic reports to the Board in respect of its exercise of such powers.

- The duties of the Senior Management shall include the following
  - Implementing the strategic plans of the Company
  - Managing the day-to-day activities
  - Setting procedures for identifying, measuring, mitigating and monitoring risks
  - Setting policies, procedures, and controls to ensure the adequacy and effectiveness of the internal control system
  - Record keeping and audit trails
  - Acting on the Board's instructions and reporting to the Board
  - Ensuring that regulatory and supervisory requirements are met to the highest extent possible

12.7 Relationship between Management and the Board

The relationship between Management and the Board is critical and must be supported by a clear segregation of responsibilities. Management must:

- Be accountable.

- Operate within delegated authorities.

- Have an appropriate level of skills and resources.

- Perform against the established KPIs to deliver the objectives of the Company.

But at all times, the Board must be in control.

12.8 Delegation of Authority

The Board shall approve and develop internal policies in respect of the Company's business, including specifying the duties, competencies and responsibilities assigned to the various organizational levels. Including a written and detailed policy that identifies the powers delegated to the Executive Management, a matrix stating these powers, means of implementation and the period of delegation. The Board may request the Executive Management to submit periodic reports in respect of its exercise of such delegated powers; and identifying the matters on which the Board reserves the power to decide.

As the Board is ultimately responsible for all the actions and decisions made by the Company, it must set in place specific policies to guide organizational behaviour, for example, code of conduct, risk management policies and remuneration policies. In achieving the aims of these policies, the Board needs to establish procedures and controls to implement the policies and be responsible for the assessment of efficiency and effectiveness of the policies and procedures. However, it is important to remember that such broad based policy development does not cross into Management's role in the day-to-day running of the business. To ensure that the line of responsibility between Board and Management is clearly delineated, the Board must develop policies in relation to delegations of authority.

In strict terms, the authority to enter into commitments or to take action on behalf of the Company vests in the Board. However, this is not consistent with the notion of an empowered responsible Management team and does not recognize the practicalities – it is clearly not possible and not appropriate for the Board to sign every cheque or approve every transaction. Delegations of authority are the mechanism to devolve the power to do these things to the CEO and to other senior personnel within the Company. However, the Board must recognize that delegating its authority does not allow it to abrogate the associated responsibility. To be effective, the instrument that gives effect to the delegations of authority must:

- Be written in simple language.
- Cover the range of activities in which the Company is engaged or expected to participate.
- Be appropriate to facilitate the smooth and efficient operation of the Company.
- Be targeted to appropriately empower management to make the operational decisions expected of them.
- Clearly state the maximum authority levels for each level of management for budgeted and unbudgeted expenditure.
- Be communicated to all personnel to ensure all staff are aware of their responsibilities.
- Be backed up by appropriate oversight, supervision and review to ensure the delegations are appropriate, up to date and are being complied with.
- Be reviewed on a regular basis to ensure the delegations continue to be appropriate.

The Board may clarify their responsibilities and those of management through a statement of matters reserved for the Board or a similar document. The role of the Board is to carry out the tasks it has reserved for itself and oversee management's performance of the tasks delegated to them. The statement of matters reserved for the Board and/or a statement of delegations of authority to Management could be made publicly available.

12.8.1 Delegation of Authority Documents

As with any policy, the nature and structure of the delegations will vary from Company to Company. What may be material to one Company, and require Board approval, may only require divisional approval in another Company. It is also important that the policy fits the agreed risk appetite of the Board. Typically, delegations will be expressed in both monetary and other terms and will cover authority to:

- Enter into strategic commitments.
- Incur costs associated with core business processes and the ordinary operations of the Company.
- Commit the Company to capital expenditure.
- Enter into contractual commitments, for example, leases and guarantees.
- Commit to the payment of bonuses.
- Make decisions on staffing matters including appointments, terminations, remuneration, promotions, bonuses, training and the use of contractors and temporary staff.
- Commence or conclude litigation.
- Undertake specific treasury related transactions.
- Authorize payments.

12.9 Composition and Organization of the Board

Effective Boards work together in the interests of the shareholders. An effective Board is not dominated by one member or factional group and it does not require members to be experts in all fields. An effective Board does not just happen. It requires care, effort, thought and analysis to identify and select the right team of people to help the Company with its current challenges and opportunities, to take the Company forward into the future and to work in partnership with executive officers, providing real oversight and value adding guidance.

12.9.1 Size of the Board

The number of Directors of the Company which shall constitute the whole Board shall not be less than five and not more than eleven. The majority of which are non-executive, and the number of Independent directors shall not be less than two members or one–third of the Board, whichever is greater.

The exact number of Directors within such range shall be fixed from time to time by resolution of the Ordinary General meeting.

12.9.2 Selection of Directors

Every shareholder may nominate himself or any other person(s) for the Board membership within the percentage of his share in the capital. Candidates will be reviewed and recommended to the entire Board for nomination as Directors by the Nomination and Remuneration Committee. The Board approves the final choice of candidates for nomination and election by vote of the Shareholders. Accumulative voting shall be used when nominating Directors. This method of voting allows shareholders voting rights equivalent to the number of shares they own. This can be used to vote for electing Directors. The shareholder may use all their shares on one nominee or divide them between their selected nominees without any duplication of the votes. This shall ease the voting rights for minority shareholders, increasing their chances to vote for their chosen representatives on the Board.

GULF UNION AL AHLIA's bylaws shall specify the manner by which membership of the Board may be terminated. At all times, the Ordinary General Assembly may dismiss all or any of the Board members, even if the Company's bylaws provides for otherwise, without prejudice to the dismissed member's right for compensation if the dismissal was on an unacceptable reason or at inappropriate time

If the chairman and members of the board of directors resign, they shall call for an ordinary general assembly meeting to elect a new board. The resignation shall not take effect until a new board is elected, provided that the period of such continuation of the resigned Board does not exceed (120) days from the

date of such resignation. And the Board shall undertake all necessary procedures to elect a new replacement Board before the expiry of the period specified

A board member may resign pursuant to a written notice submitted to the chairman of the board of directors. If the chairman of the board resigns, the notice shall be submitted to the board members and the board's secretary. In both cases, the resignation shall take effect from the date specified in the notice.

If the position of a board member of a joint-stock company becomes vacant due to his death or resignation, and if the minimum number of members required for the validity of board meetings as stipulated in this Law or the company's articles of association is not affected by such vacancy, the board may appoint a qualified person with relevant expertise to provisionally fill the vacancy. The appointment shall be reported to the Commercial Register, and to the CMA if the company is listed in the capital market, within 15 days from the date of such appointment, and it shall be submitted to the ordinary general assembly in its first meeting. The appointed member shall complete the term of his predecessor.

If the number of board members falls below the minimum number required for the validity of board meetings as stipulated in this Law or the company's articles of association, the remaining members shall call for an ordinary general assembly meeting within 60 days to elect the required number of members.

Following the Shareholder election of Directors, formal invitations to join the Board will be extended by the Chairman of the Board.

12.9.3 Directors Qualifications

Annually, the Board is responsible for reviewing the requisite skills and characteristics of Board members as well as the composition of the Board as a whole. This assessment will include members' qualification as independent, as well as consideration of diversity, age, skills, and experience in the context of the needs of the Board.

12.9.3.1 Independence of Directors

The purpose of identifying and appointing independent Directors is to ensure that the Board includes Directors who can effectively exercise their best judgment for the exclusive benefit of the Company, judgment that is not clouded by real or perceived conflicts of interest. An Independent Director shall be able to perform his/her duties, express his/her opinions and vote on decisions objectively with no bias in order to help the Board make correct decisions that contribute to achieving the interests of the Company. GULF UNION AL AHLIA expects that in each case where a Director is identified as "independent" the Board of Directors will affirmatively determine that such Director meets the requirements established by the Board and is otherwise free of material relations with the Company's management, controllers, or others that might reasonably be expected to interfere with the independent exercise of his/her best judgment for the exclusive interest of the Company. An indicative definition follows. In each case, the Company should consider changes tailored to those sorts of relationships that would impair a Director's independence, taking into account the circumstances of the particular Company.

As per CMA "Independent Director" is a member of the Board of Directors who enjoys complete independence. By way of example, the following shall constitute an infringement of such independence:

- He/she holds five percent or more of the shares of the Company or any other company within its group; or is a relative of who owns such percentage.
- He/she is a representative of a legal person that holds five percent or more of the shares of the Company or any company within its group.
- He/she is a relative of any Board member of the company or of any other company within that company's group.
- He/she is a relative of any of senior executives of the company or of any other company within that company's group.

- He/she is a Board member of any company within the group of the company which he is nominated to be a member of its Board.
- he/she, is an employee or used to be an employee, during the preceding two years, been an employee of the company, with an affiliate of the company or an affiliate of any company of its group, such as external auditors or main suppliers; or if he/she, during the preceding two years, had a controlling interest in any such party.
- He/she has a direct or indirect interest in the businesses and contracts executed for the Company's account.
- He/she receives financial consideration from the Company in addition to the remuneration for his/her membership of the Board or any of its committees.
- He/she engages in a business where he competes with the Company, or conducting businesses in any of the company's activities.
- He/she served for more than nine years, consecutive or inconsecutive, as a Board member of the Company

The Board shall annually evaluate the extent of the member's independence and ensure that there are no relationships or circumstances that affect or may affect his/her independence.

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

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

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

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

12.9.3.2 Directors Attributes

It is increasingly important that the Directors and particularly those serving on the Audit Committee have an appropriate knowledge and understanding of financial statements and other financial reports. Beyond this, it is beholden on the incumbent Directors to consider the skills of the current Board and to identify any additional skills or experience that are required. Typically, the Board may have a mix of Directors with skills in:

- Law.
- Finance, including accounting expertise.

- Marketing.
- Operations relevant to the Company's activities.
- Key industries in which the Company operates.
- Corporate Governance.
- Human Resources.
- Risk Management.
- Banking.

Below is a description of attributes that the Board should evaluate when considering candidates for nomination as Directors. The Board will review such characteristics at least annually and make any appropriate changes.

12.9.3.3 Personal Characteristics

- Integrity and Accountability: High ethical standards, integrity and strength of character in his or her personal and professional dealings and a willingness to act on and be accountable for his or her decisions.
- Competency: Academic qualifications and proper professional and personal skills as well as an appropriate level of training and practical experience related to the current and future businesses of the Company and the knowledge of management, economics, accounting, law or governance, as well as the desire to learn and receive training.
- Ability to guide: Technical, leadership, and administrative competencies as well as the ability to take prompt decisions, and understand technical requirements and developments related to the job. He or she shall also be able to provide strategic guidance and long-term planning and have a clear future vision
- Physical fitness: He or she shall not suffer from any health issue that may hinder him or her from performing duties and responsibilities.
- Informed Judgment: Demonstrate intelligence, wisdom and thoughtfulness in decision-making. Demonstrate a willingness to thoroughly discuss issues, ask questions, and express reservations,
- Financial Literacy: ability to read and understand balance sheets, income and cash flow statements. Understand financial ratios and other indices for evaluating Company performance.
- Mature Confidence: Assertive, responsible and supportive in dealing with others. Respect for others, openness to others' opinions and the willingness to listen.
- High Standards: History of achievements that reflect high standards for himself or herself and others.

12.9.3.4 Core Competencies

- Accounting and Finance: Experience in financial statements, accounting and corporate finance, especially with respect to trends in debt and equity markets. Familiarity with internal financial controls.

- Risk Management: Experience in assessing and controlling risks in the areas in which the Company conducts its business.

- Business Judgment: Record of making good business decisions and evidence that duties as a Director will be discharged in good faith and in a manner that is in the best interests of the Company.

- Management: Experience in corporate management. Understand management trends in general and in the areas in which the Company conducts its business.

- Crisis Response: Ability and time to perform during periods of both short-term and prolonged crisis.

- Industry/Technology: Unique experience and skills in an area in which the Company conducts its business, including science, manufacturing and technology relevant to the Company.

- International Markets: Experience in global markets, international issues and foreign business practices.

- Leadership: Understand and possess skills and have a history of motivating high-performing, talented managers. Leadership skills which enable him or her to delegate powers in order to enhance performance and apply best practices in effective management and compliance with professional ethics and values.

- Strategy and Vision: Skills and capacity to provide strategic insight and direction by encouraging innovations, conceptualizing key trends, evaluating strategic decisions, and challenging the Company to sharpen its vision.

12.9.3.5 Commitment to the Company

- Time and Effort: Willing to commit the time and energy necessary to satisfy the requirements of Board and Board Committee membership. Expected to attend and participate in all Board meetings and Board Committee meetings in which they are a member. A willingness to rigorously prepare prior to each meeting and actively participate in the meeting. Willingness to make himself or herself available to management upon request to provide advice and counsel.

- Awareness and Ongoing Education: Possess, or be willing to develop, a broad knowledge of both critical issues affecting the Company (including industry-, technology- and market-specific information), and Director's roles and responsibilities (including the general legal principles that guide Board members).

- Other Commitments: In light of other existing commitments, ability to perform adequately as a Director, including preparation for and attendance at Board meetings and a willingness to do so.

12.9.3.6 Team and Company Considerations

- Balancing the Board: Contributes talent, skills and experience that the Board needs as a team to supplement existing resources and provide talent for future needs.

- Diversity: Contributes to the Board in a way that can enhance perspective and experiences through diversity in gender, ethnic background, geographic origin, and professional experience (public, private, and non-profit sectors). Nomination of a candidate should not be based solely on these factors.

- Independence: Provides an objective point of view that is free of political complications. Is not and has not been an employee of the Company; has no immediate family members that are or have been employees of the Company; has not received from or provided significant compensation to the Company in the recent past; and does not have immediate family members who have received from or provided significant compensation to the Company in the recent past.

12.10 Director Remuneration

The level and composition of remuneration for non-executive Directors and executive officers should be sufficient and reasonable to attract and maintain talented individuals to fulfil those roles.

The company Articles of Association shall explain the way of remuneration of the Board members. Such remuneration may be a certain amount, an allowance for the attendance of sessions, in-kind benefits or certain percentage of the net profits. Two or more of these benefits may be combined.

A clear relationship between the Company's performance and executive remuneration also needs to be demonstrated. A remuneration policy should be designed in such a way that it provides an adequate incentive to motivate Directors and management to pursue the long-term growth and success of the Company, within an appropriate control framework.

To mitigate reputational and governance risk, it is important that the Company's remuneration policy be understood by all the Company's stakeholders and reflected in the articles of association. It is also important for the Company to clearly distinguish the structure of non-executive Directors' remuneration from that of executives.

If the remuneration is a certain percentage of the company profits, it may not exceed (10%) of the net profits after deduction of all the reserves decided by the General Assembly and after payment of (5%) dividends of the paid up capital to the shareholders.

The entitlement to such remuneration shall commensurate the number of sessions attended by the member. Any estimation made in breach of this provision shall be deemed void.

In all cases, the aggregate of the remuneration and cash or in-kind benefits earned by the Board member shall not exceed five hundred thousand riyals per year subject to the conditions set by the competent authority.

The approved remuneration policies for members of the Board of Directors determine the remuneration for members of the Board of Directors

12.10.1 Executive Directors' Remuneration

Executive remuneration packages should involve a balance between fixed and incentive pay. Fixed remuneration reflects the level of responsibility undertaken by the individual and the labour market conditions relative to the scale of the business. Performance-based remuneration, by way of short term and long term incentive plans, can be an effective tool in promoting the interests of the Company and stakeholders, when designed to provide rewards for materially improved Company performance.

Short term incentive plans commonly comprise cash based incentives delivered on an annual basis. Performance is usually assessed against a "scorecard" of financial and non-financial measures at an individual and Company level. Long term incentive plans commonly comprise cash or equity based incentives delivered over a three to five-year timeframe. Performance is generally assessed at the Company level against an appropriate peer group of companies, using relative (rather than absolute) measures.

Termination payments should be agreed in advance, including detailed provisions in case of early termination, with a clear articulation of performance expectations. Employment contracts should clearly define the individual's role, and the terms under which the role is accepted, to avoid ambiguity or conflict upon cessation of employment.

Nevertheless, the remuneration policies of the members of the Board of Directors, as well as their employment contracts, determine the remuneration of the Executive Board members

12.10.2 Non-Executive Directors' Remuneration

Non-executive Directors are normally remunerated by way of fees. It is considered good practice that non-executive Directors do not receive options or bonus payments, participate in schemes designed for the remuneration of executives or be provided with retirement benefits other than statutory superannuation as this could be perceived to impact on their independent status.

Nevertheless, the remuneration policies of the members of the Board of Directors, determine the remuneration of the Non-Executive Board members

12.11 Meeting of the Board

12.11.1 Board Meeting Frequency and Schedule

The Board will meet at least four times per year upon invitation from its Chairman or upon the request of one of its Directors in order to fulfil their duties and responsibilities as Directors and as dictated by the needs of the business.

It is expected that under normal circumstances Board meetings will be held four to six times per year, and special meetings will be called as necessary.

A schedule of locations of the regular meetings will be provided to the Directors well in advance. Directors are expected to attend Board meetings and meetings of the Committees, if any, on which they serve. Directors should spend the time necessary and meet as frequently as necessary to properly discharge their responsibilities.

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 meeting shall not be valid unless attended by half of the Board members whether in person or by proxy, provided that the number of attendees shall not be less than three, unless the Company's bylaws stated greater percentage or number.

12.11.2 Meeting Duration

The length of Board meetings should be sufficient to give appropriate attention to the issues at hand. Some companies hold fewer, but longer meetings. Board meetings can vary significantly in duration from Company to Company – anything from several hours to two days may be regarded as appropriate. The key is that the meeting should be long enough to cover the matters for attention in appropriate detail.

12.11.3 Meeting Agenda

The Chairman will establish the agenda for each Board meeting. At the beginning of the year the Chairman will establish a schedule of agenda subjects to be discussed during the year (to the degree this can be foreseen).

When preparing a specified agenda to be presented to the Board, the Chairman consults the other members of the Board to ensure the inclusion of important and key topics in the Board's agenda.

Each Director is free to suggest the inclusion of items on the agenda. Each Director is free to raise at any Board meeting subjects that are not on the agenda for that meeting. In establishing the meeting agendas, the Chairman should coordinate with the Board Secretary and CEO to determine which matters require

the Board's attention and/or decision. In seeking to have items added to the agenda, management may need to provide written reports or papers.

The agenda may need to allow for relevant presentations to the Board and where appropriate, management attendance to discuss a particular agenda item.

Each member of the Board is entitled to propose additional items to the agenda.

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.

12.11.4 Managing Boardroom Discussions

The Chairman needs to ensure:

- There is structured and open debate of issues.
- The Chairman facilitates the contributions of all members.
- All issues are given due and appropriate consideration.
- Discussions do not drag on unnecessarily.

The Chairman has to ensure there is balance. He must maintain control without dominating the debate. The Chairman typically allows the discussion of issues to proceed until the point of which a broad consensus has been achieved, or he is able to summaries an agreed-upon conclusion.

Where dissention exists and no conclusions appear to be forthcoming, the Chairman must decide whether:

- The Directors require additional information.
- There may be particular benefits in postponing a decision on a specific matter.
- Additional or external advice should be obtained.
- In situations where there are serious disagreements, the Chairman must manage this situation to its resolution.

12.11.5 Board Material Distribution

A detailed agenda and, to the extent feasible, supporting documents and proposed resolutions will be provided to the Directors two weeks prior to each Board meeting unless circumstance require convening an emergency meeting, the invitation accompanied with the agenda and necessary documents and information may be sent within a period less than this period .

Directors should review these materials in advance of the meeting. Directors having items to suggest for inclusion on the agenda for future Board meetings should advise the Chairman well in advance of such meetings.

If a Director has queries about any item on the agenda, he should submit these one week prior to the scheduled Board meeting.

Management should respond to queries from Board members before the scheduled Board meeting. Any management response should be distributed to all Board members.

12.11.6 Directors' Preparation

Preparation involves reading and analysing the Board papers provided prior to the meeting and taking appropriate steps to clarify any issues or papers that are not clear. Two weeks prior to the Board meeting, Directors should receive a package of Board papers to allow them to review and consider them and follow up on any pertinent items. The package received would typically include:

An agenda and the supporting papers including:

- The CEO's operational report – providing an overview of major events impacting the business since the last meeting.
- A financial performance report, focusing on KPIs and strategic performance.
- Minutes of the previous meeting.
- An action items list, noting responsible persons and dates for completion.
- Papers on specific issues for decision, discussion or information.

12.11.7 Management at Meetings

Management is expected to participate in Board meetings and will make presentations on their relative areas of responsibility to allow Directors to gain additional understanding and insight into the Company's businesses.

12.11.8 Minutes and Action Items

Minutes are the record of the issues discussed, decisions made and actions arising from the Board and committee meetings. As legal and regulatory requirements of Directors become more onerous, minutes are an important record to show that the Board has done what is required to discharge its duty of care.

Minutes should be clear, concise, well-structured and unambiguous. They should not contain superfluous information nor be a verbatim recording of the dialogue at the meeting. The minutes must clearly set out the decisions the Board or committees made during the course of the meeting and reflect the consensus nature of Board decisions.

It may also be useful for them to evidence the process the Board has worked through in reaching its decisions. This may include recording matters discussed, questions asked of management and any additional information requested or on which the Board relied which is not included in the Board papers. There may be circumstances that require the decision of the Board, where it is not practical to bring the Board together. In these circumstances, the use of circulating resolutions for Directors to sign may be appropriate.

Minutes will generally be prepared by the Board Secretary from notes taken during the meeting. A draft will be provided for the Chairman's review within one week of the meeting while discussions and decisions are still fresh in his mind. The Chairman will review the draft minutes and arrange for any appropriate amendments to be made.

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.

A revised draft of the minutes is then usually circulated to all Directors by the Board Secretary. This should be as soon as immediately after the Chairman's review, or at the most within one week of the Chairman signing them. Directors must make a careful review of the draft minutes to ensure they are happy with the record made and that any concerns they may have are raised before the minutes are approved.

The Board deliberations shall be signed by the meeting chairperson, the present Board members and the Secretary. Such minutes shall be kept in a book to be signed by the Board Chairman and Secretary.

The Board members shall be jointly liable to indemnify the company, the shareholder or the third parties against the damage resulting from their improper management of the company affairs or their breach of the provisions of the Law or the company Articles of Association. Any provision in breach of this provision shall be deemed void.

The Board members shall be held responsible if the fault is committed unanimously. However, the resolutions passed by the majority of members shall not be binding to the objecting members provided that they record such objection clearly in the meeting minutes.

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

The absence from the meeting in which such resolution is passed shall not constitute a reason for release of responsibility unless it is proved that the absent member was not aware of the resolution or could not object to the same after being aware thereof.

The Ordinary General meeting approval to release the Board member from the responsibility shall not prevent the Company of the responsibility action.

12.12 Board Committees

Committees allow Directors to give closer attention to important issues facing the Company than is possible for the full Board in a scheduled Board meeting. Committees are an effective way to distribute the work between the Directors and allow more detailed consideration of specific matters.

The Board shall form specialised committees as follows:

- As may be needed depending on the Company's circumstances in order to enable it to effectively perform its duties.
- 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.
- Each committee shall be responsible before the Board for its activities, this shall not relief the Board of its responsibility for such activities, duties and powers that it has delegated to such committee.
- The number of members of a committee shall not be less than three or more than five.
- The Chairmen or whom they delegate of each committee members, shall attend the General Assembly Meetings and answer any questions raised by the shareholders.
- The Company shall provide the Authorities with the names of the members and the types of their memberships in such Board's committees within five (5) days of their appointment, and shall notify the Authorities of any changes thereto within five (5) days of the date of such changes.

12.12.1 Committee Membership

A sufficient number of Non-Executive Directors shall be appointed to the Committees which perform duties that may involve a conflicts 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 prioritise them over their personal interests.

The Company shall take into consideration while forming the Nomination and Remuneration committees that their members are of Independent Directors. The Board may appoint Non-Executive Directors, provided that the chairmen of committees mentioned in this paragraph are of the Independent Directors.

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 the Nomination and Remuneration committee.

12.12.2 Committee Effectiveness

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 in pursuance to paragraph (b) of Article (20) of CMA regulations.

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 states the name of the expert and his relation to the Company or its Executive Management.

Regardless of the role of the Committees, there are several steps the Board can take to contribute to its effectiveness, including:

- Developing a formal, documented charter for each committee.
- Appointing an appropriate Chairman – usually an independent, non-executive Director.
- Appointing appropriate Directors to the Committee – typically the emphasis is on committee membership that is primarily/exclusively non-executive Directors and includes those Directors with the expertise most relevant to dealing with the issues at hand.
- Requiring regular feedback from committees to the Board.
- Ensuring the Committee has appropriate access to independent professional advice.
- Requiring absolute transparency on committee activities.
- Ensuring the Committee has appropriate administrative support.

The key issue is that any committees set up serve the Board's needs and are effective. Committees should not be established simply because a Board feels good governance requires it to have a number of committees.

12.12.3 Committee Meetings

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/her opinion or advice.

Committee meetings are valid if attended by at least Half 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.

Committee 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 organised 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.

12.13 Board Papers

There is no single approach to be applied to the preparation, form, style and content of Board papers. The requirements will vary from Company to Company and should be specific to the needs of the Board. However, there are a number of principles that are applicable to all companies to ensure the preparation of Board papers is efficient and the information is presented in an effective way so that it can be readily understood and addressed by the Board.

Board papers should be concise stand-alone documents that present the information the Board will require to fully understand the issues being raised and, where required, to make an appropriately informed decision. It is unlikely that Management papers can simply be "recycled" as Board papers. The information needs are quite different. Management papers may provide the basis for a Board paper, but the Board paper itself should be prepared with the Board's needs in mind, recognizing that non-executive Directors do not live with the business every day.

The purpose of each Board paper should be clearly stated. This is particularly important in assisting Directors to understand Management's requirements and to be appropriately prepared for Board meetings. This can be achieved by allocating each Board paper into one of three distinct categories:

- For information purposes – papers aimed at keeping the Board informed of matters, for example, relevant press clippings, financial information.
- For decision – matters put forward that require the Board's decision.
- For discussion and input – discussion of matters prior to final recommendations, for example, concept papers seeking the Board's input in the planning phase, rather than simply when a final decision is required.

12.13.1 Board Papers Guidelines

Formal guidelines for Board reporting, approved by the Board, are a simple means to ensure the Board's requirements are clearly understood. These guidelines will set out the form, presentation and content requirements for Board papers, together with administrative procedures in relation to time of submission and the process for review and approval.

The guidelines should also provide that the control over distribution of Board papers rests with the Board. This is particularly important when distribution is undertaken electronically.

The Board should ensure that these guidelines are communicated to all staff who may be responsible for the preparation of Board papers. It may also be appropriate to offer internal support to key personnel in the form of education or briefing programs and to distribute sample or template documents illustrative of the recommended style.

It is important that what is ultimately presented to the Board is concise and performance reports reflect relevant and approved KPIs and not superfluous information.

Presentation that contributes to the ease with which the information is understood and absorbed by the reader, is an important aspect of an effective Board paper. Presentation specifications might include requirements for:

- Papers to be concise, accurate and easy to read, using simple terms, with little or no technical jargon and a font size no less than 10pt.
- Papers to be carefully structured to provide all the required information in a succinct and logical manner.

- Bullet points, which reinforce a concise writing style, to be used in preference to long paragraphs.

- Using indicators tailored to the needs of the Company which are reported consistently month on month.

- Papers to include graphical and tabular analysis to summarize information, to facilitate understanding and to focus the reader's attention.

- Titles on any graphs to reflect the message illustrated in the graphical analysis.

12.14 Administrative Matters

12.14.1 Performance and Evaluation of the Board

The Board of Directors will conduct an annual evaluation to determine whether it and its committees are functioning effectively. The Board will receive comments from all Directors and complete an annual assessment of the Board's performance which will be discussed following the end of each fiscal year.

The assessment will focus on the Board's contribution to the Company and specifically focus on areas in which the Board or management believes that the Board could improve.

To assess and improve its effectiveness, the Board should periodically (for example, annually) review what it has accomplished and whether it has fulfilled its responsibilities through conducting annual self-assessment programs.

The Board can assess its self is by evaluating its activities against its charter. As the Board is reviewing itself as a whole, an exercise supervised by an outside facilitator is likely to be beneficial. They will not only be emotionally detached, but will approach the matter without bias or preconceptions. In addition, an outside view allows for different views to be discussed and considered. (Performance assessment templates are provided in the Appendix to this framework).

- 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/her commitment to performing his/her duties and responsibilities, including attending the Board and its committees meetings 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.

12.14.2 Board Confidentiality

Directors will maintain the absolute confidentiality of the deliberations and decisions of the Board of Directors and information received at meetings, except as may be specified by the Chairman or if the information is publicly disclosed by the Company. The Board of Directors deliberations shall be governed under the confidentiality policy in this framework.

The Board members may not disclose, except in the General Assembly meetings or to a third party, in pursuance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations., the company's secrets they had access to, and may not use the information became known to them, due to their membership, to their own benefit, or to the benefit of their relatives or third parties otherwise they may be dismissed and required to pay indemnification.

12.14.3 Board Interaction with Third Parties

Except where directed by the CEO or the Chief Financial Officer of the Company, communications on behalf of the Company with third parties must be made only by specifically designated representatives of the Company. If a Director receives any inquiry relating to the Company from third parties, including informal social contacts, he or she should decline to comment and ask them to call the Company's CEO.

12.15 Boardroom Conduct

The manner in which a Board operates will largely be determined by the Chairman and will reflect his or her personal style. Some Boardrooms are still particularly formal and all Directors wishing to participate in a discussion must first be recognized/acknowledged by the Chairman. However, there is a clear move towards a more informal approach where Directors are free to participate in discussions without first seeking the Chairman's permission.

Your participation in any Boardroom discussion must reflect the importance of your role and the usual social niceties:

- Each of your fellow Directors should be allowed an appropriate opportunity to speak, subject to the Chairman's overall control of the meeting.
- Your contributions should be concise, considered, informed and to the point.
- Emotive language, emotional conduct and personal attacks are inappropriate no matter how passionate you may be about the subject under discussion.

Discussion should be open and candid with appropriate time allowed to discuss issues of substance.

12.15.1 Decision Making

The Board may issue resolutions in the urgent matters by presenting them to the members individually unless a member requests in writing the meeting of the Board for deliberation. Such resolutions shall be presented to the Board in the first following meeting.

The traditional notion of the Board voting on each matter put to them is rarely used in Boardrooms today. The emphasis is on consensus decision making, which focuses on securing the agreement of the full Board. If you strongly disagree with a decision under this model, you may take the significant step of seeking to have your objection to the decision recorded in the minutes but this should not be viewed as a practice to be used, other than as a last resort.

In the same way, it is no longer necessary, unless specifically required by the Chairman, to have matters "moved" and "seconded" before a decision is made.

12.15.2 Managing a Potential Conflict of Interest

Subject to the provisions of legislation, the Company's own constitution and any other governing requirements that may be relevant, a Board is empowered to regulate its meetings and proceedings including the processes that will apply if there is a declared, actual or perceived conflict of interest. Conflicts of interest can arise where Directors have personal interests in any transactions, contracts or businesses with which the Company may be dealing and, which may impinge on his or her objectivity and independence. As a Director, you have specific responsibilities under Company Law and corporate governance regulations to declare any material personal interests in any matters that relate to the affairs of the Company as soon as possible, subject to a number of specific statutory exceptions.

It is usual that you will be asked, on a periodic basis, to provide the Company with a listing of your personal interests to facilitate the identification of possible conflicts of interest. Whether this is undertaken or not and whether your interests are material or not, you have an ongoing responsibility to ensure you fully understand the Board's expectations of your conduct in relation to conflicts of interest. As a minimum, it is likely that you will be required to:

- Alert the Company to any matters in which you have or may be perceived to have a conflict of interest.
- Exclude yourself from the decisions on any matter about which you have or have declared such a conflict.

All conflict of interest shall be governed under the conflict of interest policy in this framework.

As per CMA rule "A Board member shall not have any interest, whether directly or indirectly, in the transactions or contracts made for the account of the company, except without authorization from the Ordinary General Assembly, to be renewed annually."

12.15.3 Other Matters of Conduct

Directors must ensure that, at all times,

- Exercise independent judgment.
- Obtain enough information for you to be satisfied with the Board's conclusions on the matters put before you.
- Keep confidential any information you obtain as a result of your position as a Director observe "cabinet solidarity".
- Once a decision is reached recognize that your actions may reflect on the Company and your conduct must not be called into question.
- Adhere to all codes of ethics, codes of conduct and standards of behaviour that apply to employees or officers of the Company.

12.16 Code of Conduct and Business Ethics

A code of conduct is a formal expression of the Company's values and ethics. A code of conduct should:

- Guide Directors, senior executives and other members of staff as to the practices necessary to maintain confidence in the Company's integrity.
- Promote responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

- Ensure compliance with legal and other obligations to legitimate stakeholders.

The Company has adopted a Code of Conduct and ethics setting out required standards of behaviour, for the benefit of all Shareholders. (A copy of the code is included in this framework)

12.17 Director Orientation and Education

Management will provide new Directors with an initial orientation in order to familiarize them with their responsibilities, duties and rights as Directors and with the Company, the duties and competencies of the Board Committees and its strategic plans and objectives, its significant financial, accounting and risk management issues the financial and operational aspects of the Company's activities, its compliance programs, its Code of Conduct, its executive officers, and its independent auditors.

The Company shall also develop the necessary mechanisms for Board members and the Executive Management to continuously enrol in training programmes and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.

In order to facilitate the Directors' fulfilment of their responsibilities regarding continuing education and to enhance each Director's knowledge of the Company, the Company's business operations and the latest developments in corporate governance, it is appropriate for management to provide Directors with the following:

- Material that contains information pertaining to the Company's industry and comparisons of the Company with its major competitors.
- Periodic visits to operating units, locations, normally as part of regularly scheduled Board meetings.
- A legal review for the Board, at least annually, of the status of major litigation and corporate governance matters.

12.18 Outside Advisers

The Board has the power to engage experts or advisors, including independent legal counsel, as deemed appropriate by the Board, without consulting or obtaining the approval of any executive officer of the Company.

The Company will provide for appropriate funding, as determined by the Board, for payment of compensation to any such counsel, experts or advisors retained by the Board.

12.19 Conducting the Annual General Meeting (AGM)

The Board's principal responsibility is to the shareholders of the Company. The Annual General meeting (AGM) provides the forum for the Board to meet with the shareholders to discuss the performance of the Company and attend to a range of matters for which the specific approval of the shareholders is required. It is the shareholders who provide capital, so it is important that they have this forum to discuss Company performance and related matters.

The AGM shall be chaired by the chairman, Vice Chairman (if the chairman is absent) or whom is delegated by the Board of directors of its members (when the chairman and his deputy are absent).

The Chairman of the Shareholders' Assembly shall commit to grant the shareholders the opportunity to effectively participate and vote in the meetings of the General Assembly, and avoid any procedure that may prevent their attendance to the assemblies or the exercise of the voting right. Shareholders shall be informed of the rules governing such meetings and the voting procedures.

Shareholders are also entitled to discuss matters listed in the agenda of the General Assembly and raise relevant questions to the Board members and to the external auditor. The Board or the external auditor

shall answer the questions raised by shareholders to the extent that does not jeopardise the Company's interest.

12.20 Preparing for the AGM

One of the key elements to a successfully run AGM is the time spent in preparation. Careful preparation is required to get the right messages across, particularly in potentially difficult situations.

You should define and address the corporate objectives for the meeting. What is it that the shareholders need to know? What do you want the meeting to achieve? Your objective may be something as simple as conveying a clear vision for the Company that any shareholder would be able to repeat in one sentence or providing a non-technical explanation of the Company's performance so each shareholder understands the factors reflected in the year's operating results.

The Chairman's address should identify the successes and make concessions where appropriate. The CEO is also likely to address the AGM and to offer some comment on the financial and operating performance of the Company since the last AGM. Discussions should represent a balanced account of the Company's performance and not gloss over problems. The CEO and Chairman should ensure that their speeches are coordinated, consistent and do not unnecessarily overlap each other.

Pre-empting the likely questions and developing appropriate responses in advance is an effective approach to ensure the Board and particularly the Chairman, will be able to respond in an informed manner to any shareholder questions.

The Board should ensure it is fully briefed by management on any shareholder issues that may have been raised since the last AGM and that they are firmly across the details of any major issues affecting or likely to affect the Company. In addition, you should ensure that any shareholder issues raised at the last AGM have been appropriately addressed.

Each Director standing for election or re-election should consider how they plan to introduce themselves, what they want the shareholders to know about their skills and competencies and their capacity to contribute to the Company in the future. For each Director standing for election, a CV will be given to every shareholder in advance to get acquainted with the Director's qualifications standing for election.

Being prepared for any eventualities is vital to a successful AGM. It may be appropriate to rehearse presentations and the answers to questions to ensure the Board shows itself to be capable and competent in what can be quite stressful circumstances. You should also ensure you are fully briefed on the format and conduct of the meeting, the key strategies to facilitate the smooth running of the AGM and when and on what you may personally be required to speak.

The Chairmen of each of the Board committees, or whom they delegate, shall attend the AGM and answer any questions raised by the shareholders.

It is a legal requirement for the external auditor to attend the AGM to respond to any questions raised by the shareholders regarding the conduct of the audit, or the preparation and content of the audit report. The Chairman of the Company should allow a reasonable opportunity for members to ask the auditor questions concerning the conduct of the audit of the preparation and content of the audit report.

The Board of Directors shall prepare for every financial year of the company a balance sheet, a profit and loss statement, and a report on the company's operations and financial position and on the method which it proposes for the distribution of net profits, the Board shall make such documents available to the auditor at least forty-five days prior to the date set for the holding of the Annual General meeting. The said documents shall be signed by the Chairman of the Board of Directors, and copies thereof shall be placed at the disposal of shareholders at the head office of the company at least Twenty-one days prior to the date set for such general meeting.

The Board Chairman must provide the shareholders with the company financial statements, Board report and the auditor's report, unless they are published using any Technology means and must send a copy of such documents to the General Administration for Companies at the MoC and CMA at least Twenty-one days prior to the date of the General Assembly meeting.

Prior to the AGM, a notice of meeting will be sent to all shareholders (AGMs shall be published on the website of the Exchange, the company website, at least Twenty-one days prior to the date set for the meeting. The Company may invite the AGM and other shareholder meetings to convene using methods of contemporary technologies. The notice shall contain an agenda (of the meeting). When preparing the General Assembly's agenda, the Board shall take into consideration the matters that the shareholders wish to list; shareholders holding no less than (10%) of the Company's shares are entitled to add one or more items to the agenda upon its preparation. A copy of both the notice and the agenda shall be sent to the General Administration for Companies to MoC within the period specified for publication), which may add any items it deems appropriate to the agenda of the AGM. The Board shall separate each of the matters listed in the agenda of the General Assembly meeting as an independent item, and not combine significantly different matters under one item, and not combine the businesses and contracts in which Board members have a direct or indirect interest under one item, for the purpose of obtaining the shareholders' vote for the item as a whole.

The shareholders shall be allowed through the Company's website and the Exchange's website, when the invitation for the convention of the General Assembly is published, to obtain the information related to the items of the General Assembly's agenda, particularly the reports of the Board and the external auditor, the financial statements and the Audit Committee's Report in order to enable them to make an informed decision in this regard. The Company shall update this information in case the General Assembly's agenda was amended.

The notice should disclose all logistical matters the shareholder will need to know, the matters on which shareholders are being asked to vote and details of proxy arrangements. Procedures and relevant checklists should be in place to ensure that the Company's constitution, the requirements of the Company Law and other relevant requirements regarding AGMs are complied with. Appropriate arrangements need to be put in place to ensure the formalities are addressed for all resolutions passed and arrangements exist for a poll to be conducted if required. A running sheet/agenda for the meeting is useful to ensure, as far as possible, the meeting tracks to a predetermined schedule. In order to add one or more item(s) to the agenda, shareholders holding 10% or more of GULF UNION AL AHLIA's shares may contact the Company's Board Secretary with their recommended items for inclusion on to the agenda (of the meeting).

12.20.1 Post AGM Arrangements

After the meeting, there will be a number of tasks to be completed. The Board Secretary will need to prepare minutes of the meeting, ensuring they are an appropriate and comprehensive reflection of the content of any discussion.

Minutes shall be issued for the Assembly meeting including the number of present or represented shareholders and the number of the votes they own, whether for their account or by proxy as well as the number of votes, the number of decided votes and the resolutions passed, the number of approving or rejecting votes and a detailed conclusion of the discussions held in the meeting. The minutes shall be regularly noted after every meeting in a record to be signed by the Assembly Chairman, secretary and vote collector.

Shareholders shall be granted access to the minutes of the General Assembly meeting; and the Company shall provide the Authority with a copy of such minutes within (10) days of the date of any such meeting.

The company should provide CMA with a copy of those minutes within Ten days of the convening date of any such meeting, and the company immediately informs the Exchange of the results of the General Assembly.

Any items taken on notice at the AGM will need to be addressed and commitments made need to be honoured (for example, investigating a particular issue as a result of a shareholder's question).

Any other post AGM obligations on the Company should also be addressed. The Board and management may also find it useful to have a de-brief session to discuss what went well, what did not and what can be improved in the future. This kind of discussion will assist in planning for the next AGM.

12.21 The Board Secretary

A Board Secretary is the chief administrative officer of the Company, responsible along with the Directors, for certain tasks. The key responsibility for the Board Secretary is to ensure that the Board has the proper advice and resources for discharging its fiduciary duty, and to ensure that the records of the Board's actions reflect that the Board has done so. The Board Secretary follows up with executive management the implementations of Board resolutions. In addition, the Board Secretary helps to ensure that the governing bodies adhere to all relevant regulatory requirements and ensures that the Board members comply with the procedures approved by the Board. Accordingly, the Board Secretary coordinates among the Board members, and often acts as an adviser to Directors and senior executives on regulatory requirements, listing rules, and legislation related to corporate governance. Providing advice on corporate governance issues is an increasingly important role for Board Secretaries. The Board Secretary plays an important role in the development of, compliance with, and periodic review of the company's governance policies and practices. They ought to be quite vocal in encouraging Boards to perform frequent corporate governance reviews and to issue written statements of corporate governance principles. The Board Secretary is usually the executive to assist Directors in these efforts, providing information on the practices of other companies, and helping the Board to tailor corporate governance principles and practices to fit the Board's needs and expectations of investors.

12.21.1 Roles and Responsibilities of the Board Secretary

To fulfil his responsibilities and duties, as the chief administrative officer of the Company, the Board Secretary shall:

12.21.1.1 With respect to supporting the Board of Directors

Most of the Board Secretary's time will be spent supporting the Board of Directors. His duties in this area include:

12.21.1.1.1 Organizing Board Meetings

The Board Secretary is responsible for organizing Board meetings. Although Board meetings are ultimately the responsibility of the Chairman, the Board Secretary handles all administrative and organizational matters such as:

- Prepare Board calendar of meetings.
- Helping the Chairman to prepare the agenda.
- Developing presentations on substantive and procedural issues under discussion.
- Preparing model briefs for Boardroom discussions.
- The Board Secretary should give advance notice of Board meetings within sufficient time prior to the date specified for the meeting to all Directors.
- Distribute voting ballots to Directors.
- Collect completed the written opinions of Directors who are not physically present at the meeting.
- Forward the written opinions to the Chairman.
- Retaining the reports submitted to the Board and the reports prepared by it.

- Providing 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.

In addition, the Board Secretary should help ensure that procedures for Board meetings are followed. Along with the Chairman, the Board Secretary is required to draft the minutes of Board meetings, 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 recording the decisions of the Board and voting results and retaining them in a special and organised register, and including the names of the attendees and any reservations they expressed. Such minutes shall be signed by all attending members. The Board Secretary should also brief newly elected Directors on:

- The corporate procedures that regulate the operations of the Board.
- The organizational structure and officers of the Company.
- The Company's internal documents.
- The decisions of the Annual General meeting (AGM) and the Board that are in effect.
- The availability of information required by Directors for the proper discharge of their duties.

12.21.1.1.2 Providing the Board with Access to Information

The Board Secretary plays a key role in assisting Directors in obtaining the information they need for sound decision-making. The Board Secretary provides Directors with timely and full access to:

- The minutes of Board meetings.
- Decisions approved by the CEO.
- Documents from the CEO.
- The minutes of meetings and reports prepared by the External Auditor.
- Financial documents.

12.21.1.1.3 Providing Legal Assistance to Directors on Governance Issues

The Board Secretary should assist Directors with interpreting legal and regulatory acts related to corporate governance, including listing rules, corporate governance codes, and international regulations and developments. This also holds true for procedural issues regulated in the charter, by-laws, and/or other internal documents relating to preparing and conducting the AGM and Board meetings, and on information disclosure. The Board Secretary should not, however, render legal advice that falls outside the scope of his duties.

The Board Secretary should directly notify the Chairman of any possible violations of corporate procedures, if and when he becomes aware of such violations. Such violations may include, among others:

- Alleged illegal acts or omissions of Board Secretaries or other corporate employees in fulfilling their legal duties and obligations.
- Violations of procedures regulating the organization of the AGM, Board meetings, the disclosure of information and protection of shareholder rights.

12.21.1.2 With Respect to Developing Corporate Governance Policies and Procedures

The Board Secretary is ideally suited to help the Company and its Board develop a system of corporate governance. More specifically, the Board Secretary can play an important role in the development of, compliance with, and periodic review of the Company's governance policies and practices. In developing an explicit and clearly stated plan to improve the Company's corporate governance policies and practices, the Board Secretary lays the groundwork for reforms in this area. Perhaps more importantly, he can demonstrate the Company's commitment to corporate governance by monitoring compliance with these policies, and informing the Board of any breaches. Finally, by reviewing the Company's policies on a regular basis (by keeping abreast of the latest developments in corporate governance, changes in the legal and regulatory framework, and global leading practices) the Board Secretary ensures that the Company's governance standards remain high and up-to-date.

12.21.1.3 With Respect to Protecting Shareholders Rights

12.21.1.3.1 Organizing the Annual General Meeting (AGM)

The Board Secretary plays an important role in organizing the AGM. Some of functions that he performs in this regard are:

- Notifies shareholders of the AGM.
- Ensures that the list of shareholders of record is prepared.
- Answers procedural questions during the AGM and resolves disputes related to preparing and conducting the AGM.
- Communicates the report on the results of the AGM to shareholders.
- Ensures that minutes on the voting results and the AGM minutes are kept.
- Ensures compliance with the procedures of registration for the AGM.
- Collects voting ballots and transfers them to the counting commission.
- Distributes materials (documents) for and during the AGM.

12.21.1.3.2 Assisting in Enforcing Shareholder Rights

The Board Secretary:

- Ensures that the Company takes proper notice of all duly submitted shareholder petitions.
- Channels all duly submitted shareholder inquiries to the appropriate governing bodies and departments of the Company.

12.21.1.3.3 Liaising Between Shareholders during Control Transactions

The Board Secretary acts as a liaison between the controlling shareholder(s) in a buyout of common shares and the other shareholders of the Company during a control transaction. The Board Secretary does this by ensuring that the mandatory offer is distributed to all shareholders.

12.21.1.4 With Regard to Providing for Information Disclosure and Transparency

The Board Secretary plays an important role in helping the Board and CEO fulfil their respective obligations to disclose material information on a timely basis to the Company's shareholders and financial markets. The Board Secretary's roles in relation to information disclosure include:

- Regulating the disclosure register of the Board members and the Executive Management and updating it regularly.

- Ensures that the Company operates in compliance with procedures for the maintenance and disclosure of information about the Company.
- Guarantees the safekeeping of corporate documentation.
- Certifies copies of documents before they are given to shareholders.
- Ensures unrestricted access for all shareholders to information in accordance with the all relevant laws.

12.21.2 The Qualifications of a Board Secretary

A full-time staff member, exclusively dedicated to this task, can best fulfil the functions of the Board Secretary. When selecting a Board Secretary, the Board should look for an individual with the highest qualifications and skills. The Board will need to assess the candidate's education, work experience, professional qualities, and skills. A detailed job description is the responsibility of the Board, and needs to be developed in conjunction with the contract. The core qualifications for Board Secretaries are:

- Holds a bachelor degree in law, finance, accounting or administration or their equivalent, and has relevant practical experience of not less than three years or has relevant practical experience of not less than five years.
- Has presence and good communication skills.
- Understands corporate and securities law.
- Mediates and achieves consensus.
- Understands the Company's business.
- Is detail-oriented, flexible and creative.
- Knows how to overcome bureaucratic thinking in the Company.
- Reads signals on the horizon and provides early warning to management.
- Is intuitive and sensitive to what the Chairman and Directors are thinking.

12.21.3 The Independence of the Board Secretary

To act in the interests of the Company and its shareholders at all times, the Board Secretary must be shielded from undue influence from management and other parties. The Board Secretary should thus be accountable to and controlled by the Board. He should not be an affiliated person of the Company or its officers, e.g. a family member of the CEO or business partners of the Company. The Board Secretary may not be dismissed except pursuant to a decision of the Board.

Table 3 Functions and qualifications of the Board Secretary

Qualifications and skills of the Board Secretary	The functions of the Board Secretary in relation to the Board	The functions of the Board Secretary in relation to the AGM
• Understands corporate and securities law • Mediates and achieves consensus • Understands the Company's business • Is detail-oriented, flexible and creative • Knows how to overcome bureaucratic thinking in the Company • Reads signals on the horizon and provides early warning to management • Is intuitive and sensitive to what the Chairman and Directors are thinking • Has presence and good communication skills	• Resolves organizational matters for Board meetings • Explains the procedural requirements of laws, the charter and by-laws of the Company within the scope of its authority • Conducts induction trainings for newly elected Directors • Assists Directors in accessing information and familiarizes them with corporate documentation • Takes the minutes of Board meetings • Ensures compliance with the procedure for conducting meetings • Communicates to and collects voting ballots from Directors and collects written opinions of Directors • Notifies all Directors of Board meetings	• Notifies shareholders of the AGM • Ensures that the list of shareholders of record are prepared • Answers procedural questions during the AGM and resolves disputes related to preparing and conducting the AGM • Communicates the report on the results of the AGM to shareholders • Ensures that minutes on the voting results and the AGM minutes are kept • Ensures compliance with the procedures for the AGM • Collects voting ballots and transfers them to the counting commission • Distributes materials (documents) for and during the AGM • Provides copies of AGM minutes to shareholders as per CMA

12.22 Publication, Review and Revision of the Manual

The Board will from time to time review and revise the Manual in such manner as the Board sees fit. Moreover, the Board shall make the Manual available on the Company's website.

Audit Committee Charter

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13. Audit Committee Charter

About the Company

Gulf Union Al Ahlia Cooperative Insurance Company is a Saudi public joint stock company whose license was approved by Ministerial Resolution No. (233) dated 16 Ramadan 1427 AH corresponding to October 9, 2006 AD and by Royal Decree No. (M/60) dated 9/18/1427 AH (corresponding to October 9, 2006 AD) October 11, 2006 AD (and was established by Ministerial Resolution No. 196/Q on 7/22/1428 corresponding to 05/08/2007)
The company obtained a license to practice insurance activity No. (TMN/09/20079), dated 29/08/1428 AH, issued by the Insurance Authority in the following branches (general insurance - medical insurance - protection and savings insurance)

The company is under the supervision and control of the Insurance Authority

Introduction

Gulf Union Al Ahlia Cooperative Insurance Company aims to establish the best Governance standards and practices and apply the company's corporate governance rules.
In compliance with the relevant laws, regulations and instructions, the company has established the Audit committee charter, which contains the controls regulating the work of the Audit committee, the role and responsibilities of the committee, the rules and controls for its formation, the selection of committee members, its meetings, and the rewards of its members in accordance with the relevant laws and regulations.

1- Purpose

The purpose of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of (GUAI) Gulf Union Al Ahlia Cooperative Insurance Co. (the "Company") is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to:

- The Company's auditing, accounting and financial reporting processes generally.
- The Company's systems of internal controls regarding finance, accounting, legal compliance and ethical behaviour.
- The Company's financial statements and other financial information provided by the Company to its shareholders, the public and others.
- The Company's compliance with legal and regulatory requirements.
- The performance of the Company's internal audit department and external auditors.

Consistent with these functions, the Committee will encourage continuous improvement of, and foster adherence to, the Company's policies, procedures and practices at all levels. The Audit Committee shall be in charge of controlling the company businesses. For this purpose, the Audit Committee may access the company records and documents and may request any explanation or statement from the Board members or the Executive Management. The Committee may also ask the Board to invite the General Assembly of the company to meet if the Board prevents it from discharging its duties or if the company incurs gross damages or losses.

In performing its duties, the Committee will maintain effective working relationships with the Board of Directors, management, and the internal and external auditors. To perform his role effectively, each

Committee member will obtain an understanding of the detailed responsibilities of Committee membership as well as the Company's business, operations, and risks.

Although the Committee has the powers and responsibilities set forth in this charter, the role of the Committee is oversight. The members of the Committee are not full-time employees of the Company and may or may not be accountants or auditors by profession and, in any event, do not serve in such capacity. However, one of its member should be specialised in finance and accounting. Consequently, it is not the duty of the Committee to conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with all applicable rules and regulations. These are the responsibilities of management and the external auditors.

2- Committee formation, Structure and selection of its members

Committee Formation

- The Audit Committee shall be formed by a decision of the Board of Directors after obtaining the Insurance Authority's non-objection.
- The Audit Committee shall be composed of no less than three (3) and no more than five (5) members.
- The Audit Committee members should be independent and the majority of members shall be from outside of the Board. The committee should include at least one independent Board member and that no executive Board members may be part of the committee.

Members Appointment

- The Audit Committee shall be formed by a decision of the Board of Directors, The Audit Committee members should be independent and the majority of members shall be from outside of the Board. The committee should include at least one independent Board member, provided that obtaining Insurance Authority's prior no-objection on the nomination/appointment

Chairman Selection

1- The Audit Committee shall be formed by a decision of the Board of Directors, The company's board of directors appoint one of the audit committee members as its chairman, , provided that obtaining Insurance Authority's prior no-objection on the nomination/appointment of the Chairman of the committee
2- The Chairman of the Board shall not be a member or Chairman of the Audit Committee.
3- 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.
4- The Chairman of the Audit Committee of the Board shall not have a relationship with Senior Management of the company that could affect his independence.

Rules for selecting committee members

There are a set of rules that the board of directors must take into account when selecting members of the Audit committee, and whoever is appointed as a member of the Audit committee is required to meet the following throughout the term of his membership in the committee:

1- The Audit Committee Member must be independent
2- 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.
3- The Audit Committee members shall not include the Company's executives, employees, or consultants. 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:
    - 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.
4- 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.
5- No Audit Committee Member shall simultaneously serve on the audit committees of more than four (4) public companies.
6- The member of the Audit Committee must have an appropriate academic qualification and knowledge of the nature of the company's business.
7- That the member must have a good reputation and good conduct.
8- To refrain from engaging in any activity that may be in conflict with the interest of the company, or in competition with its business, or that may harm his ability to carry out his duties and responsibilities objectively.
9- To allocate an appropriate time to perform the tasks entrusted to him to perform as a member of the committee.
10- The member should have the appropriate technical, financial or administrative expertise.

3- Membership term, mechanisms for appointing and relieving committee members, and vacant positions

1- The Board of Directors shall appoint the Audit Committee's Chairman and members for a three-year term. The Board of Directors may renew the term of the Audit Committee or a member thereof for another three-year term for one time only.
The Board of Directors may appoint new Audit Committee members in case of electing a new Board of Directors after obtaining Insurance Authority's written non-objection.

2- Insurance 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 the Audit Committee Regulation in Insurance and/or Reinsurance Companies, the Supervision of Cooperative Insurance Companies Control Law and its Implementing Regulation and any

relevant Regulations or Instructions, and take actions it deems appropriate against the Company and the persons concerned.

3- The Board of Directors, after obtaining Insurance Authority's written non-objection, may dismiss an Audit Committee member if he or she ceases to satisfy membership terms or violates the provisions of the Audit Committee Regulation in Insurance and/or Reinsurance Companies, the Supervision of Cooperative Insurance Companies Control Law and its Implementing Regulation or any relevant Regulations and Instructions.
4- An Audit Committee member has the right to resign, after providing the resignation request to the Board one month before its resignation becomes effective. The Company shall notify Insurance Authority in writing of the resignation of a member of the Audit Committee and the reasons thereof and provide Insurance Authority with a copy of the resignation request within five (5) working days from the date of the resignation.
5- 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.
6- 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 the Audit Committee Regulation in Insurance and/or Reinsurance Companies or any other Regulations, Instructions or Decisions issued by Insurance Authority. 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 the date of the change.
7- 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.
8- If there is a vacant seat in the Audit Committee during the membership term, the Board, after obtaining Insurance Authority '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. The appointment shall be presented to the company's ordinary general assembly at its first meeting.

4- Duties of a committee member

1- Regularly attending the committee's sessions and actively participating in its work
2- Preserving the company's secrets. A member of the committee may not disclose to the shareholders, other than in the general assembly, or to third parties, the company's secrets that came to his attention due to the performance of his work, otherwise he must change it, in addition to being held accountable for compensation for the damage that may result from that.
3- To exercise due diligence to carry out the work entrusted to him, and to keep abreast of recent developments related to the company's business.
4- To be characterized by justice and to display integrity, chastity, honesty, objectivity and independence when performing his work
5- To be free of personal interests, not to subject his judgment to the opinions of others, and not to disclose information that is not true.
6- The member shall not participate in any business or activities considered to be offensive to honor and honesty.
7- He shall not accept anything of significant value from an employee, affiliate, customer, supplier, or anyone who has a business relationship with the company that may lead to a weakness in the

independence of the committee member in form and substance or affect or presumably affect his decisions.

8- To disclose to the Board of Directors the transactions that took place between him and the company and the nature of that relationship, as well as the relationship he has with the Board of Directors and the company's executive managers, in accordance with what is required by the code of conduct approved by the company.

5- Responsibilities of the Chairman of the Committee

The Chairman of the committee shall supervise the committee's achievement of all its tasks. The committee chairman shall have the following authorities:

1- Inviting the committee to convene and specifying the time, date and place of each committee meeting and the agenda, after coordination with the committee members.
2- Presiding over committee meetings.
3- Submitting the results and recommendations of the committee's work to the Board.
4- Preparing the committee's budget, its work plan, and its projects in the short and long term, in coordination with the committee's secretary, and presenting it to the committee in preparation for submitting it to the board of directors, after being approved by the committee.
5- When needed - Preparing periodic reports on the activities of the committee in coordination with the committee's secretary and presenting them to the committee in preparation for submission to the board of directors, after being approved by the committee. Copies of the committee's minutes are attached to these reports.
6- Representing the committee on the Board and in front of any other party that requires it.

6- Appointment of a secretary of the committee

1- The committee appoints a secretary from among the company's employees to undertake its administrative work, prepare minutes of its meetings, ensure that the committee chairman signs these minutes, and schedule committee meetings in coordination with its chairman.
2- The Insurance Authority's prior no-objection to the appointment of the committee Secretary should be obtained.
3- When choosing the committee secretary, it should be taken into account that he has the academic qualification and practical experience that enables him to carry out the tasks entrusted to him.
4- The secretary of the committee must document and keep the minutes of the committee's meetings in a special register for that.
5- The Secretary of the Audit Committee shall not be a Secretary of any other board committee.
6- The committee secretary must prepare a list of the committee's tasks and responsibilities and follow up on their implementation on a quarterly basis during the year with the committee chairman and members.

7- Committee Meetings

- 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:
    1. Upon the request of the Chairman of the Board
    2. Cases in which the External Auditor, Internal Auditor, Compliance Officer or Actuary requests a Committee meeting due to reason that requires so.
    3. Meetings on other issues such as:
        - Financial and audit issues
        - Compliance issues
        - Conflicts of interest
        - Professional and ethical codes of conduct

- The Audit Committee meetings shall not be held without the presence of at least half of its members.
- The Committee should also convene if a triggered high priority risk was highlighted.
- Every meeting of the Committee should be followed by a report detailing the outcome of the meeting to the Board of Directors.
- The Committee resolutions shall be issued by majority of present votes. In case of equality, the Chairman shall have a casting vote.
- It is not allowed to vote on the decisions of the Audit Committee on behalf or by proxy of a member
- No member of the Board or the Executive Management except the Secretary or a member of the Committee may attend the meetings unless the Audit Committee requests the concerned person(s) opinion or advice.
- The Committee shall convene periodically with the Company's external auditor and internal auditor, and shall require members of management, the internal audit department, the external auditors and others to attend Committee meetings and provide pertinent information, as necessary.
- The committee may meet remotely via teleconferences or videoconferencing, and they may act through resolution agreed upon in writing.
- It is expected that regular reports will be received on matters to be defined by the Audit Committee but are likely to include:
    - External audit reports.
    - Internal audit reports.
    - Compliance audit reports.
    - Security and fraud reports.
- As part of its job to foster open communications, the Committee shall meet in separate executive sessions during each of its six regularly scheduled meetings with management, the internal audit manager and the Company's external auditors to discuss any matters that the Committee (or any of these groups) believes should be discussed privately.
- Any member may reserve any decision taken by the committee, provided that he states the reasons that led him to reserve. If any member leaves the committee meeting before its conclusion, his reservation, if any, is limited to the decisions related to the items he attended

for discussion, provided that he states in the minutes the items he did not attend the discussion if he expresses his desire in writing.

- The committee secretary must record the opinions of all parties in the minutes of the meeting.

8- Documenting the minutes of the committee's meetings:

The minutes of the committee's meetings are documented as follows:

1- During the meeting, the Secretary of the Committee records the most important discussions and upon completion of the discussion of any topic, he summarizes the recommendations or decisions reached.
2- The Secretary of the Committee shall prepare for each of the Committee's meetings a draft minutes in which the date and place of the meeting, the names of those present and absent, a summary of the discussions and the texts of recommendations and decisions reached by the Committee shall be written and presented to the members of the Committee for approval.
3- The minutes of the meeting must be prepared and sent to the members within 15 days from the date of the meeting.
4- The signed copy of the minutes shall be kept in a special file and all documents related to the minutes shall be attached to it.

9- The Committee's plan and annual report to the Board of Directors and the Committee's evaluation

1- The committee shall prepare, before the beginning of each year, an annual plan that includes a timetable for the committee's meetings and a description of the work it will undertake during the year.
2- The committee must submit an annual report to the board of directors stating the number of committee meetings, the accomplished tasks assigned to the committee, what has not been accomplished, the reason for that, and the obstacles facing the committee in its work.
3- The audit committee must submit an annual report to the company's ordinary general assembly that includes the committee's opinion on the adequacy of the company's internal control system and the other work it has carried out within the scope of its competence.
4- The Board of Directors, through the Nominations and Remunerations Committee or with the assistance of an external evaluation body, conducts the annual evaluation of the Committee and the Chairman and members of the Committee.

10- Authority

In order to achieve its objectives, the Audit Committee shall have full and unrestricted access to all information, data, reports, records, correspondence or other matters which the Committee deems important, and full and unrestricted access to the Board, staff, legal advisers, external auditors, internal auditors and other internal or external parties that the Committee deems necessary. All officials, employees and other internal and external parties must respond to the

queries and requests of the Audit Committee and provide it with documentation, data and information as necessary.

After getting Board Approval, The Audit Committee shall be entitled to obtain external professional, independent and legal advice and appoint other consultants to advise the Audit Committee as considered necessary, at the cost of the Company, and to determine their compensation.

The Board also authorizes the Audit Committee, within the scope of its responsibilities, to:

- Review the scope of the proposed audit to be performed and how effective the scope relates to the Company's special problem areas.
- Review the results of the audit with the external auditors, as well as discuss the financial statements.
- Review the adequacy of the internal financial and operational controls of the Company with both the staff performing internal auditing and the external auditors, and keep the Board informed of its findings.
- The Audit Committee shall consider the company financial statements, reports and remarks provided by the auditor and provide its remarks if any.
- Prepare a report on its opinion in the adequacy of the internal control system of the company and the works it has carried out within its functions.

11- Committee's Resources and Scope of Work

The Audit Committee shall have the authority to retain independent legal, accounting and other consultants to advise the Committee. The Committee may request any officer or employee of the Company or the Company's lawyers or external auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

The Committee shall determine the extent of funding necessary for payment of compensation to the independent legal, accounting and other consultants retained to advise the Committee for the purpose of rendering or issuing the annual audit report.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the power to retain outside counsel, auditors or consultants, or incur other expenses for this purpose, which expenses the Company shall pay. The Committee may also meet with the Company's investment bankers or financial analysts who follow the Company. The Committee may require any officer or employee of the Company or any of its subsidiaries, the Company's outside legal counsel, and the Company's external auditors to meet with the Committee or any member of the Committee.

The Board of Directors shall take all necessary measures to ensure that the Committee performs its duties.

12- Responsibilities and Duties

To fulfil its responsibilities and duties, the Audit Committee shall:

With respect to the external auditors

- The company must have one or more external auditor to be appointed by the Ordinary General meeting, which shall set his remuneration and term and may reappoint him provided that The total term of office for the external auditor shall not exceed seven consecutive or non-consecutive financial years, and the Authority may, at its discretion, amend this term for any company or sector; such period shall be recalculated after the lapse of not less than three consecutive financial years froth end of the last financial year in which he worked on auditing of the Company's accounts. (And any instructions or updates issued by the regulatory authorities in this regard must be taken into account)

- The Assembly may also change the auditor at any time without prejudice to his right to indemnification if such change takes place at improper time or for illegal reason.
- The Audit Committee is responsible (including resolution of disagreements between management and the external auditors regarding financial reporting) for the purpose of preparing its audit report or related work.
- The Audit Committee responds to queries of the external auditors, supervises the activities of the external auditors and approves any activity beyond the scope of the audit work assigned to them during the performance of their duties, and shall provide 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.
- The Audit Committee shall review the external auditor's reports and its comments on the financial statements, and following up on the procedures taken, and shall also review and approve disclosures required to be included in financial statements in accordance with all regulatory requirements.
- The Audit Committee shall have the authority to review in advance and recommend to the Board:
    - All auditing services to be provided by the external auditors (final approvals of such services rests with the AGM).
    - All non-audit services to be provided by the external auditors.
    - Connection therewith to approve all fees and other terms of engagement.

- The Audit Committee shall review the performance of the Company's external auditors on at least an annual basis.
- On an annual basis, review and discuss with the external auditors all relationships the external auditors have with the Company in order to evaluate the external auditors' continued independence its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards.
  The Committee:
    - Shall ensure that the external auditors submit to the Committee on an annual basis a written statement delineating all relationships and services that may impact the objectivity and independence of the external auditors.
    - Shall discuss with the external auditors any disclosed relationship or services that may impact the objectivity and independence of the external auditors.
    - Shall satisfy itself as to the external auditors' independence.

- At least annually, obtain and review an annual report from the external auditors describing:
    - The external auditors' internal quality control procedures.
    - Any material issues raised by the most recent internal quality control review, or peer review, of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more external audits carried out by the external auditors, and any steps taken to deal with any such issues.
    - Confirm that the Company's external auditors have not performed audit services for the Company for each of the five previous fiscal years.

- Review, based upon the recommendation of the external auditors, the scope and plan of the work to be done by the external auditors for each fiscal year.

- A meeting shall be held at least once every quarter or as needed. Such meetings shall be held in private with the external auditors to discuss matters related to the financial statements and any other matters deemed important by the Audit Committee including:
  - That the services provided by external auditors be limited to those specified by the relevant regulations.
  - Problems or difficulties experienced by external auditors during their audit work.
  - Any restrictions on the scope of work of external auditors so as to ensure full and unrestricted access to all entities, individuals and information that external auditors consider essential, including the Company personnel, accounting records, documents and related documents.
  - Issues of contention between management and external auditors and /or internal audit.
  - Coordination of efforts between external auditors and internal auditors

With respect to financial statements

- Review and discuss with management, the internal audit department and the external auditors the Company's quarterly financial statements (including disclosures made in "Management's Activity Report" and the external auditors' review of the quarterly financial statements) prior to submission to shareholders, any governmental body, any stock exchange or the public.
- Review and discuss with management, the internal audit department and the external auditors the Company's annual audited financial statements (including disclosures made in "Management's Activity Report").
- Periodically review separately with each of management, the external auditors and the internal audit department:
  - Any significant disagreement between management and the external auditors or the internal audit department in connection with the preparation of the financial statements.
  - Any difficulties encountered during the course of the audit (including any restrictions on the scope of work or access to required information).
  - Management's response to each of the previous.

- The duties of the Audit Committee shall particularly include the following:
  - The Audit Committee shall analyse 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.
  - Provide 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.
  - Analyse 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/her duties or the Company's compliance officer or external auditor.
  - Examining the accounting estimates in respect of significant matters that are contained in the financial reports.
  - Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.
- Periodically discuss with the external auditors:

- Without management being present, their judgments about the quality, appropriateness, and acceptability of the Company's accounting principles and financial disclosure practices, as applied in its financial reporting.
- The completeness and accuracy of the Company's financial statements.
- Consider and approve, if appropriate, significant changes to the Company's accounting principles and financial disclosure practices as suggested by the external auditors, management or the internal audit department.
- Review with the external auditors, management and the internal audit department, at appropriate intervals, the extent to which any changes or improvements in accounting or financial practices, as approved by the Committee, have been implemented.
- Review with management, the external auditors, the internal audit department and the Company's legal department, as appropriate, any legal, regulatory or compliance matters that could have a significant impact on the Company's financial statements, including significant changes in accounting standards or rules.
- Obtain and review an annual report from management relating to the accounting principles used in preparation of the Company's financial statements (including those policies for which Management is required to exercise discretion or judgments regarding the implementation thereof).
- Review and discuss with management the Company's earnings press releases as well as financial information and earnings guidance provided to analysts and rating agencies.
- Review and discuss with management all material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons, that may have a material current of future effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses.
- Inquire about the application of the Company's accounting policies and its consistency from period to period and the compatibility of these accounting policies with (where appropriate) the Company's provisions for future occurrences which may have a material impact on the financial statements of the Company.
- Review and discuss with management all disclosures made by the Company concerning any material changes in the financial condition or operations of the Company.
- Obtain explanations from management for unusual variances in the Company's annual financial statements from year to year, and review annually the external auditors' letter of the recommendations to management and management's response.

With respect to the Internal Audit Department and Internal Controls

- On an annual basis, the Audit Committee will provide a report on the details of its performance, competencies and duties stated in the Companies Law and Its Implementing Regulations, provided that the report contains its recommendations and opinion on the adequacy of the internal and financial control systems and risk management systems in the Company, which is to be presented to the public shareholders at General Assembly meeting which approves the annual results, and which to be available to all shareholders at least Twenty-one days before such meeting.

- The Audit Committee shall:
  - Review the adequacy of the Company's internal and financial control structure and risk management system, and the procedures designed to ensure compliance with laws and regulations.
  - Supervise internal audit work, review related matters, and discuss the findings over periodic meetings attended by the head of Internal Audit and other parties as deemed necessary.

- Review the Internal Audit's regulations, policies and procedures manual, and its organizational structure when necessary to ensure that they are consistent with changes in the Company's conditions and internal audit best practices.
- Review and approve the internal audit annual plan.
- Ensure that the Internal Audit's strategic direction (in terms of capacity, experience, etc.) is aligned with the Company's direction, and examines the draft internal audit plan, including the risk assessment on which it is based, the budget and human resources required, in addition to any subsequent changes to the plan.
- Ensure that the Internal Audit department has the necessary financial, human resources and support to enable it to discharge its responsibilities effectively and at a reasonable cost.
- Examine the Internal Audit reports for the reviewed units, management's responses thereto, the agreed corrective actions and their date, and works to resolve any comments that have not been agreed upon. Additionally, discuss with the head of Internal Audit whether there is evidence of fraud, misappropriation, or critical errors and if the necessary corrective action has been taken.
- Examine the periodic reports prepared by the Internal Audit department on the work carried out during the designated period against the annual plan. The examination should include a follow up on the procedural actions taken by the internal audit in following up on all the recommendations outlined in the report.
- Examine the results of the Internal Audit quality assurance and evaluation program, including continuous self-evaluations and evaluation by an independent third party every five (5) years.
- Conduct periodic meetings with the head of Internal Audit (held in private every two (2) months at a minimum) and whenever necessary to discuss any matters that the Audit Committee or Internal Audit deems necessary. Additionally, the Audit Committee shall verify that there are no restrictions on the work of Internal Audit, discuss any difficulties affecting the scope and independence of Internal Audit, and ensure the independence of Internal Audit and its freedom to contact the Audit Committee and the Board directly if deemed necessary.
- The Audit Committee nominates the head of Internal Audit, proposes his/her wage and any other benefits and any subsequent amendments thereto, evaluates his/her performance periodically, considers his/her exemption, transfer or removal, and approves the appointment or exemption of audit supervisors directly associated with him/her.

- Establish procedures for:
  - The receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters.
  - The confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

With respect to Compliance Department

- The Audit Committee shall:
  - Conduct periodic meetings with the head of Compliance (held in private every two (2) months at a minimum) and whenever necessary to discuss any matters that the Audit Committee or Compliance department deems necessary. Additionally, the Audit Committee shall verify that there are no restrictions on the work of the Compliance department, discuss any difficulties affecting the scope and independence of the Compliance department, and ensure the independence of the Compliance department and its freedom to contact the Audit Committee and the Board directly if deemed necessary.
  - Approve the appointment, promotion or dismissal of the head of Compliance, , after obtaining the Regulators' written non-objection;

- Supervise the compliance work, review related matters, and discuss the findings over periodic meetings attended by the head of Compliance and other parties as deemed necessary.
- Review the Compliance regulations, policies and procedures manual framework, and its organizational structure when necessary to ensure that they are consistent with changes in the Company's conditions and leading practices.
- Review and approve the proposed Compliance inspection plan for the coming year and ensure that it addresses key areas of compliance.
- Ensure that the Compliance department has the necessary financial, human resources and support to enable it to discharge its responsibilities effectively and at a reasonable cost.
- Examine the Compliance reports for the reviewed units, management's responses thereto, the agreed corrective actions and their date, and works to resolve any comments that have not been agreed upon. Additionally, discuss with the head of Compliance whether there is evidence of fraud, misappropriation, or critical errors and if the necessary corrective action has been taken.
- Examine the periodic reports prepared by the Compliance department on the work carried out during the designated period against the annual plan. The examination should include a follow up on the procedural actions taken by the Compliance department in following up on all the recommendations outlined in the report.
- The Audit Committee nominates the head of Compliance, proposes his/her wage and any other benefits and any subsequent amendments thereto, evaluates his/her performance periodically, considers his/her exemption, transfer or removal, and approves the appointment or exemption of compliance supervisors directly associated with him/her.
- Review the efficiency, effectiveness and objectivity of the Compliance function and ensure that it has appropriate standing within the Company;

Compliance with Regulatory Requirements

- Ensure the Company's compliance with the relevant laws, regulations, policies and instructions;
- Review the effectiveness of the system for monitoring compliance with laws and regulations as they impact on financial reporting, and the results of management's investigation and follow-up (including disciplinary action) of any fraudulent acts of non-compliance;
- Review the comments of relevant supervisory and control entities related to any regulatory violations or corrective actions requested, and make recommendations thereon for the Board;
- Obtain updates from management as required and the Company's General Counsel regarding compliance matters that may have a material impact on the financial statements or compliance policies;
- Reviewing the Actuary reports and making recommendations thereon for the Board.
- Ensuring the Company's compliance with the Actuary's proposals and recommendations, where these are mandatory and required by the regulators.
- Follow-up on lawsuits filed by or against the Company and submit periodic reports thereon to the Board.
- 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.
- Ensuring the optimal use and controls of information technology necessary to generate accurate and reliable information and data are in place.

Other

- Ensure that corrective action is taken or recommended in order to adequately resolve complaints, issues or disputes raised by the Company's stakeholders.

- Review the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures (including management's risk assessment and risk management policies).
- Review the program that management has established to monitor compliance with its code of business ethics and conduct for Board of Directors, officers and employees.
- Review and approve all related-party transactions.
- Review and approve any change or waiver in the Company's code of business conduct and ethics for Board of Directors or executive officers.
- Assist the Board in determining on an annual basis the compliance of each Board member and executive officer with the Company's code of business conduct and ethics and shall report any violations of the code to the Board. The Committee shall recommend to the Board for its approval any waivers of the code for Board members or executive officers and shall ensure that the Board promptly discloses any waivers to shareholders.
- Establish the policy for the Company's hiring of employees or former employees of the external auditors who were engaged on the Company's account.
- Review any management decision to seek a second opinion from external auditors other than the Company's regular external auditors with respect to any significant accounting issue.
- Review with management and the external auditors the sufficiency and quality of the internal audit department staff and other financial and accounting personnel of the Company.
- Conduct an annual performance evaluation of itself.
- Perform any other activities consistent with this charter, the Company's By-laws and governing law as the Committee or the Board deems necessary or appropriate.
- Review and reassess, periodically, the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.
- The Audit Committee members are accountable to the regulators, the Company's shareholders and the Board for implementing the provisions of regulations issued by regulators and executing the Audit Committee's action plan issued by a Board's decision.
- This charter will be made available on the Company's website.

13- Committee Members' Remuneration

The Audit committee members are entitled to annual Remuneration for their membership in the committee, if the eligibility requirements have been fulfilled by the member.
The committee members' remuneration shall be as per the, Board Members and committees members' Remuneration Policies which is approved by the General Assembly, and provided within the parameters allowed by the law and regulations of Saudi Arabia.

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.

14- Review & Amendments

The Committee shall develop, implement and review its own Charter annually and shall thereafter recommend its revised Charter for the Board's approval. The Board in return raises the charter to be approved in General Assembly meeting (in case the changes is required)

Audit Committee Manual

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14. Audit Committee Manual

14.1 Introduction

The Audit Committee's key responsibility- overseeing the process that produces reliable and credible financial statements while ensuring the Company has effective internal controls- requires it to conduct activities that previously had been executed mostly by management. Today's Audit Committee is also expected to retain and compensate the external auditors, grasp all of the key information included in a Company's financial statements and oversee risk management and compliance with the laws and regulations affecting the Company.

This manual is intended to assist GULF UNION AL AHLIA's Audit Committee members in assuming their responsibilities efficiently and to provide perspectives to Audit Committee on improving their effectiveness in addressing these expectations. It describes areas we believe Audit Committee should focus on.

Figure 3: Audit Committee Areas of Focus

14.2 Composition

The Audit Committee's composition is a key driver of its effectiveness. Therefore, having the right Board members - those with the requisite knowledge, judgment, independence, available time and commitment- sitting on the Audit Committee is imperative for the Committee's responsibilities to be carried out effectively.

14.2.1 Size of Committee

An Audit Committee should be large enough to represent a balance of views and experiences, yet small enough to operate efficiently. The number of the members of the Audit Committee shall not be less than three or more than five, provided that one of its member is specialised in finance and accounting. The size of each Committee should be appropriate for the Company's circumstances and will depend on the extent of the Committee's responsibilities.

14.2.2 Member Selection

The local laws and regulations requires that Audit Committee members be appointed by the Board of Directors. The Audit Committee members should be independent and the majority of members shall be from outside of the Board. The committee should include at least one independent Board member and that no executive Board members may be part of the committee.

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.

The Audit Committee members shall not include the Company's executives, employees, or consultants. 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:

- 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.

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.

The Board and Audit committee's chair may have important insights into skill sets that should be sought in a new member to supplement the Committee's existing strengths.

Nominating new Board members to serve on the Audit Committee is the subject of great debate. On the one hand, the scope of Audit Committee oversight provides an excellent opportunity for a new Board member to learn about the Company. On the other hand, a new Board members would not only have to learn about the Company but also about its financial reporting processes as well. The Board of Directors that assigns new Board members to the Audit Committee should make sure there are enough experienced Board members on the Committee (as per the related regulations) and that new members receive effective orientation.

14.2.3 Member's Attributes

Each member should be capable of making a valuable contribution to the Committee. A diverse outlook is desirable, since a uniform point of view could lead to over-emphasis in one direction. Ideally, written qualifications for Audit Committee members should be developed. Such a description is useful to recruiters in determining readily whether an individual meets the Committee's needs.

A good understanding of the business-including the Company's products, services and industry- is essential, as it enables members to assess the appropriateness of accounting policies and financial results.

Members who have limited familiarity with the Company's industry should be thoroughly briefed as part of their orientation.

Board members must plan to dedicate substantial time and energy if they agreed to Audit Committee service. They should be willing to devote the time necessary to review financial statements, become familiar with the financial reporting process, oversee the Company's compliance with regulatory and legal matters, prepare for and attend meetings and participate in other ways as needed. Committee members should also commit to the ongoing training and development they need to maintain and enhance their individual and collective effectiveness, including education about accounting developments and the Company's business and industry.

Financial knowledge and independence are particularly significant attributes for committee members. They will be discussed in more details below. But many committee chairs and governance observers point to courage as a vital attribute for committee members- courage to challenge when the Board member does not believe management is forthcoming or does not think responses make sense and courage to challenge when no other committee member share a Board member's concern about the proper accounting for a significant issue. Other relevant attributes include:

- Extremely high level of integrity.
- Healthy skepticism.
- Inquisitiveness and independent judgment- asking the right questions and appropriately interpreting the answer.
- Knowledge of the Company's risks and controls and the ability to offer informed insight.
- Recognition of the Committee's increasingly significant role.
- A broad perspective on the business that extends beyond financial and technical knowledge.
- Ability to offer new perspectives and constructive suggestions.

The Committee's Chairman should not only possess these attributes but also have strong leadership qualities, objectivity and the ability to promote strong effective working relationships- among committee members, management and internal and external auditors.

14.2.3.1 Financial Knowledge

Because the Audit Committee oversees financial reporting and the audit functions (internal and external), it needs members with a good understanding of financial reporting. The importance of this understanding is reflected in both Stock Exchange Rules and all applicable regulations and may be extended to other countries.

CMA stipulates that the Committee should have at least one member who is a "specialist in financial and accounting matters" and all other members being financially literate. Literacy in this context can be described as the ability to read and understand fundamental financial statements. Such a person should have:

- An understanding of Accepted Accounting Principles and financial reporting.
- The ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves.
- Experience preparing, auditing, analyzing or evaluating financial statements.
- An understanding of internal controls and procedures for financial reporting.

- An understanding of Audit Committee functions.

The Audit Committee needs members with sufficient knowledge of accounting and financial reporting to enable them to understand the financial reporting process, financial statements and related business issues.

14.2.3.2 Independence

In its role overseeing the financial reporting process and representing the interests of shareholders/owners, the Audit Committee often must question management's judgment or challenge its position. Independence, therefore, is essential for the Audit Committee to function effectively.

Having a fully independent Audit Committee does not guarantee the Committee will be effective. But having a Committee whose members are beholden to management greatly increases the likelihood that it will not be, as members might be reluctant to ask the tough questions and persist until they get needed answers. Therefore, a Committee composed of all independent Board members is clearly leading practice.

A crucial issue here is how should independence be defined? Regulators and various organizations have developed rules or definitions to guide companies, and these can be useful in setting the Committee's independence guidelines. It is important to recognize, however, that a Board member who technically meets the letter of an independence rule still might not be independent if other factors prevent that Board member from exercising true objectivity. The ultimate goal is member independence and objectivity in mind and action-rules and guidelines can serve only to help select and retain the right members.

Because of disparity in definitions and guidelines, the Board and the Audit Committee should agree on an appropriate definition of independence to apply to members. The definition should, of course, encompass any legal, listing or regulatory requirements applicable to the Company. Also it is useful for members to assess their "true" independence- that is, their ability to exercise judgment freely and objectively in carrying out the Committee's responsibilities.

14.2.4 Membership Term

When considering length of service on the Committee, the Board of Directors needs to balance the benefits of having experienced members oversee these complex activities against the risk that, after extended service, some members may become stale or complacent. Some companies establish term limits, for example, five to seven years, to address this issue. Others believe the normal turnover of committee members solves this problem.

Mandatory rotation of committee members is still rare in practice. When there is no policy for mandatory rotation, it becomes more important that individual committee member performance be evaluated regularly. Such evaluations provide a mechanism for replacing members whose performance does not meet the shareholders expectations.

Whether or not a formal rotation policy for committee members exists, effective practice demands that the company, when planning for committee membership succession, consider both continuity and the desirability of a fresh perspective. Shareholders recognize the benefit of continuity, that rapid turnover can decrease the Committee's effectiveness, since members need time to understand the technical issues and learn the Committee's procedures. By considering succession planning, shareholders can ensure all experienced members do not depart from the Committee within short time frame, protecting inexperienced members from being left without guidance and historical perspective. Some companies stagger the terms of service of committee members to help ensure appropriate balance is maintained. Any service term requirements should be included in the Committee's charter as per the applicable regulatory requirements.

14.2.5 New Member Selection

New members joining the Committee have special needs. To be effective- to know what questions to ask and how to interpret and follow up on answers- Audit Committee members must have a solid

understanding of the business. They need to understand the Committee's roles and responsibilities, and to become conversant quickly with the financial reports, as well as with the major underlying processes and related risks.

Additionally, if the Audit Committee member is also new to the Board, the orientation should include information about the Company's business and industry- including insight into strategy, competitive environment, operations, sales channels, supply chain, and other business issues- and key business risks.

Company management and internal audit often are well placed to provide information and orientation training, as are external auditors, who can offer a valuable perspective on the financial reporting process, their role, and their view on key risks.

As important as the topics covered in the program, orientation programs should be conducted timely and be appropriate.

14.2.6 Remuneration of Audit Committee Members

Remuneration of Audit Committee members should reflect the time, commitment and responsibility involved in serving as an Audit Committee member. This will depend on the complexity of a Company's operation, financial reporting requirements and internal control structure. The Ordinary General meeting should review the remuneration of Audit Committee members in light of the enhanced commitments involved in serving as an Audit Committee member.

14.3 Organization

14.3.1 Meetings

The best meetings are those in which the Committee engages in productive discussion with management and the auditors, and among its members. Effective meetings require strong leadership, the right agenda, advance materials, appropriate participants and effective dynamics. To be positioned to effectively carry out the responsibilities expected of it, the Audit Committee must meet at least six times a year and hold special meetings as warranted. Agendas must cover all committee responsibilities, allow sufficient time for in-depth discussion and provide for regular private sessions with key parties. While off-line communications are more prevalent and are important in contributing to effectiveness, the Audit Committee meeting remains the key venue for the Committee to discharge its responsibilities and it must be well executed for committee success.

Table 4: Excerpt from a sample Audit Committee schedule planner

	January 25	February10 (phone)	March 7	May11 (phone)	July 19	August10 (phone)	September 20	November 15
Review and discuss the quarterly financial statements with management and the external Auditors prior to filing with regulators		X		X		X		X
Review and discuss the annual Audited financial statements, including management's discussion and analysis, with management and the external Auditors			X					

Discuss with management and the external Auditors any significant financial reporting issues and significant judgments made in connection with the preparation of financial statements, including any significant changes in the selection or application of accounting principles			X					X
Discuss with external Auditors matters required to be discussed by applicable Auditing standards and regulations		X	X	X		X		X
Discuss accounting developments affecting the Company's financial statements this year or next				X			X	

14.3.1.1 Duration

It is vital that committee members have sufficient time to discuss important matters, in-person meetings should last two to four hours. While Committee meetings often are scheduled to coincide with Board meetings, they should not be so tightly scheduled as to restrict the time needed to fully discuss issues. There should be flexibility to extend discussion, if needed. The past practice of convening Audit Committee meetings for a short period immediately before a Board meeting is difficult- if not impossible- to justify these days.

So how long should meetings last? Too many variables exist to establish a standard or minimum meeting length. Rather, the time required to cover the agenda effectively should dictate the duration. The acid test is whether committee members are satisfied they have thoroughly addressed all significant agenda items, without feeling undue pressure to rush discussion.

However, a note of caution. Longer meetings are not necessarily better. Why? Because it is difficult to remain focused for extended periods of time. That is why, increasingly, Audit Committee chairs are shifting focus to ensuring efficient meetings. How? By requiring appropriate materials beforehand, which committee members are expected to review, and then by limiting formal presentations during meetings so members can spend meeting time actively discussing issues, instead of passively listening.

14.3.1.2 Agenda

A detailed written agenda, along with briefing materials, should be distributed before each meeting. Well-crafted agendas help keep the Committee focused, and are most effective when the most important topics are listed first.

As mentioned earlier, a scheduling calendar can be used as a starting point in developing the agenda for each meeting. Regardless of who develops the agenda, the chair must play an active role in finalizing it, ensuring that all relevant issues are included, and shaping it to his satisfaction before it is distributed.

How should chairs contribute to developing agendas? The chair should monitor events reported in the media for issues that may be of concern to the Company. He then asks the Board Secretary to add them to the agenda and find the appropriate person from within the Company to address the issue at the meeting. And any committee member can add an item of interest to the agenda, so the Committee might focus, for example, on capital expenditures in one meeting, and on tax and zakat in another.

It is also possible to use a timed agenda so the chair knows in advance how much time each topic is expected to take. Although these estimates do not limit discussion, this approach requires that he understands beforehand what management and other presenters expect to cover and what materials will be distributed or discussed. This knowledge allows the chair to request alternative materials from management/auditors to shorten formal presentations. It also allows for flexibility during the meeting to

determine which discussions can be accelerated and which topics could be postponed to another meeting, if needed.

14.3.1.3 Briefing Material

To enhance effectiveness, briefing materials should be supplied well in advance of meetings. The Committee should insist on receiving them two weeks beforehand. For their part, committee members must take the necessary time to prepare fully by studying the materials provided and noting any questions.

Generally, materials are prepared and distributed by management, and often include special reports from the internal audit manager and external auditors on matters they will address at the meeting.

The best briefing materials strike a balance between communicating completely the information the Committee needs, and being pitched at the appropriate level as to avoid extraneous detail the Committee does not need. The committee chair may insist that if an individual document is over three pages long, management of the reporting group should provide a summery highlighting key information. Also, the chair may require an executive summery at the start of each report in the briefing package. This practice requires information preparers to analyze what they are communicating and think carefully about what is most important to the Audit Committee.

It is also a common practice to provide the Committee with detailed information, so members can drill down if they wish to.

Here, Audit Committee chair can play an important role by reviewing draft briefing materials and discussing and clarifying issues with management and the auditors in separate meetings before the Committee meeting. This allows the chair to better understand which issues are relevant and ensure he obtains what is needed.

Audit Committee members initially might think the volume of information they receive is more than sufficient, but they need to assess the information provided they should determine what information they want, the form and source of the information, and discuss with management the means of obtaining such information. By doing so, the Committee can prevent a lack of information or information overload.

14.3.1.4 Participant

Members of the Audit Committee should attend all meetings of the Committee. In addition to members of the Committee, other participants are often present, by invitation, at meetings. For example, both the internal audit manager and the external auditors typically attend every Audit Committee meeting by invitation from its chair. Moreover, because management is responsible for the financial reporting process, its active participation in committee meetings is important. Therefore, the Chief Financial Officer (CFO) is often invited to attend every Committee meeting. Functional specialists such as information technology Director and business units' leaders also attend by invitation, but less often-typically when their expertise is needed to address specific agenda items.

One advantage of having management attend is that the Committee can get its questions answered during the meeting. There are, however, drawbacks. When management and observers greatly outnumber the Audit Committee, members may be reluctant to ask questions. Also, a manager may be less candid in answering a question when his or her supervisor is in the room and is not happy the question has arisen. Thus, while management can provide information that is helpful to the Committee in its deliberations, the Committee must remain alert so that management does not unintentionally or otherwise, divert attention from sensitive matters.

Most Audit Committees do not routinely invite outside specialists to their meetings, except for the external and internal auditors.

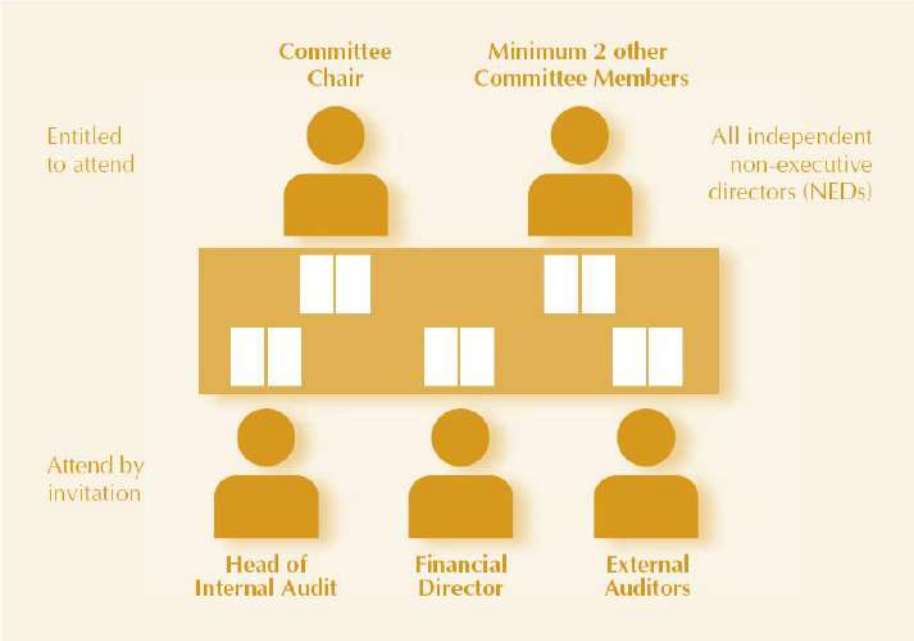

Figure 4: Audit Committee Attendances

14.3.2 Private Meetings

The Audit Committee should meet regularly in private with the internal audit manager and the external auditors to discuss issues such as auditors' performance, management's performance, and future agenda topics or how the Committee might improve its own performance.

These private sessions should be scheduled as part of the agenda at each meeting. While it is possible to hold such sessions only when requested by the internal audit manager or external auditors, such requests raise a red flag with management, diminishing confidentiality. Although it is more typical of these sessions to be held at the end of the meeting, Audit Committee may schedule the private discussions with internal audit at the beginning so they can become more aware of areas they should probe during the meeting.

Audit Committee should also meet periodically in private sessions with finance management. Such sessions are important when the Audit Committee needs input on the performance of the auditors or discusses management's performance.

Audit Committee may determine that private sessions would be useful with other parties- such as the CEO- to discuss particular issues.

Audit Committee members also should hold private (members only) sessions regularly to discuss their concerns.

14.3.3 Chair's Role

The chair plays a crucial role in ensuring that meetings function effectively, but that role is not confined to the meetings themselves. The chair should spend significant time between meetings keeping current on Company activities, discussing and resolving issues, communicating with various parties and committee members and preparing for meetings.

How? The chair should hold pre-meetings. By meeting separately with the internal audit manager, external auditors and key finance management a week or two before the Committee meeting, the chair can understand developments better and dig deeper into issues. Reviewing the briefing material before they are sent to the full Committee, and requiring that relevant changes be made, allows the chair to ensure the material serves the Committee's needs.

Chair's involvement takes a great deal of time and effort. On average, the chair spends two to three hours preparing for every hour of meeting time. This is in addition to the time spent every year visiting management at every major location in which the Company operates.

14.4 Roles and Responsibilities

The roles and responsibilities of the Audit Committee will focus on its key responsibilities for assisting the Board in fulfilling its duties in connection with the financial reporting process and with regard to the adequacy and effectiveness of the Company's systems of internal controls. The Audit Committee should also satisfy itself that all key areas of risk to the business are properly addressed by the external and internal auditors. The Audit Committee may, from time to time, assist the Board in considering other business and financial issues outside the Audit Committee's normal scope of work.

14.4.1 Financial Reporting

The Audit Committee assists the Board of Directors in discharging its oversight responsibilities. Its role is defined by Ordinary General meeting and its activities may differ with Company circumstances, industry needs, applicable corporate governance rules and stakeholder requirements. Although the Audit Committee may take on numerous additional responsibilities, the central reason for the Committee's existence is to oversee the integrity of the financial statements.

14.4.1.1 Annual Financial Statements

A key element in the Audit Committee's oversight of the integrity of the financial statements and the financial reporting process is reviewing and discussing the annual financial statements with management and the external auditors- and determining whether they are complete and consistent with operational and other information known to committee members. The Audit Committee is also responsible for assessing the quality, not just the reliability, of earnings. But the Committee's financial reporting responsibilities do not end there. The committee also needs to:

- Understand the processes used in developing the financial statements and be comfortable the supporting information systems are reliable.
- Assess management's degree of aggressiveness or conservatism in preparing the financial statements.
- Review significant accounting and reporting developments and issues, including recent regulatory pronouncements, and understand their impact on the financial statements.
- Assess the quality of accounting principles and the appropriateness of significant accounting policies.
- Understand and be comfortable with management's assessment of materiality, both quantitative and qualitative, for financial statement purposes.
- Understand management's process for developing significant estimates and the impact of those estimates on the financial statements.
- Understand significant risks, including fraud risks, and plans to mitigate the risks.
- Discuss with internal and external auditors their audit plans to address significant risks and the audit results.
- Consider management's handling of proposed audit adjustments identified by the external auditors.
- Resolve disagreements between management and the external auditors.
- Recommend to the Board whether the financial statements should be incorporated into the Company's regulatory filings.

Audit Committee could achieve the above by demonstrating the appropriate level of scepticism, asking probing questions, and having frank discussions with management and the auditors, pressing for answers if needed. Audit Committee members also need to prepare thoroughly for meetings- carefully considering the draft financial statements and other information provided. To do this, they must insist on receiving financial information in briefing packages well in advance of meetings. Audit Committee also should request that information clearly identify changes from versions previously reviewed and highlight for their attention areas new from the prior year's reports.

Audit Committee may also ask management or the auditors to develop a snapshot of significant balance sheet accounts to better understand the nature, policies, risks, audit approach and other complexities of the account.

In reviewing financial statements, the Audit Committee needs to focus on specific issues, including materiality, accounting policies, areas involving estimates, significant changes and areas most susceptible to fraud. Audit Committee also needs to review narrative reporting for appropriateness of disclosure. Audit Committee should be aware of the importance of assessing the transparency of financial statements and other disclosures, as discussed in the following sections.

14.4.1.2 Materiality

It is important for Audit Committee to understand how management and the external auditors evaluate materiality for financial reporting purposes. Experience shows that many do not fully understand how complex establishing materiality can be.

Materiality is more than just a quantitative concept, and significant judgment is involved in its evaluation. A quantitative threshold, such as a materiality percentage, is a useful basis for preliminarily assessing whether an item is likely to be material. In any event, management and the auditors need to assess all relevant facts and circumstances around an item- including both quantitative and qualitative measures- before being satisfied that it is in fact immaterial. Qualitative considerations include, among others, whether the misstatement:

- Masks changes in earnings or other trends, especially trends in profitability and earnings per share.
- Hides failure to meet analysts' consensus expectations for the Company.
- Changes a loss into income or vice versa.
- Helps conceal an unlawful transaction or involves improper acts by senior management.
- Affects the Company's compliance with loan covenants, other contractual agreements or regulatory requirements.
- Increases management's compensation, for example, by satisfying threshold requirements for bonus awards or other forms of incentive compensation.

In essence, something is material if a reasonable person would consider it important. Indeed, materiality aside, regulators favour companies correcting any known errors they have been able to measure precisely, regardless of size.

14.4.1.3 Areas Involving Estimates

The Audit Committee should scrutinize areas involving estimates, since they can have a significant effect on reported profits. Estimates are commonly required for:

- Likely uncollectible accounts receivable.
- Slow-moving or obsolete inventory.

- Asset impairments (e.g., goodwill and intangible assets).
- Employees' benefit obligations.
- Income taxes.
- Restructuring costs.
- Loan loss reserves.
- Litigation reserves.

The reality is that for many of these estimates, management must predict the effects of events that do not occur until far into the future. While many companies have well-established methods of handling relatively routine estimates, other estimates can prove more difficult. On the positive side, Audit Committees are asking more questions about management's process for developing estimates and are requesting supporting documentation.

While recognizing that estimates by their nature are subjective and can change based on future event, knowledgeable Audit Committee members understand estimates' susceptibility to manipulation and give them the necessary scrutiny.

14.4.1.4 Significant Changes

Global leading practice calls for Audit Committee to review significant period-to-period changes in the accounts as an integral part of the financial statement review. Management should provide substantive explanations for the reasons for major variations from year to year and between actual results and budgets and forecasts.

Audit Committee should evaluate whether there are significant increases in volume directly before the period-end close or significant changes between the final quarter's results and the trend over the first three quarters and, if so, why. Importantly, the Committee should ask management to address why significant variances did not occur when operational and other information known to committee members indicate they should have. And, the Committee members should challenge management when earnings information provided earlier in the period suggested targets would not be met, yet at period end they were. For example, if any one-off transactions were recorded, Committee should consider whether the accounting and disclosure are appropriate.

Management should highlight any unusual or complex items and their accounting treatment for the Committee. Committee members should pay particular attention to management's reasoning in areas requiring the exercise of significant judgment. Highly complex issues, such as off-balance sheet transactions, should be explained and discussed. The Committee will want to understand fully the purpose behind significant transactions, their economic substance, and their impact on financial statements. Committee members should be satisfied that management's explanations are reasonable and consistent with their understanding of the Company.

14.4.1.5 Areas Most Susceptible to Fraud

High profile companies around the world have admitted to fraudulent financial reporting, damaging investor confidence. Consequently, regulators and standards setters place tremendous emphasis on preventing and detecting fraud. These rules articulate common expectation- that the Audit Committee, in its oversight of financial reporting, plays a key role in reducing fraud risk. The financial reporting areas most susceptible to fraud are as follow:

Revenue recognition: improperly recording the timing of sales, recording fictitious revenue, improperly valuing revenue.

Expense classification: improperly capitalizing/deferring expenses, failing to record expenses, overstating ending inventory values, improperly using restructuring and other liability reserves, understating reserves for bad debts and loan losses, failing to record asset impairment.

Accounting for business combinations: improperly valuing assets, improperly using merger reserves, inappropriately applying combination methods.

Estimates that are generated by quantitative methods require special scrutiny. Audit Committee should understand management's process for ensuring the accuracy and validity of such models and consider engaging auditors or other third-party experts to test and validate models that are particularly significant and complex.

14.4.1.6 Interim Financial Statements

In addition to annual financial reporting information, Audit Committee should review interim financial statements- whether quarterly or semi-annually- including related information disclosed and its presentation. Committee should perform this review prior to the Company's filling with regulators.

In its review, the Audit Committee should ask management about significant judgments and issues faced in the period-end closing, and whether the interim statements were prepared on a basis consistent with the annual financial statements. It should discuss with management the overall quality of earnings and adequacy of proposed disclosures. Many questions posed during the annual review- how results compare with budget, whether the accounting policies are consistently applied, significant changes in trends, significant transactions, how unusual events are reflected and so forth- applies to interim reports as well.

The Audit Committee also should discuss the results of external auditors' review of interim reports. External auditors are supposed to communicate specific matters- including the selection of new or changes to significant accounting policies, audit adjustments, material accounting or disclosure errors identified, disagreements with management, and material changes in internal controls- to the Committee in connection with their review of interim financial statements. Such communications should take place before the interim reports are filed with regulators.

14.4.1.7 Narrative Reporting

The Audit Committee should review any additional disclosure and other sections of the annual report before publication and consider whether the information is consistent with the financial statements and facts as the Committee understands them. Audit Committee also should ask the external Auditors and the internal audit manager whether the narrative reporting is adequate and consistent with the financial statements and their knowledge of the Company's operations.

Assessing whether the information in narrative reports is accurate is only one part of the Committee's role. Audit Committee also should consider whether the reporting is complete. The Committee should ask questions such as: Is the Company disclosing what it should? Is it providing the full story? Do these results really reflect the ongoing, sustainable operations of the business? Does some of the information distort the real results?

So what happens when the Committee identifies something management has not proposed to disclose? It should challenge management as to the reasons why the item should or should not be disclosed. If the discussion convinces the Committee, then it should accept management's viewpoint. However, if the Committee is not convinced- say management opposes disclosing an item because it might benefit competitors, yet the Committee believes financial statement users should have this information- it should demand disclosure. Additionally, not disclosing information because the Company could be embarrassed is not an acceptable reason.

Transparent communications successfully conveys to stakeholders information needed to value the business and make an informed decision. Therefore, companies must commit to transparently disclosing more information- details like their competitive market environment, Company strategy, business activities, targets and results for key performance measures and detailed segment information. And once

they start, they provide this information consistently, even when it does not reflect favourably on the Company.

14.4.1.8 Disclosing Related Information

While traditional financial disclosures are important, companies also disclose earnings guidance, forward-looking information and other financial information. Sophisticated investors and analysts closely monitor this information.

Given the importance of this information, Audit Committee should ensure they are part of the related review process. Moreover, in reviewing this information the Committee should:

- Understand what information is related.
- Consider the quality of systems and reliability of data underlying this information.
- Understand key business assumptions and dependencies supporting this information.
- Assess the likelihood of business assumptions occurring.
- Consider management's history in meeting earnings targets.
- Consider analysts' expectations for Company performance.

14.4.2 Internal Control

Internal control is an important component of enterprise risk management. It helps ensure management's responses to risks are effective. It can be defined as a process that provides reasonable assurance that a Company will be able to achieve its objectives in the following areas:

- Effectiveness and efficiency of operations.
- Reliability of financial reporting.
- Compliance with applicable laws and regulations.

The Audit Committee needs to define and agree with the Board on the scope of its oversight of internal control. The Committee should consider the extent of assurance it receives from the scope of internal audit's work.

While management is responsible for implementing effective internal control, the Audit Committee plays a vital role in overseeing it.

Below are the steps the Audit Committee can take.

- Understand the framework used to assess internal control.
- Meet periodically with individuals who are primarily responsible for internal control throughout the Company.
- Assess, and help set, the tone at the top.
- Discuss with management controls in place to mitigate key financial reporting risks, including fraud risk.
- Review the annual plan to address internal control reporting.

- Discuss the approach to testing and reporting with management, internal audit, and the external auditing.
- Understand the resources being used for compliance.
- Meet regularly with management, internal audit, and the external auditor to discuss status and findings – particularly significant deficiencies and material weaknesses – as well as management's action plan to respond appropriately.
- Review external reporting on internal controls.
- Monitor implementation of significant internal control changes.
- Promote internal control efficiencies across the Company.

When assessing internal controls over financial reporting, astute Audit Committee should focus on areas of greatest potential risks, a few of which are:

- Management override of controls: Audit Committee should carefully consider whether – and how – management could override established controls. Audit Committee should understand what procedures mitigate this risk.
- Outside service providers: Audit Committee of companies that partly or wholly outsource key functions – such as recordkeeping, information system processing, systems development, internal audit, or internal control testing should be sure they are comfortable that management is properly monitoring the outside service providers and ensuring their work is appropriate. For example, Committee ensure management has considered the service provider's reputation, its experience; the quality of its personnel, and its controls, policies, and procedures, to determine it safeguards the Company's information properly. Also, Audit Committee probe to see whether Company management has the controls and procedures to monitor results of service providers' work and identify any problem on a timely basis.
- Information technology: As part of its overall role in internal control reporting, the Audit Committee should consider whether it has the knowledge, or can leverage internal or external experts, to oversee effectively the complex information technology that underlies internal control. Audit Committee need to ask insightful questions regarding controls over privacy, security, and assess particularly as threats to systems are constant.
- Mergers and acquisitions: Audit Committee should consider the target companies internal control when assessing merger and acquisitions transactions. Due diligence should include specific consideration of internal control and its implications for external reporting requirements – specifically, the state of the targets internal control environment and the buyer's plans to merger operations and ability to standardize controls after acquisitions.

Where internal controls are weak, the Audit Committee should require the Board to make improvements. The Audit Committee's involvement is important and can help to reinforce a strong "control culture" in the business.

14.4.3 Regulatory Compliance and Business Ethics

The Audit Committee usually oversees compliance matters beyond those relating to the integrity of published financial information. The Committee, therefore, understand and be familiar with not only managements internal financial controls and their procedures for managing financial risks, but also legal, regulatory and industry standards, internal policies, other stakeholder requirements, and ethical matters. All of these can have a potential financial, non-financial reputational impact.

14.4.3.1 Code of Conduct

The reputation of a business is a critical factor in determining its value. Given the increased attention that the media, public and investment community pay to ethical issues as a determiner or reputation, more and more Boards are devoting resources to ethical programs. One sign of the importance attached to business ethics is the adoption by many companies of formal codes of conduct, setting out the Board's guidelines for acceptable business practices.

A code of conduct is a statement about the Company's positions on ethics and compliance issues. Employees typically do not know, or even have easy access to, organizational policies on many conduct and compliance issues. The code of conduct therefore serves as a user-friendly guide to the Company's policies on employee and organizational conduct.

A code of conduct – whether it exists as a few pieces of paper, a bound manual, or an on-line resource of information – is only a collection of the Company's stated positions on policy issues. It is intended to be supported by action, resources for help, training, and so on.

While codes can cover various topics, the Company should ensure they affirm:

- Expectations for professional behaviour at and outside the work place when conducting Company business.
- Employees' responsibilities for reporting misconduct or expressing concerns.
- Standards of responsibility for both management and non-management employees.
- The fact that some management and senior employees may be held personally and/or criminally liable for their own actions.
- A specific process for disciplinary actions when policy violations are discovered. Depending on the severity of the violation, the process may include a verbal warning, a written warning, corrective action, follow-up review and report, or finally, dismissal.

Audit Committee should oversee management's programs to ensure compliance with the Company's code of conduct on behalf of the full Board. Below are the leading practices for effective Audit Committee oversight of the code of conduct.

- Ensuring a robust, written code of conduct has been developed – and addresses all appropriate parties and covers all aspects mandated – and reviewing and approving it.
- Ensuring the code of conduct is communicated to all employees – including understanding any requirements to certify they have read and understand the code, and any annual certification programs for continuing compliance – and that employees receive.
- Ensuring the Board itself receives a copy of the code and related training.
- Understand and being satisfied with the support and communications channels available to help employees address issues, and that they are working effectively.
- Understand and being satisfied with the program for monitoring compliance with the code – as well as reviewing summary of reported violations and follow-up actions.
- Ensuring that management complies with the code and exhibits ethical behaviour in its vital role of establishing the tone at the top.
- Reviewing the code annually and discussing whether it should be revised.

Management, general counsel and the internal audit, should provide relevant information to the Committee on the code's implementation throughout the Company.

14.4.3.2 Compliance

Compliance is an outcome of doing business the right way and must be integrated seamlessly into all process components of the organization. Companies should not view compliance as a stand-alone activity or role within the organization, or as something that is performed outside of, or in addition to, day-to-day business activities.

An effective compliance framework enables Company to demonstrate how (through its policies, processes, systems and behaviours) it is meeting the obligations imposed on it by its stakeholders, including laws, regulations, industry codes, internal policies, standards of good corporate governance and other community expectations. Unless a separate compliance matters beyond those relating to the integrity of published financial information. Below are the minimal criteria the Company should embrace in its compliance and ethics programs.

The Company should:

- Establish standards and procedures to prevent and detect criminal conduct.
- Ensure proper leadership and oversight of the compliance and ethics program:
  - Ensure the Board is knowledgeable about the content and operation of the program and exercises reasonable oversight with respect to its implementation and effectiveness.
  - Assign overall responsibility for the program to high-level personnel.
  - Delegate day-to-day operational responsibility to specific individuals who have adequate resources and authority, including direct access to the Board level.
- Make reasonable efforts, exercising due diligence, not to delegate authority to anyone who has engaged in illegal activities or other unethical conduct.
- Communicate to and train Board members, senior personnel, and employees on the compliance an ethics program.
- Take reasonable steps to ensure the compliance and ethics program is followed, by Auditing and monitoring to detect criminal conduct; periodically evaluating the program’s effectiveness; and having and advertising an anonymous or confidential hotline for employees to report issues or seek guidance.
- Encourage adherence to the program through appropriate incentives and apply appropriate discipline if personnel engage in criminal conduct.

After criminal conduct has taken place, take reasonable steps to respond to and prevent further similar incidence, and modify the program as necessary, periodically assessing the risk of criminal conduct.

The Audit Committee should have an oversight responsibility for compliance. Leading practice shows that Audit Committee should oversee compliance and ethic programs by:

- Understanding the design of the Company's program for ensuring compliance with laws and regulations including areas of higher risk, areas of particular focus, key personnel involved and their backgrounds, reporting structure, challenges, and approaches to addressing specific major requirements.

- Reviewing the effectiveness of the Company's program for ensuring compliance with laws and regulations, including how management monitors to ensure the program is operating appropriately.

- Ensuring comfort with the manager designated to head the function, and whether that person has the appropriate independence, budget, staff and resources required to implement and administer and effective program – and meeting periodically with the manager to discuss key risks, status, issues, and program effectiveness.

- Understanding the nature of any significant issue that come to light and management's investigation and follow-up, including disciplinary action.

- Reviewing trends in compliance and management's plans to address systemic issues.

- Reviewing findings and reports of examinations by regulators.

- Being satisfied that disciplinary actions management has taken to respond to violations are appropriate and reviewing responses for consistency being satisfied management is making any changes required to ensure ongoing program effectiveness.

- Ensuring management has reflected the impact of significant issues in the financial reports.

- Understanding how internal audit assesses the risks inherent in the compliance and ethics program and covers them in audit plans.

- 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.

14.4.3.3 Whistle Blowing and Complaints

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, and shall ensure that such arrangements have been put into action through an adequate independent investigation, and shall adopt appropriate follow-up procedures.

The Audit Committee is expected to establish or review steps taken by management to establish, whistle blowing procedures on financial matters. The Audit Committee needs to know that:

- Management has whistle blowing and complaint handling systems in place.

- Key issues from these systems are being brought to its attention.

Managers and employees who become aware of instances of possible financial malpractice within the Company should have a safe channel through which to report their concerns. Such a channel must have multiple avenues for reporting concerns, this includes offering a number of functional/departmental options, e.g. an ethics officer, a toll free helpline, or a secure email address, ready to address minimal issues (which maybe HR or benefits related), or very serious issues of suspected fraud, or other misconduct at a senior level. All the while, employees must also be informed that every effort will be made to keep their concerns confidential and/or anonymous, if requested, but that in pursuit of an investigation it might not always be possible

14.4.4 Oversight of Management and Internal Audit

The strength and candour of the Audit Committee's working relationships with management and internal audit are key factors enabling the Committee to carry out its responsibilities effectively. Audit Committee relies on the skill set and performance of management and internal audit and at the same time must be

active in overseeing the many aspects of these important relationships, with the common goal of mutual support and respect.

14.4.4.1 Relationship with Management

Audit Committee needs to place significant reliance on and interact effectively with management. Audit Committee should balance its role of advising and counselling management with their fiduciary duty to monitor and oversee management. Getting that balance right is challenging, and balance shifts with changes in the business environment and in a Company's specific circumstances. So while Audit Committee should ensure reviewing information carefully – and challenging management when necessary – they should not be resolving everyday issues or making management decisions. The Committee should have its "noses in, fingers out".

Conflict arises between Management and the Board of Directors when there is no clear understanding and consensus on where management's responsibilities end and the Audit Committee's begin. Management may believe it is doing its job by informing the Committee of a decision, only to find the Committee feels it should have been consulted in advance of the decision. Or the Committee may provide input and consideration factors on an issue when management did not request input, resulting in the Committee feeling management ignored its views. Whatever the source of conflict, such situations create dissatisfaction and even resentment. Management should seek the Committee's input when making key decisions. However, if the Committee finds that they are getting information on issues after the fact, and are uncomfortable their input was not requested, they need to point this out to management, either as part of a private session or through conversation between the chair and the manager involved. If, for its part, management is not sure whether something qualifies as a "key" decision, it should ask. Periodically affirming which types of transactions the Committee wants to have hands-on involvement with is also a good idea.

Management's actively engaging the Audit Committee is part of a vital shift in mind set. Management should view the Audit Committee as an asset and consider whether it is adequately supported through access to the right information, resources, and training – similar in concept to maintaining any important asset.

Matters on which Audit Committee might obtain regular briefings from management include:

- Management assessment of the business risks the Company is facing and its planned response to those risks.
- Current issues affecting the Company's industry (for example, regulatory issues or information about the competitive environment).
- The effects new laws or other regulations may have on the Company.
- The legal environment, including any lawsuits and administrative proceedings, the status of product and environmental liability and warranty reserves.
- Treasury activities including cash management, hedging, foreign currency transactions, and use of new or unusual financial instruments.
- The Company's foreign operations, including locations, and local controls over financial reporting.
- Employee compensation policies, procedures for reviewing officer's expenses and benefits, and controls over agreements with temporary and contract staff.
- Insurance cover for Board members and senior officers.

14.4.4.2 Communication and information flow

The Audit Committee needs strong, open communications channels with senior management – continually, not just during meetings. Astute committee chairs recognize the importance of ongoing communications to building a trusting relationship. Accordingly, they should insist on increased contact with key management – speaking as frequently as every week or every few weeks.

Discussions between the Audit Committee and management must be candid. Audit Committee should be able to ask probing questions, obtain additional information, speak with other individuals within the Company and perform appropriate independent checks on management. And management should respect that it is the Committee's role- and its right – to do so. Management's unwillingness to respond to Audit Committee requests should raise a red flag. Below are the lists signs of robust communications with management.

Whether management:

- Answers questions fully and promptly.
- Provides factual information to support responses.
- Admits when it does not know the answer.
- Supports the Audit Committee by contacting additional relevant resources and specialists.
- Is easily accessible.
- Advises the Committee of significant transactions or issues in a timely manner.
- Asks for Audit Committee input in advance of key decision.

14.4.4.3 Meetings

Management typically takes the lead in presenting reports on many meeting agenda items. But the aim is not simply to present at meetings. Management's participation should focus on engaging in ongoing and meaningful dialogue with the Committee, answering questions, and providing additional insight.

Audit Committee should meet privately with members of management regularly – including the CEO, CFO, and legal counsel. Private meetings are appropriate to discuss, for example, strategic decisions, or considerations around the appointment, reappointment, or dismissal of the internal audit manager or external auditors.

14.4.4.4 Evaluation

Although determining management appointments often is viewed as the purview of the CEO, forward-thinking Audit Committee should demand a say hiring for key finance department positions, even interviewing a short list of candidates. They should be looking for individuals who will be comfortable reporting regularly and building a relationship with the chair. Committee should also be looking for ethics and integrity as well as financial reporting expertise.

Audit Committee should continually assess the strength and performance of finance manager. First, it should review managers' qualifications – and how recently they received those qualifications. Second, the Committee should assess how well managers perform, act and between Committee meeting, with candid answers and a willingness to admit when they need guidance or assistance. Third, it should consider the confidential feedback of internal and external Auditors.

14.4.5 Relationship with Internal Audit Department

The internal audit function can be an important source of information and advice for the Audit Committee. It is therefore imperative that there be a strong relationship between them.

Audit Committee can make sure their relationship with internal audit is effective by making sure the internal audit function has the appropriate stature within the Company and is operating at optimum performance. Moreover, Committee should ensure internal audit has continual access to them, holding sessions regularly and speaking between meetings. The Audit Committee should also encourage a positive relationship between the internal audit and the external auditor, to ensure a productive working relationship between them.

If the Company has not established an internal audit function, the Audit Committee should discuss with management in some depth every year why management does not believe such function would be beneficial to the Company and the Audit Committee. And the Committee should insist that one be established if members believe the function is necessary to enable them to fulfil their responsibilities.

14.4.5.1 Internal Audit Charter

In order to be effective, an internal audit department must have the support of both management and the Board. This means not only that management and the Board must provide the right resources, time, and authority, but also that internal audit must have a comprehensive mandate in the form of a charter. The charter and authority, in turn, can provide the Audit Committee with a clear understanding of the internal audit activities, functions, and organizational structure. An internal audit charter sets out the role, responsibilities, authority and reporting requirements of the internal audit function.

When evaluating the charter, Audit Committee should consider the following:

- Does the charter clearly articulate the scope of work internal audit will perform and as agreed by the Audit Committee?
- Does internal audit have appropriate authority to undertake its responsibilities?
- Does the charter outline the reporting lines of the internal audit department? If so, are these sufficient to meet the needs of Audit Committee members?
- Does the charter require the head of internal audit to meet regularly with the Audit Committee without management present, or provide direct access to the Audit Committee Chairman?
- What relationship will internal audit have with other assurance providers?
- When the charter was last reviewed and updated? Has it kept pace with the Company's activities and changes to the compliance/ regulatory environment?
- Does the charter outline the standards under which internal audit will operate?

14.4.5.2 Independence, Objectivity and Reporting Lines

The Audit Committee should be satisfied that the reporting structure provides for internal audit's organizational independence and objectivity. A key element of independence is ensuring the internal audit manager reports to a sufficiently high level in the Company. This often involves a dual reporting relationship: functionally to the Audit Committee and administratively to the CEO.

Internal audit managers should report directly to the Audit Committee to ensure objectivity in the planning and execution of internal audit work. Audit Committee must support internal audit's role by maintaining the independence of internal audit, ensuring management cooperates with internal audit, and recognizing and promoting internal audit as a value-added activity.

It is also important the Audit Committee is satisfied with the individual the internal audit manager reports to administratively, who should be someone with sufficient authority to promote the independence and stature of the internal audit function. At the same time the Audit Committee should avoid, if possible, having internal audit report to someone who personally directs key functions that internal audit reviews. The best way to achieve this is to review internal audit's reporting lines annually to confirm that they are appropriate and operating as intended.

14.4.5.3 Activities and Organizational Structure

The Audit Committee needs a clear understating of the internal audit activities, functions and organizational structure. To gain this understanding, information should be gathered from various sources including:

- The department's charter, organization chart, and internal audit plan (which should include an assessment of the organization's risk profile).
- Reports on internal audit activities for the period, which include lists of projects completed, projects in progress and internal audit findings.
- A description of the process for ensuring that management takes appropriate corrective action on suggestions made in internal audit reports. Information on the department's current resources.
- Plans for recruiting and training personnel.

14.4.5.4 Abilities and Resources of the Internal Audit Department

The Audit Committee should focus attention on the abilities of the internal audit staff and the adequacy of the resourcing of the department. The Committee can enhance the quality of the internal audit department by determining whether the internal auditors:

- Have maintained their objectivity.
- Are adequately trained – the Company should provide a supportive atmosphere where internal auditors can receive continuing professional education.
- Keep up with current issues and technology – for example, where a Company has significant computerized operations or is heavily dependent on electronic commerce, internal auditors should have the skills required to understand the internal control implications.
- Have appropriate qualifications, both in terms of professional training and practical experience. The Company should encourage internal auditors to become members of professional associations, and to seek professional certification where appropriate.
- Are appropriately funded within the Company.

The Committee should consider the adequacy of the size and skill-set of the internal audit department in the light of the business environment in which the Company operates. Important attributes could include computer and systems experience, treasury experience, and foreign language skills, if appropriate.

The Audit Committee should also take responsibility for reviewing or concurring with the appointment, replacement, or dismissal of the internal audit manager.

14.4.5.5 Selection, Evaluation, Compensation and Succession of Internal Audit Manager

To a large degree, the overall effectiveness of the relationship between the Audit Committee and internal audit depends on the relationship and communications between the Committee and the internal audit manager. Accordingly, the Committee will want to review and concur in the appointment. The Committee needs to be satisfied with the candidate's competence and capability, and feel that he will provide the leadership and stature that the function needs, will be respected, and will be able to communicate effectively with senior managers and the Committee.

The internal audit manager walks a fine line, as a member of management and as the leader of an independent group expected to report on management. The Committee needs to be sensitive to this challenge and maintain ongoing dialogue with the manager so it can learn quickly of any potential problems. The Committee should expect the manager to maintain an effective day-to-day working relationship with management, but also to have the courage to make the tough calls when needed.

Having selected the internal audit manager, the Audit Committee needs to monitor his performance. One indication of effectiveness is whether the internal audit manager is involved with and aware of significant initiatives and issues within the Company, including overall business plans and strategies. The Committee also can obtain feedback from management and the external auditors about performance. Questions to consider when evaluating the performance of the internal audit manager are:

- How well do the internal audit manager respond to probing by the Audit Committee?
- How knowledgeable is the internal audit manager in the Company's accounting and financial reporting policies?
- How well does management respect the internal audit manager, and how healthy is the tension between them?
- How well do the external auditors respect the internal audit manager?
- Does the internal audit manager provide adequate assurance in areas required by the Audit Committee?
- Is the internal audit manager respected within the auditing profession? Examples would be as a frequent speaker, writing articles, participating in industry organizations, etc.

Audit Committee also should ensure the internal audit manager's compensation is appropriate. Because of the importance of this position, succession planning is critical. Just as the Audit Committee will want to approve hiring decisions, it also will want to concur with any decision to replace the internal audit manager. This is vital to ensure the replacement is not simply management's attempt to restrict internal audit's activities or findings.

14.4.5.6 Audit Results

The internal audit manager should report audit results – at the agreed-on level of detail – to the Committee regularly. The reporting should communicate clearly the significance and priority of issues. The best communications often use ratings, colour coding, or ranking to provide snapshots of trends and areas of key risks, or to identify well-controlled areas.

Audit Committee should focus significant attention on management's actions in addressing audit findings. Audit Committee should request managers who are responsible for areas with significant audit findings or unresolved corrective actions to meet directly with the Committee to discuss the situations. Such actions reinforce the Committee's view of the importance of internal audit and effective internal control.

14.4.5.7 Budget and Resources

Audit Committee should ensure through discussions with the internal audit manager and management, that internal audit function has the budget and resources needed to discharge its responsibilities effectively. The Committee should assess not only internal audit's head count but also the quality of staff resources. One measure of quality is the number of professionally qualified staff, such as Certified Internal Auditors, Certified Public Accountants or Chartered Accountants, Certified Management Accountants, Certified Fraud Examiners, and Certified Information Systems Auditors. Additionally, Internal Audit should have adequate expertise to test computer controls and assess fraud risks. However, certifications or other academic or trade organization recognitions and skilled training cannot substitute for keen business and industry knowledge, intellectual curiosity and persistence, innate skepticism, and the ability to draw sound conclusions and to work effectively with, but independent, management.

Other factors to consider are levels of continuing training and educations, as well as continuity, of internal audit staff. Also it might be useful to use internal audit as a rotational or temporary assignment. This can provide a valuable training ground, but if the turnover rate is too high, effectiveness can be diminished – not only might there be periods of staff shortages, but the experience and "institutional

memory" of the function could suffer. Conversely, an appropriate level of incoming new staff can bring needed technical skills and a fresh perspective

14.4.5.8 Outsourcing of Internal Audit

The Committee should oversee any outsourcing decision and be confident the resources are brought to bear to discharge internal audit's mandate effectively. The Committee also should discuss whether internal audit needs additional specialized skills to address key risks. Such skill sets, depending on ongoing need, may best be "rented", although the Committee should be satisfied that is the right answer for the long term.

14.5 Relationship with External Auditor

The objective of an external audit of financial statements is to determine whether, in the auditor's opinion, the statements present fairly in all material respects- that is, that they show a true and fair view of the Company's financial position, results of operations, and cash flows, in conformity with the accounting standards.

The role of the Audit Committee involves making recommendations to the Ordinary General meeting about the appointment of the external auditor, agreeing audit fees, reviewing the scope of external audit work, and holding private meetings with the auditor to discuss their findings. It also includes reviewing, with the external auditor, their independence. For Audit Committee to effectively perform their role, they need to have an open, trusting, and professional relationship with the external auditors- with frequent communications and private sessions to discuss issues and sensitive matters.

Broadly, discussions with the external auditor can cover four key areas, which range from specifics about the Auditor and their relationship with the Company, to discussion about the industry, business and control environment of the Company. These areas can be summarized as follow:

- Service approach: The auditor's qualifications, including independence, to perform the work, and their approach to the audit.
- Audit Plan: The key risks identified by the auditor in relation to the financial statements and the Company's controls, and the resulting audit plan and response to the risks.
- Financial reporting: accounting policies, disclosures and observations about the overall quality of financial reporting.
- Governance matters: Matters noted by the auditor in the course of their work that they believe should be brought to the Audit Committee's attention.

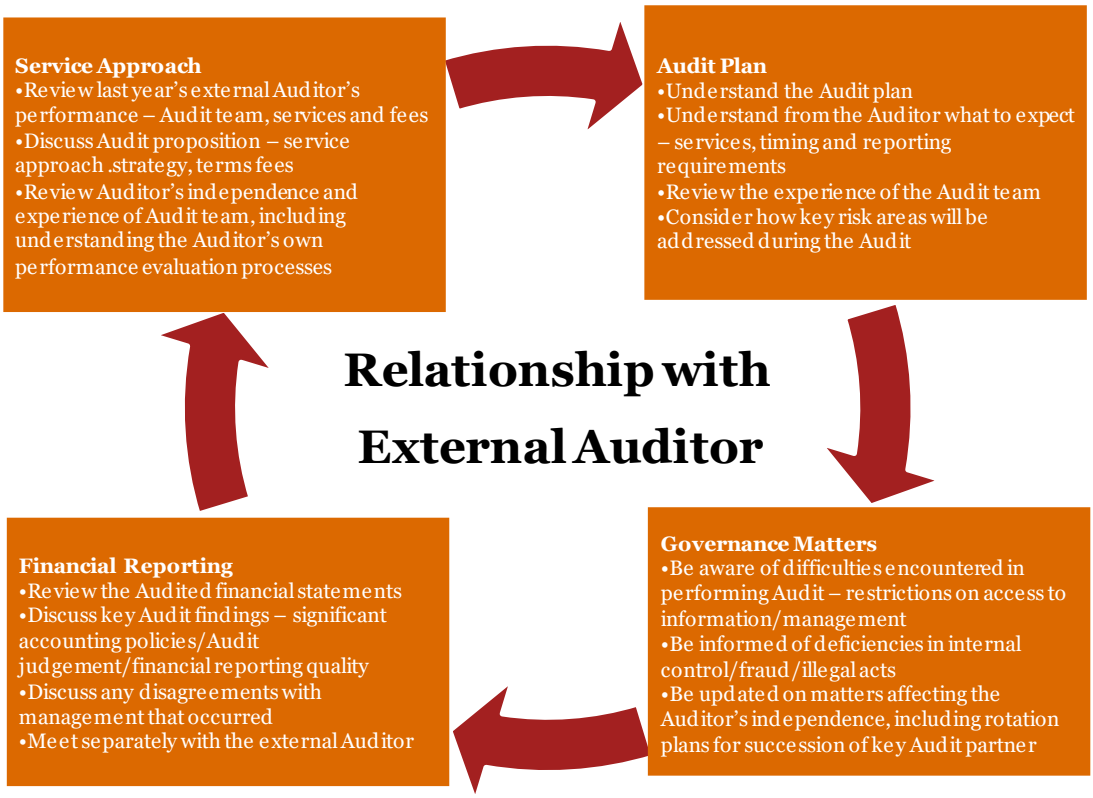

Figure 5: External Audit Relationship

14.5.1 Reporting relationship

External auditors should report directly to the Audit Committee not to or through management.

14.5.2 Selection, evaluation and replacement

The Ordinary General meeting will appoint the external auditor. The total term of office for the external auditor shall not exceed seven consecutive or non-consecutive financial years, and the Authority may, at its discretion, amend this term for any company or sector; such period shall be recalculated after the lapse of not less than three consecutive financial years froth end of the last financial year in which he worked on auditing of the Company's accounts. The Committee's charter should specify its responsibilities in this area. Below are the factors the Committee should look for in making its nominations or reappointment recommendations.

- The external audit firm's reputation.
- The external audit firm's knowledge and experience in the Company's industry.
- The engagement team's overall business acumen and knowledge and experience in the Company's industry.
- The lead partner's overall business acumen, knowledge and experience in the Company's industry, and his personal credential.
- The lead partner's willingness to consult internally on issues, and his or her ability to leverage other firm resources, as needed.
- The Committee's ability to build a trusting relationship with the lead partner, and its level of comfort with periodic contact between meetings.
- The auditor's ability to clearly, candidly, and effectively communicate issues and concerns to the Committee- both in private sessions and during meetings.

- The auditor's ability to work cooperatively with management- including the CEO and non-financial management- while maintaining objectivity.
- The auditor's ability to meet deadlines in providing service and respond to issues in a timely way.
- The external audit firm's quality control procedures.
- Significant findings from recent firm inspections, peer reviews, or other governmental oversight reviews, if available.
- The auditor's independence and the systems employed to ensure independence.

Some of the factors listed above relate more to a reappointment decision, and so link closely with the Committee's assessment of the external auditor's performance. Evaluation of the external auditor's performance can be done through discussion among committee members, private meetings with finance managements and the internal audit manager to get input and feedback, and interviews with lead partner and other firm representatives.

Once they have made their evaluation, the Audit Committee should meet in person with the external auditors to discuss the results. This is an opportunity for the Committee to provide constructive feedback and openly express concerns or opportunities for further improvements. It is also an opportunity for the external auditors to respond to such items and to share any concerns they may have. Open and candid discussion is key to strengthening this relationship and improving the audit process.

The General Assembly may also change the auditor at any time without prejudice to his right to indemnification if such change takes place at improper time or for illegal reason. The shareholders should recognize that changing audit firms is disruptive and can be expensive. Also given the consolidation of accounting profession and independence requirements, a Company with an international presence and specific industry needs face a limited choice in terms of viable alternatives. But despite the challenges, the shareholders cannot ignore unresolved performance issues.

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.

14.5.3 Independence

Independence enables auditors to act with integrity and objectivity. When auditors are independent, their relationships, if any, with the Company are not of a nature that would interfere with their ability to conduct the audit with an objective state of mind. For example, the auditor's judgments would not be swayed by personal financial interests, relatives' interests, or joint business interests. And it is not only independence in fact that is important- auditors must appear to be independent as well.

Audit Committee takes a direct role in ensuring auditors' independence. External auditors must, at least annually:

- Disclose in writing to the Company's Audit Committee all relationships between the auditors and the Company that, in the auditors' professional judgment, may reasonably be thought to bear on independence.
- Confirm in writing that, in the auditors' professional judgment, they are independent from the Company.
- Discuss these matters with the Audit Committee.

Independence requirements for external auditors are extensive, and Audit Committee should give careful consideration to the impact of relationships disclosed on the auditors' independence, as well as the impact of other events. Regulatory and statutory rules in many countries require Audit Committee to assess external auditors' independence.

14.5.4 Audit Scope

External auditors are responsible for determining the scope of the audit, based on a wide range of factors, including their risk assessment. The Audit Committee should consider the external auditors' proposed scope and decide whether it is appropriate for its needs, with the approval of shareholders. And the Committee should not be reluctant to ask auditors to perform more work. Below are some questions the Committee should ask the external auditors about the audit scope and approach.

- What are the objectives of the audit?
- What are the Company's financial reporting requirements and what is the expected time table for meeting them?
- What key risks have you identified and how have you responded to them?
- What are your responsibilities for detecting material errors, fraud, and illegal acts?
- How are you gaining assurance over areas involving estimates?
- How are you auditing related-party transactions?
- How will your audit address the Company's computer systems and applications?
- How will recent changes in accounting policies or regulatory requirements affect this year's financial statements?
- How will any recent changes in the Company– such as mergers and acquisitions, restructuring, shifts in investment strategy, changing product lines, modifications to pension plans, financing arrangements, or other unusual transactions- affect your audit or your report?
- How will you coordinate your work with the internal auditor?
- What Company locations will you visit this year? Do you rotate visits of Company locations? If so, how do you determine which location to visit and when?
- Which subsidiaries will you audit? What steps will you take for those not audited?
- If other Auditing firms are involved, will you assume responsibility for or refer to the work of the other auditor? How do you, as the principle auditor, satisfy yourself that the work of the other Auditors is acceptable and that they are independent?

Auditors' fee estimates are closely related to the scope of work envisioned in the audit plan. One of the mandates of the shareholders is direct responsibility for compensating external Auditors. GULF UNION AL AHLIA appreciates the importance of a thorough, high-quality audit and recognizes that audit fees need to reflect the level of service provided. Shareholders consider the fairness of audit fees in relation to the performance of a quality audit- taking into account the complexity of the Company, the reputation of the external audit firm, the knowledge and expertise of the lead partner and audit team, and the relative risk for the external audit firm. But that does not mean shareholders should not be concerned over fee levels.

In order to ensure that audit fees are reasonable, shareholders may compare them with what other companies of similar size and complexity are paying. Shareholders should understand that many variables go into fee estimates, including level of internal audit assistance, audit staff mix, the complexity

of the corporate structure, and whether separate audit opinions are required for certain subsidiaries. Benchmarking does, however, provide a basis for discussion among shareholders, management, the auditors, and the Audit Committee about fees. Shareholders also can discuss with the auditors the linkage between estimated hours and audit scope and whether issues such as those outlined above are appropriately considered.

14.5.5 Management representation letter

External auditors request that management provide written representations on such matters as the collectability of receivables, reliability of inventory, significant events that occurred after the balance sheet date, and knowledge of fraud and illegal acts. The external auditors also ask management to comment on other important matters such as whether reserves for specific matter are reasonable and whether specified intangible assets can be realized. The letter confirms oral representation given to the external Auditors, documents the continued appropriateness of the representations, and reduces the possibility of a misunderstanding.

Audit Committee should obtain and review a copy of the management representation letter, focusing discussion on whether it includes unusual matters and whether those matters are being handled appropriately. The Audit Committee also might ask if the Auditors had any difficulties in obtaining any representation. Such difficulties could point to particular sensitive areas requiring further Committee enquiry.

14.5.6 Using Other Auditors

Occasionally, a firm other than Company's principle external audit firm is engaged to perform audits of some of the Company's subsidiaries or equity investments. Generally, there are good reasons; for example, when the principle auditors do not have an office convenient to a subsidiary location, or a subsidiary was acquired recently and its former auditors are completing the audit in the acquisition year. Poor service or excessive fees also could be legitimate reasons to use other auditors. Or, the Company might be a party to a joint venture, and the auditors for the other investor(s) may be auditing the joint venture.

The Audit Committee should understand whether there are plans to use a firm other than the principle auditors to ensure the rational for using such firm is appropriate and should receive shareholder approval. Audit Committee should also understand whether the principle auditors are planning to assume responsibility for the work of the other auditor. In these situations, the Audit Committee should understand how the principle auditors assess the other firm's reputation, quality of staff, scope of work and results, and independence. Audit Committee should consider also at what stage they need to have direct involvement with the other firm, for example, pre-approving services and receiving required communication.

14.5.7 Second opinion

Occasionally, management may ask a second external audit firm for advice. This is appropriate when the Company is involved in matters where the accounting standards are unsettled or the other firm has addressed a unique or new transaction. The purpose of employing a second firm may be to confirm the advice of the Company's external Auditors or possibly to gain additional insights into a position taken by the other firm in apparently similar circumstances.

14.6 Communicating and Reporting

The Audit Committee has an important role in talking to management, the Board, the auditor and the shareholders. The Audit Committee works under delegated authority from the Board of Directors and provides an important link between Board, management and the auditor. This link will only be effective if communication with these groups is effective. In addition, the Audit Committee might have responsibilities to report to shareholders, overseas head offices, or other stakeholders.

14.6.1 Communicating with Management

14.6.1.1 Obtaining Information

To contribute constructively to the business, Audit Committee members must have a good understanding of the Company's operations. Regular and meaningful dialogue with management will help to maintain this understanding. Matters on which Audit Committee might obtain regular briefing from management include:

Table 5: Audit Committee Should Obtain Regular Briefing from Management About

Areas of discussions	Specific matters to consider
Strategy	• Management's assessment of business risks the Company faces and its planned response to those risks. • Current issues affecting the Company's industry (for example, regulatory issues or information about the competitive environment). • The effect new tax laws or other regulations may have on the Company.
Measures of success	• The main financial and non-financial key performance indicators (KPIs) used to manage and monitor performance against strategies. • KPIs which will be reported on (to the Board and/or externally). • How KPIs results are aligned to remuneration incentive schemes.
Operational matters	• The adequacy of internal control environment, and the continued operation of key controls. • The legal environment, including the status of any pending lawsuits or administrative proceedings, and the status of product and environmental liability and warranty reserves. • Treasury activities, including cash management, hedging, foreign currency transactions and use of new or unusual financial instruments. • The Company's foreign operations, including locations, and local controls over financial reporting. • Insurance cover for Board members and senior officers. • Procedures for setting remuneration policies and procedures for reviewing senior officer's expenses.
Performance/trends	• Achievement of targets for operational and financial KPIs, as well as performance against benchmarks and underlying trends.

14.6.1.2 Challenging information

As well as receiving information from management, effective oversight requires the Audit Committee to have significant interaction with management about their reports, which includes asking difficult questions and obtaining reasonable answers.

Constructive challenge is a difficult balance to achieve, especially as senior management are in the role specifically because their decision-making and leadership abilities. Questions may include (depending on the circumstances):

Table 6: Questions to Challenge Management

What to ask	What to look for in response
What other matters did you consider when coming to this recommendation/decision?	Has management considered other options? Are there and other possibilities which have not been covered?
What alternatives did you reject?	Are the reasons for rejection clear and understandable? Are they linked to achievement of strategy?

What is your assessment if the downside/risks of this decision?	Is the full picture being provided? Does the assessment appear honest and complete? How are risks being mitigated?
What are our competitors doing in this regard?	Are the companies chosen real competitors in this particular circumstance? Are the companies chosen for comparison in the same market/field/country? Is there any external evidence to support this response?

14.6.1.3 Format of information

Establishing a constructive working relationship with management often requires substantial and ongoing work. Management is the primary source of information for the Audit Committee but as the Audit Committee has different priorities to management, management's presentation of material might not always be in the most useful format for the Committee. While it would be best if papers did not need to be created especially for the Audit Committee, in practice some tailoring will be required to ensure best use is made of limited Audit Committee time.

The Chairman and Committee Secretary can take a key role in this regard, by stipulating the format of information to be received by the Committee. Matters to consider in relation to the content of papers and reports include the following:

- Papers should be concise and should be stand-alone documents, highlighting issues and key matters relevant to the issue (such as alternatives and options).
- The purpose of the papers should be clearly stated (e.g. information, update, for decision, for discussion) and should be linked to the charter or terms of reference.
- Templates can be useful to ensure the papers meet the Committee's requirements.
- KPIs and other indicators must be defined and used consistently and be relevant to the Committee and Board's work.
- Sensitive and confidential papers should to be kept secure.

It might be helpful if the Committee's Secretary sees all papers before they are circulated, to ensure they meet the member's needs. The Committee Secretary may find it effective to maintain files of large documents, such as relevant standards or training information, for committee members to refer to, rather than copying every paper to every member. If this approach is used, committee members need to be aware of the contents of the files and access arrangements. All Audit Committee members report the importance of papers being distributed well in advance of meeting to allow time for proper consideration. Table 7 below presents a sample layout for Committee papers:

Table 7: Sample Layout of Committee Papers

Note: Text included for example purpose only

Purpose:	**INFROMATION / UPDATE/ FOR DECISION / FOR DISCUSSION**
Charter reference:	Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on financial report.

Issue:	Introduction of IFRS includes AASB 1 on first-time adoption. This allows companies to opt not to re-state business combinations from before the date of IFRS transition. Given the number of acquisition the Company has undertaken over the last few years, this should be taken.
Recommendation (if appropriate):	We recommend that the Audit Committee approve the decision to opt out of re-stating business combinations.
Key relevant matters:	The Company has undertaken three major acquisitions in the last four years. This resulted in additional goodwill of $X. This will change if the exemption is taken.
Impact on KPIs:	If business combinations were re-stated there would be an impact on EPS in the region of $X, as changes are taken to retained earnings.
Alternative options:	The alternative is to re-state every business combination from date of acquisition until transition date. The impairment standard also has to be applied from acquisition date. Information has to be that which is available at the time. It would be time-consuming and costly to extract and prepare assets and liabilities and goodwill would be affected rather than retained earnings.
Prepared by:	CFO
Date:	DD/MM/YY

14.7 Reports to the Board

The frequency, formality and level of detail of Audit Committee reports to the full Board vary, depending on the individual Company's size and circumstances.

As minimum, there is an annual report to the Board. The contents of the report should cover all matters relevant to the Committee's role, using the charter as a guide when preparing the report will ensure that all relevant matters are included. Any additional matters, for example, it shall also prepare a report on its opinion in the adequacy of the internal control system of the company and the works it has carried out within its functions, or if the Board has asked the Committee to review and report on a wider review of internal controls then should also be included.

The Committee also reports to the Board at each Board meeting, either through the Chairman of the Audit Committee or by more formal means.

Reporting is usually done through an oral presentation, although Boards often prefer some written material to enhance their understanding.

It might be considered also to table the minutes of each Audit Committee meeting at Board meetings. A danger of this approach is that important matters for Board attention may not be highlighted unless separately tabled.

As well as a summary of activities for the period, regular reports include recommendations for Board approval. If the recommendation requires substantive action by the Board, written information is more valuable. In these cases, time will need to be scheduled both at the Board meeting and afterwards to ensure that Board members are able to consider the proposals and take appropriate action.

It is important that all Audit Committee members take responsibility for the Committee's work, even if the Chairman or another member is appointed as the spokesman at Board meetings.

14.8 Reports to Shareholders and Others

14.8.1 Reporting through the annual report

If the Audit Committee chooses to summarize its activities in the Company's annual report, the relevant section of the annual report must include information on the Committee's organization and membership, its charter and responsibilities, and its principal activities during the year.

In addition, the Audit Committee charter should be made publicly available.

14.8.2 Presenting at the Annual General Meeting

It is increasingly recognized that the activities of the Audit Committee are of direct relevance to shareholders, and so communication is essential. Some companies highlight this by asking the Audit Committee Chairman (in addition to the Board Chairman) to comment at the Annual General meeting.

Opening the channels of communication to shareholder underlines the growing belief that Audit Committee should play a more active role in encouraging greater transparency of the financial information reported to the market.

When reporting to shareholder, it is helpful to explain the Audit Committee's role and responsibilities before discussing any other matters. Other points that will make the presentation more effective include:

- Keeping answers to shareholders' questions factual.
- Referring question to the Company Chairman if they are outside the remit of the Audit Committee.

Set out below in table (8) is an illustrative list of suggested contents for an outline report on activities of the Audit Committee to be presented in the Company's annual report to shareholders.

Table 8: Outline report on activities of the Audit Committee in the Company's annual report to shareholders

Note: Text included for example purpose only

Organization and role of the Audit Committee	Principle activities of the Committee during the year
Composition of the Audit Committee • Members and secretary-names and appointment (short biographical details may be included) • Confirmation that the members of the Committee met the definition of independence as required (by all applicable regulations) • Appointment process • Relevant qualifications, expertise and experience of each member	**Meetings** • Number of meetings, and attendance • Agenda covered by the meetings

Organization and role of the Audit Committee	Principle activities of the Committee during the year
Role of the Audit Committee • Main responsibilities of the Audit Committee • The Audit Committee's charter (a copy may be included), and any changes made to it.	**Financial reports** • Description of activities carried out to monitor the integrity of the financial reports • Confirmation that the Committee reviewed and discussed with management and the external Auditor the financial statements and supporting management commentary • Confirmation that the Committee reviewed and discussed with management and the external Auditor any other matters required to be discussed by relevant laws or regulations • The Committee's recommendation to the Board of Directors on whether the Board should approve the Audited financial statements
Resources • Any dedicated resources available to the Committee, internal or bought-in	**Internal control** • Description of the Committee's review of the Company's systems of internal controls, as they affect financial reporting
Remuneration of Audit Committee members • Remuneration policies in relation to the members of the Committee (or cross-refer to the Board of Directors' remuneration report if any) • Description of the Committee's oversight of the Internal Audit function and whether any review of its performance was performed	**External Auditors** • Procedure adopted to review the independence of the external Auditors, including any policies on the provision of Audit and non-Audit services • Confirmation that the Committee received from the external Auditors a written disclosure of the Auditor's independence, if applicable & discussed with the Auditors their independence from the Company & management • Description of the Committee's oversight of the external Audit process, and confirmation that the external Auditors' performance was reviewed
	Internal Audit function • Any reviews carried out of the plans and work of the Department. If there is no Internal Audit function, an explanation of the Committee's consideration of whether such function is needed

14.9 Resources and Special Investigations

Audit Committee need appropriate resources to support them in achieving their objectives. Moreover, the Committee needs to be ready to drive investigations when evidence or wrongdoing surfaces.

14.9.1 Resources and Advisors

Audit Committee should be able to draw on adequate resources to support them in fulfilling their responsibilities. The most obvious and frequently used resource is administrative assistance, invariably provided by the Company. Generally, the Committee looks to the Board Secretary or internal audit manager to provide or coordinate the necessary administrative support- scheduling meetings, developing agendas, distributing advance material before meetings, producing drafts of minutes, and interfacing with members of management as needed to respond to the Committee's questions.

It is also leading practice for Audit Committee to engage additional, formal resources in special situations, and it is important they have the authority to do so. Such authority can be obtained from the Board. Therefore, the Board should give the Audit Committee the explicit authority to hire independent counsel or other advisors, with the Company required to provide appropriate funding for such advisors. Audit Committee with such authority should capture it in their charter.

Apart from special investigations, when should Audit Committee consult with other resources or hire advisors? When the Committee feels management lacks the capability to address a major issue adequately or when an area of the accounting standards is not clearly defined. Another instance is may be when there is a disagreement between management and the Auditors that the Audit Committee must resolve, but its members lack the expertise to reach a decision without further advice.

In most cases, Audit Committee should not have to hire outside advisors to address accounting issues, but should consider looking to resources within their external auditors' firms to assist them in forming a point of view. Major accounting firms have experts who specialize in complex and emerging accounting issues. Audit Committee should ensure those experts are available to them and to management, when needed.

If a Committee engages advisors, it must ensure the advisors have the requisite and standing in the field of interest, and must clearly define the scope and terms of the engagement. Then, the Committee must ensure the advisors have access to all the information needed to reach a supportable conclusion. The advisors' ability to convey viewpoints clearly to the Committee and engage in dialogue with management and the Auditors also is important.

14.9.2 Special Investigation

Certain events require the Audit Committee to take an active role in driving an investigation, for example, when faced with a possible fraud, an illegal act, or a code of conduct violation- particularly if management might be involved. Investigations sometimes involve intentional accounting misstatements and other times they are the result of unintentional misstatements, or errors. Intentional misstatements may include recording of fictitious sales in the belief real sales will catch up in the next period, adjusting reserves to smooth earnings, or not recording the substance of a transaction when the presence of a side letter changes its nature.

How does the Audit Committee know when an event has occurred that may warrant an investigation? In the case of errors, if management or the auditors discover it, an investigation may be needed to determine whether the misstatement was really unintentional and to measure its reach and magnitude.

For an intentional accounting misstatement, the Audit Committee may decide to launch an investigation if it feels it is not getting appropriate answers. An investigation may arise from a tip that came through the whistle-blower hotline. Internal audit or the external auditors also may have identified some suspicious behaviour through their work. In particular, external auditors are required to report to Committee evidence of frauds involving senior management or causing a material misstatement of the financial statements. And external auditors must communicate any illegal acts coming to their attention involving senior management and any other illegal acts, unless clearly inconsequential. Whatever the source, the key is that the Committee- or the chair- has a process in place for being informed of any such matter as soon as possible.

Once informed, Audit Committee members should understand the substance and nature of the allegations to determine whether an investigation is needed. Audit Committee also should contact legal

counsel, external Auditors, or another expert to discuss the need for an investigation, as these individuals have significant knowledge and experience in dealing with these situations.

Once the decision has been made that a formal investigation is needed, the Board of Directors needs to agree on how it will be overseen and who will lead it. Depending on the circumstances, some Boards choose to have the CEO lead the investigation, others the Audit Committee, and still others establish a special Committee of independent Board members.

14.10 Maintaining and Measuring Efficiency

As with all elements of the corporate reporting chain, accountability is important for effective operation. The work of the Audit Committee can be detailed and members need to ensure their knowledge and awareness remains up to date (particularly where financial accounting standards and wider reporting and regulatory issues are concerned). This may involve educational or training sessions for committee members in addition to other meetings.

The Committee should regularly evaluate its performance against its responsibilities as set out in its charter. This assessment can take place on an individual basis and/or collectively. It is usual for the results of the evaluation to be reported to the Board as well as being used by the Committee for improvement.

This section provides an overview of what Audit Committee needs to be aware of in maintaining and measuring their effectiveness.

14.10.1 Training

Audit Committee members could be senior members of the Board, and as such have considerable business and practical experience to bring to their work. However, their work on the Audit Committee may bring some members into areas with which they have had little previous experience. Even those who do have the relevant experience generally find that regular updates or reminders are useful.

Audit Committee, therefore, should establish a training program as part of their work. Training sessions may focus on any number of matters considered relevant by the Committee, such as the following:

- Accounting and financial reporting updates.
- Specific accounting issues (ex. financial instruments, tax consolidation, business combinations).
- Regulatory updates.
- Fraud/ anti-money-laundering.
- Risk management and internal control design.
- Treasury operations and controls.
- Corporate governance.
- Industry updates.
- Inspections of Company operations.

Training can be formal, for example on specific topics or tailored by external providers specifically for the company, or more informal, in the form of conferences, business networking activities or reading.

14.10.2 Maintaining Financial Literacy

A key area of Audit Committee responsibility is financial reporting. It is, therefore, important for Audit Committee members to understand how financial reporting works.

This is not a one-off state of affairs, but an area which must be continually updated. It may be that a training program will be sufficient for members to maintain their financial literacy. If no training program is in place, the minimum requirement would be an annual presentation given by the external Auditor on financial reporting developments.

14.10.3 Evaluating Performance

Corporate governance principles emphasize the need for Boards and Board Committees to demonstrate a high level of professionalism. This is reflected in recommendations not only for more training, but also for evaluating performance on a regular basis. Evaluation can be in the form of reviewing the performance of individual committee members and of assessing the effectiveness of the Committee as a whole.

14.10.3.1 Individual performance evaluations

While the performance of the Audit Committee is a collective issue, it is important in terms of accountability that the Committee (or Board) Chairman periodically reviews the performance of each Audit Committee member. This review will consider an individual's:

- Business knowledge.
- Specific areas of expertise.
- Objectivity and independence.
- Understanding of the duties and responsibilities of the Committee.
- Willingness to devote time to preparing for meetings.
- Attendance at meetings.

Commonly a review of an individual's performance will include a self-assessment or some means of independent or facilitated review. It is important to stress that it is the individual's performance as part of the Committee that is being assessed.

14.10.3.2 Assessing the Committee as a whole

To assess its effectiveness, the Committee should periodically (for example, annually) review what it has accomplished and whether it has fulfilled its responsibilities.

One way a Committee can assess its self is by evaluating its activities against its charter. As the Committee is reviewing itself as a whole, an exercise supervised by an outside facilitator is likely to be beneficial. They will not only be emotionally detached, but will approach the matter without bias or preconceptions. In addition, an outside view allows for different views to be discussed and considered. At the end of the review process, the Committee Chairman usually discusses the results of the evaluation with the Board.

Audit Committee also takes advantage of opportunities to benchmark their organizational procedures and activities with Committee in similar companies. Conferences and seminars provide opportunities to network and learn from the experience of others. A suggested Audit Committee and self-assessment guide is provided in the Appendix to this framework.

Finally, any process for evaluating performance may fail unless an action plan is implemented to respond to areas identified for improvement.

Nomination and Remuneration Committee Charter

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15. Nomination and Remuneration Committee Charter

About the Company

Gulf Union Al Ahlia Cooperative Insurance Company is a Saudi public joint stock company whose license was approved by Ministerial Resolution No. (233) dated 16 Ramadan 1427 AH corresponding to October 9, 2006 AD and by Royal Decree No. (M/60) dated 9/18/1427 AH (corresponding to October 9, 2006 AD) October 11, 2006 AD (and was established by Ministerial Resolution No. 196/Q on 7/22/1428 corresponding to 05/08/2007)
The company obtained a license to practice insurance activity No. (TMN/09/20079), dated 29/08/1428 AH, issued by the Insurance Authority in the following branches (general insurance - medical insurance - protection and savings insurance)

The company is under the supervision and control of the Insurance Authority

Introduction

Gulf Union Al Ahlia Cooperative Insurance Company aims to establish the best Governance standards and practices and apply the company's corporate governance rules.
In compliance with the relevant laws, regulations and instructions, the company has established the Nomination & Remuneration committee charter, which contains the controls regulating the work of the Nomination & Remuneration committee, the role and responsibilities of the committee, the rules and controls for its formation, the selection of committee members, its meetings, and the rewards of its members in accordance with the relevant laws and regulations.

1- Purpose

The purpose of the Nomination and Remuneration Committee (the "Committee") of the Board of Directors (the "Board") of Gulf Union Al Ahlia Cooperative Insurance Co. (the "Company" or "GUAI") is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to:

- Identifying individuals qualified to become Board members and recommending the Board of Directors' nominees for the next annual meeting of shareholders.
- Ensuring the independence of the independent board members.
- Recommending Board member nominees for committees of the Board.
- Oversight of all matters relating to Board of Directors and executive officer compensation.
- Preparing and publishing an annual Committee report on Board member and executive compensation and such other reports to the extent required under any applicable securities laws and stock exchange regulations.
- Human resources matters including hiring, evaluation, compensation and succession planning for senior Management and other employees.

2- Remuneration Policy

Without prejudice to the provisions of the Companies Law and the Capital Market Law and their implementing regulations, the Remuneration policy must :

- Be consistent with the Company's strategy and objectives.
- 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.
- 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 and Remuneration 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.
- Regulating the grant of Company's shares to the Board members and the Executive Management, whether newly issued or purchased by the Company.

3- Committee Responsibilities

The Committee shall play a central role in the effective functioning of the Board through new Board member and committee nominations. In carrying out its responsibilities, the Committee shall seek to nominate individuals of integrity and superior ability who are focused on enhancing long-term shareholder value. Moreover, the Committee shall have overall responsibility for the evaluation and approval of Board member and executive officer compensation plans, policies and programs including annual base salary, annual incentive opportunity, long-term incentive opportunity, stock option or other equity participation plans, terms of employment agreements, severance agreements and any special or supplemental benefits, or any other perquisites, privileges or payments that are deemed to be compensation or remuneration under any applicable securities laws and stock exchange regulations. The Committee shall also determine the strengths and weaknesses of the Board and recommending remedy solutions that serve the Company's interests.
In carrying out its oversight responsibilities, the Committee shall seek to attract, motivate, reward and retain Board members and executive officers of high integrity and superior ability who are focused on enhancing long-term shareholder value.

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board of Directors from time to time related to the purposes of the Committee.

- The Committee shall meet regularly and in special meetings called for as circumstances necessitate.
- The Committee shall prepare a clear policy for the remunerations of the Board members, its committees and the Executive 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.

- Providing recommendations to the Board in respect of the remunerations of its members, the Committee members and Senior Executives, in accordance with the approved policy.
- The Committee shall clarify the relation between the paid remunerations and the adopted remuneration policy, and highlight any material deviation from that policy.
- The Committee shall periodically review the remuneration policy and assess its effectiveness in achieving its objectives.
- Making recommendations to the Board on the nomination of Board members and Board committee members in accordance with regulatory requirements and approved policies and standards
- Reviewing the requirement of suitable skills for membership of the Board and its committees 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
- Regularly evaluating the structure and composition of the Board and its committees and determining their points of weakness and recommending remedies
- Assessing and monitoring the independence of Board and Board committee members and ensuring the absence of any conflict of interest, including ensuring the independence of the independent members, at least on an annual basis
- Drawing up clear policies regarding the compensations and remunerations of members of the Board, the Board committees, and Senior Management
- Evaluating the performance of the Board and Board committee members 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 the compensation plans for members of Senior Management
- Supervising the compensation plans for members of Senior Management
- Making recommendations to the Board on various issues related to nomination and remuneration
- The Committee shall suggest clear policies and standards for membership of the Board and the Executive Management.
- The Committee shall prepare a description of the capabilities and qualifications required for membership of the Board and Executive Management positions.
- The Committee shall annually review the skills and expertise required of the Board members and the Executive Management.
- The Committee shall review the structure of the Board and the Executive Management and provide recommendations regarding changes that may be made to such structure.
- The Committee shall have the responsibility to identify individuals qualified to become Board members and to recommend to the Board the nominees, in accordance with approved policies and standards, to stand for election as Board members at the annual meeting of shareholders or, if applicable, at a special meeting of shareholders. In nominating individuals, the Committee shall take into consideration such factors as it deems appropriate. These factors may include judgment, skill, diversity, experience,

and the extent to which the individual would be a desirable addition to the Board and any committees of the Board.

- The Committee may consider individuals proposed by shareholders and management at its discretion.
- The Committee shall ensure that no person who has been previously convicted of any offense affecting honour or honesty is nominated for Board membership.
- The Committee shall maintain an orientation program for new Directors and organize continuing education programs for all Directors.
- The Committee shall annually ensure the independence of Independent Directors and the absence of any conflicts of interest if a Board member also acts as a member of the Board of Directors of another company.
- The Committee shall recommend to the Board for its approval, Directors to serve as members of Board committees, excluding the Audit Committee. The Committee shall recommend additional committee members to fill vacancies as needed.
- The Committee shall review the composition of each committee of the Board.
- The Committee shall assist the Board in selecting, developing and evaluating potential candidates for executive officer positions, including the CEO, and oversee the development of executive officer succession plans.
- The Committee shall provide job descriptions for the Executive, Non-Executive and Independent Directors and the Senior Executive Management.
- Aligned with the Company's overall HR strategy, the Committee shall review:
  - The standards used in performance evaluation of Company officers and managers.
  - The Company's compensation (including incentive and severance), pension and benefit policies and plans that relate to employees other than executives and principal officers.
  - The Company's recruitment, development, promotion and retention programs.
  - The composition of the Company's workforce in terms of diversity and equal opportunity.
  - The appointment of officers principal officers and recommend the compensation of other appointed officers.
- The Committee may, in its discretion, form and delegate all or a portion of its authority to subcommittees.
- The Committee shall report regularly to the Board of Directors:
  - Following meetings of the Committee;
  - With respect to such other matters as are relevant to the Committee's discharge of its responsibilities; and
  - With respect to such recommendations as the Committee may deem appropriate. The report to the Board of Directors may take the form of an oral report by the Chairman or any other member of the Committee designated by the Committee to make such report.
- The Committee shall review and reassess, periodically, the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.
- The Committee shall make this charter available on the Company's website.

4- Committee formation and selection of its members

Committee Size

The Committee shall be formed by the Board of Directors and shall be comprised of not less than three (3) Non-Executive members of the Board, Two independent members should be among the appointed committee members, and the Board chairman not allowed to be the chairman of the Nomination & Remuneration committee

Reporting to the Board

The Nomination & Remuneration committee reports to the Board of Directors, Every meeting of the Committee should be followed by a minutes of meeting detailing the outcome of the meeting to the Board of Directors.

Rules for selecting committee members

There are a set of rules that the board of directors must take into account when selecting members of the Nomination & Remuneration committee, and whoever is appointed as a member of the Nomination & Remuneration committee is required to meet the following throughout the term of his membership in the committee:

1- The member of the Nomination & Remuneration committee must have an appropriate academic qualification and knowledge of the nature of the company's business.
2- To be a member of the company's board of directors.
3- That the member must have a good reputation and good conduct.
4- To refrain from engaging in any activity that may be in conflict with the interest of the company, or in competition with its business, or that may harm his ability to carry out his duties and responsibilities objectively.
5- To allocate an appropriate time to perform the tasks entrusted to him to perform as a member of the committee.
6- The member should have the appropriate technical, financial or administrative expertise.

All members of the Committee shall meet the independence and experience requirements to the extent required under all applicable regulatory requirements or stock exchange regulations. The Board shall determine annually whether each member of the Committee is independent in accordance with the requirements described above. Notwithstanding the foregoing membership requirements, no action of the Committee shall be invalid by reason of any such requirement not being met at the time such action is taken.

Members Appointment

Members of the Committee shall be appointed by the Board of directors, provided that obtaining Insurance Authority 's prior no-objection on the nomination/appointment
And may be removed by the Board at its discretion. Also, the Committee members shall be subject to reappointment by the Board after an interval of three years.
The General Assembly, as per the Board recommendation, issues a regulation for the Nomination and Remuneration Committee including its procedure, duties and rules for selecting its members, the term of their membership and their remunerations.

Chairman Selection

One of the members shall serve as the Chairman of the Committee. The Chairman of the Committee shall be designated by the Board or as desired by the Board of Directors, if no such designation is made, shall be selected by the affirmative vote of the majority of the Committee.
provided that obtaining Insurance Authority 's prior no-objection on the nomination/appointment of the Chairman of the committee

5- Membership term, mechanisms for appointing and relieving committee members, and vacant positions

1- Taking into consideration the rules for selecting members of the Nomination & Remuneration Committee and the conditions that must be met by the members of the committee referred to above in these controls; The Board of Directors will compare between candidates for membership of the committee who meet the conditions, and the Board of Directors appoints the members of the committee for a period of three years (corresponding with the beginning and end of the Board of Directors' term) after obtaining a written no-objection from the Insurance Authority .

The Board of Directors shall take the necessary measures to enable the Committee to carry out the tasks entrusted to it.

2- The company's board of directors may exempt any member of the Nomination & Remuneration committee by a decision of the board in the following cases:
   a. The member requested to be exempted from membership in the committee or to submit his resignation from the membership of the board of directors.
   b. Abuse his position in the committee or misconduct that the board considers harmful to the objectives and reputation of the company in general and the committee in particular.
   c. Absence from attending three consecutive meetings without an excuse accepted by the Board of Directors.
   d. The member has lost any of the conditions that must be met by the member of the committee referred to above.
   e. The member's violation of the provisions of the Cooperative Insurance Companies Control Law, its implementing regulations, or the provisions of other relevant regulations and instructions.

3- Upon the expiry of a member's term, during the term of the committee's work, due to death, resignation, disability or exemption, the Board of Directors, after obtaining the Insurance Authority 's no-objection in writing, appoints another member to fill the vacant position in the committee, and the new member completes his predecessor's term until the end of the committee's term Taking into account the conditions that must be met by the committee member.

6- Duties of a committee member

1- Regularly attending the committee's sessions and actively participating in its work
2- Preserving the company's secrets. A member of the committee may not disclose to the shareholders, other than in the general assembly, or to third parties, the company's secrets that

came to his attention due to the performance of his work, otherwise he must change it, in addition to being held accountable for compensation for the damage that may result from that.

3- To exercise due diligence to carry out the work entrusted to him, and to keep abreast of recent developments related to the company's business.
4- To be characterized by justice and to display integrity, chastity, honesty, objectivity and independence when performing his work
5- To be free of personal interests, not to subject his judgment to the opinions of others, and not to disclose information that is not true.
6- The member shall not participate in any business or activities considered to be offensive to honor and honesty.
7- He shall not accept anything of significant value from an employee, affiliate, customer, supplier, or anyone who has a business relationship with the company that may lead to a weakness in the independence of the committee member in form and substance or affect or presumably affect his decisions.
8- To disclose to the Board of Directors the transactions that took place between him and the company and the nature of that relationship, as well as the relationship he has with the Board of Directors and the company's executive managers, in accordance with what is required by the code of conduct approved by the company.

7- Responsibilities of the Chairman of the Committee

The Chairman of the committee shall supervise the committee's achievement of all its tasks. The committee chairman shall have the following authorities:

a. Inviting the committee to convene and specifying the time, date and place of each committee meeting and the agenda, after coordination with the committee members.
b. Presiding over committee meetings.
c. Submitting the results and recommendations of the committee's work to the Board.
d. Preparing the committee's budget, its work plan, and its projects in the short and long term, in coordination with the committee's secretary, and presenting it to the committee in preparation for submitting it to the board of directors, after being approved by the committee.
e. When needed - Preparing periodic reports on the activities of the committee in coordination with the committee's secretary and presenting them to the committee in preparation for submission to the board of directors, after being approved by the committee. Copies of the committee's minutes are attached to these reports.
f. Representing the committee on the Board and in front of any other party that requires it.

8- Appointment of a secretary of the committee

a. The committee appoints a secretary from among the company's employees to undertake its administrative work, prepare minutes of its meetings, ensure that the committee chairman signs these minutes, and schedule committee meetings in coordination with its chairman.
b. The Insurance Authority s's prior no-objection to the appointment of the committee Secretary should be obtained.
c. When choosing the committee secretary, it should be taken into account that he has the academic qualification and practical experience that enables him to carry out the tasks entrusted to him.

d. The secretary of the committee must document and keep the minutes of the committee's meetings in a special record for that.
e. The committee secretary must prepare a list of the committee's tasks and responsibilities and follow up on their implementation on a quarterly basis during the year with the committee chairman and members.

9- Committee Meetings

a. The Committee will meet at such times as shall be determined by its Chairman and its members, or upon the request of any two of its members.
b. The Nomination & Remuneration Committee meets periodically and whenever the need arises, The Committee shall meet at least two (2) Meetings a year.
c. No one other than the Committee members and the committee Secretary shall be entitled to be present at a meeting of the Committee, but others may attend at the invitation of the Committee
d. The agenda of each meeting will be prepared by the Chairman of the Committee with the assistance of the Committee Secretary and whenever reasonably possible, circulated to each member in an appropriate period prior to the meeting date.
e. The committee meeting shall not be held unless at least half of its members are present.
f. The Chairman will preside, when present, at all meetings of the Committee. And In case of his absence he will delegate a member to preside the meeting.
g. Each member of the Committee will have one vote. A majority of the members present at any meeting at which a quorum is present may act on behalf of the Committee.
h. The Committee will keep a record of its meetings and report on them to the Board.
i. The Committee may meet by telephone or video conference and may take action by unanimous written consent.

10- Committee decisions

a. The decisions and recommendations of the committee are issued by a majority vote of its members present, and in the event of equal votes, the side with the chairman shall prevail.
b. Any member may reserve any decision taken by the committee, provided that he states the reasons that led him to reserve. If any member leaves the committee meeting before its conclusion, his reservation, if any, is limited to the decisions related to the items he attended for discussion, provided that he states in the minutes the items he did not attend the discussion if he expresses his desire in writing.
c. The committee secretary must record the opinions of all parties in the minutes of the meeting.

11- Documenting the minutes of the committee's meetings:

The minutes of the committee's meetings are documented as follows:

a. During the meeting, the Secretary of the Committee records the most important discussions and upon completion of the discussion of any topic, he summarizes the recommendations or decisions reached.

b. The Secretary of the Committee shall prepare for each of the Committee's meetings a draft minutes in which the date and place of the meeting, the names of those present and absent, a summary of the discussions and the texts of recommendations and decisions reached by the Committee shall be written and presented to the members of the Committee for approval.
c. The minutes of the meeting must be prepared and sent to the members within 15 days from the date of the meeting.
d. The signed copy of the minutes shall be kept in a special file and all documents related to the minutes shall be attached to it.

12- The Committee's plan and annual report to the Board of Directors and the Committee's evaluation

a. The committee shall prepare, before the beginning of each year, an annual plan that includes a timetable for the committee's meetings and a description of the work it will undertake during the year.
b. The committee must submit an annual report to the board of directors stating the number of committee meetings, the accomplished tasks assigned to the committee, what has not been accomplished, the reason for that, and the obstacles facing the committee in its work.
c. The Board of Directors, through the Nominations and Remunerations Committee or with the assistance of an external evaluation body, conducts the annual evaluation of the Committee and the Chairman and members of the Committee.

13- Committee's Scope of Work

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the power to retain outside legal counsel, auditors or consultants, or incur other expenses for this purpose, which expenses the Company shall pay. The Committee may also meet with the Company's investment bankers or financial analysts who follow the Company. The Committee may require any officer or employee of the Company or any of its subsidiaries, the Company's outside legal counsel, and the Company's external auditors to meet with the Committee or any member of the Committee.

After getting Board of directors' approval, The Committee shall have the authority to retain any search firm and other advisors as it deems necessary to carry out its duties and shall have the authority to approve related fees and other retention terms and to cause the Company to pay such related fees.

The Board of Directors shall take all necessary measures to ensure that the Committee performs its duties.

14- Committee Members' Remuneration

The committee members are entitled to annual Remuneration for their membership in the committee, if the eligibility requirements have been fulfilled by the member.
The committee, members' remuneration shall be as per the Board resolution, based on Nomination & Remuneration committee recommendation, Board Members and committees' Remuneration Policies which is approved by the General Assembly, and provided within the parameters allowed by the law and regulations of Saudi Arabia.

15- Review & Amendments

The Committee shall develop, implement and review its own Charter annually and shall thereafter recommend its revised Charter for the Board's approval. The Board in return raises the charter to be approved in General Assembly meeting (in case the changes is required)

Executive Committee Charter

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16- Executive Committee Charter

About the Company

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The company is under the supervision and control of the Insurance Authority

Introduction

Gulf Union Al Ahlia Cooperative Insurance Company aims to establish the best Governance standards and practices and apply the company's corporate governance rules.
In compliance with the relevant laws, regulations and instructions, the company has established the executive committee charter, which contains the controls regulating the work of the executive committee, the role and responsibilities of the committee, the rules and controls for its formation, the selection of committee members, its meetings, and the rewards of its members in accordance with the relevant laws and regulations.

1- **Purpose**

The purpose of the Executive Committee (the "Committee") of the Board of Directors (the "Board") of Gulf Union Al Ahlia Cooperative Insurance Co. (The "Company" or “GUAI”) is to assist the Board in performing activities and tasks as delegated to it by the Board of Directors, in order to facilitate smooth operations of the Company.

2- **Committee Responsibilities**

The following functions shall be the common recurring activities of the Committee in performing its responsibilities. These functions are set forth as a guide with the understanding that the Company may diverge from this guide as appropriate given the circumstances.
The committee Roles and Responsibilities for example but not limited to the following:

- The Committee shall assist the Board in performing activities and tasks as delegated to it by the Board of Directors, in order to facilitate smooth operations of the Company.
- The Committee shall assist the Board in the development of the Company’s major strategic goals, Board should study and approve these goals.
- The Committee shall assist the Board in conducting a strategic review of the Company’s performance on a regular basis to determine whether the Company is meeting its short and long term objectives.
- The Committee shall monitor the financial and operating performance of the Company.
- Studying and discussing the CEO's reports, and presenting the necessary recommendations to the Board of Directors regarding them.

- Assisting the Board of Directors in implementing the decisions of the General Assembly and the decisions of the Board of Directors
- The Committee shall be responsible for the formation or restructuring of any joint venture or partnership including any associated expenditure.
- The Committee shall recommend mergers or consolidations in the course of reorganizing the Company which will be referred to the Board in a confidential manner.
- The Committee shall review the capability of the business partner/developers involved in projects undertaken by GULF UNION AL AHLIA.
- The Committee shall have the powers and authority of the Board in performing and approving activities empowered to it by the Board except the following:

    - Approving the annual budget;
    - Approving the periodic and annual financial reports; and
    - Approving the Company's business strategies.

- The Recommendations resolutions of the Committee shall be reported to the Board of Directors at their next meeting.
- The Committee shall have authority to retain consultants and other advisors as it is deemed necessary to carry out its duties.
- The Committee shall review and make appropriate recommendations to the Board with regards to the Company's management of its corporate social responsibilities related to employees, community and environment.
- The Committee shall monitor compliance with the Company's corporate social responsibility policies.
- The Committee shall identify, in conjunction with management, significant social and environmental risk areas and evaluate the proper management of such areas.
- The Committee shall ensure that the Company maintains dialogue with all relevant stakeholder groups with regard to corporate social responsibility issues.
- The Committee shall perform such other activities as the Board may assign to the Committee from time to time.
- The Committee shall make this charter available on the Company's website.

3- Committee formation and selection of its members

Committee Size

The Committee shall be formed by the Board of Directors and shall be comprised of not less than three (3) or more than five (5) members of the Board, The Executive Committee may consist of both executive and non-executive members.

Reporting to the Board

The Executive Committee reports to the Board of Directors, Every meeting of the Committee should be followed by a minutes of meeting detailing the outcome of the meeting to the Board of Directors.

Rules for selecting committee members

There are a set of rules that the board of directors must take into account when selecting members of the executive committee, and whoever is appointed as a member of the executive committee is required to meet the following throughout the term of his membership in the committee:

1. The member of the Executive Committee must have an appropriate academic qualification and knowledge of the nature of the company's business.
2. To be a member of the company's board of directors.
3. That the member must have a good reputation and good conduct.
4. To refrain from engaging in any activity that may be in conflict with the interest of the company, or in competition with its business, or that may harm his ability to carry out his duties and responsibilities objectively.
5. To allocate an appropriate time to perform the tasks entrusted to him to perform as a member of the committee.
6. The member should have the appropriate technical, financial or administrative expertise.

Members Appointment

Members of the Committee shall be appointed of directors, upon the recommendation of the Nomination and Remuneration Committee by the Board, provided that obtaining Insurance Authority 's prior no-objection on the nomination/appointment
And may be removed by the Board at its discretion. Also, the Committee members shall be subject to reappointment by the Board after an interval of three years.

Chairman Selection

One of the members shall serve as the Chairman of the Committee. The Chairman of the Committee shall be designated by the Board or as desired by the Board of Directors, if no such designation is made, shall be selected by the affirmative vote of the majority of the Committee.
provided that obtaining Insurance Authority 's prior no-objection on the nomination/appointment of the Chairman of the committee

4- **Membership term, mechanisms for appointing and relieving committee members, and vacant positions**

1- Taking into consideration the rules for selecting members of the Executive Committee and the conditions that must be met by the members of the committee referred to above in these controls; The Board of Directors will compare between candidates for membership of the committee who meet the conditions, and the Board of Directors appoints the members of the committee for a period of three years (corresponding with the beginning and end of the Board of Directors' term) after obtaining a written no-objection from the Insurance Authority .

The Board of Directors shall take the necessary measures to enable the Committee to carry out the tasks entrusted to it.

2- The company's board of directors may exempt any member of the executive committee by a decision of the board in the following cases:

a. The member requested to be exempted from membership in the committee or to submit his resignation from the membership of the board of directors.

b. Abuse his position in the committee or misconduct that the board considers harmful to the objectives and reputation of the company in general and the committee in particular.
c. Absence from attending three consecutive meetings without an excuse accepted by the Board of Directors.
d. The member has lost any of the conditions that must be met by the member of the committee referred to above.
e. The member's violation of the provisions of the Cooperative Insurance Companies Control Law, its implementing regulations, or the provisions of other relevant regulations and instructions.

3- Upon the expiry of a member's term, during the term of the committee's work, due to death, resignation, disability or exemption, the Board of Directors, after obtaining the Insurance Authority 's no-objection in writing, appoints another member to fill the vacant position in the committee, and the new member completes his predecessor's term until the end of the committee's term Taking into account the conditions that must be met by the committee member.

5- Duties of a committee member

1- Regularly attending the committee's sessions and actively participating in its work
2- Preserving the company's secrets. A member of the committee may not disclose to the shareholders, other than in the general assembly, or to third parties, the company's secrets that came to his attention due to the performance of his work, otherwise he must change it, in addition to being held accountable for compensation for the damage that may result from that.
3- To exercise due diligence to carry out the work entrusted to him, and to keep abreast of recent developments related to the company's business.
4- To be characterized by justice and to display integrity, chastity, honesty, objectivity and independence when performing his work
5- To be free of personal interests, not to subject his judgment to the opinions of others, and not to disclose information that is not true.
6- The member shall not participate in any business or activities considered to be offensive to honor and honesty.
7- He shall not accept anything of significant value from an employee, affiliate, customer, supplier, or anyone who has a business relationship with the company that may lead to a weakness in the independence of the committee member in form and substance or affect or presumably affect his decisions.
8- To disclose to the Board of Directors the transactions that took place between him and the company and the nature of that relationship, as well as the relationship he has with the Board of Directors and the company's executive managers, in accordance with what is required by the code of conduct approved by the company.

6- Responsibilities of the Chairman of the Committee

The Chairman of the committee shall supervise the committee's achievement of all its tasks. The committee chairman shall have the following authorities:

1- Inviting the committee to convene and specifying the time, date and place of each committee meeting and the agenda, after coordination with the committee members.
2- Presiding over committee meetings.
3- Submitting the results and recommendations of the committee's work to the Board.
4- Preparing the committee's budget, its work plan, and its projects in the short and long term, in coordination with the committee's secretary, and presenting it to the committee in preparation for submitting it to the board of directors, after being approved by the committee.
5- When needed - Preparing periodic reports on the activities of the committee in coordination with the committee's secretary and presenting them to the committee in preparation for submission to the board of directors, after being approved by the committee. Copies of the committee's minutes are attached to these reports.
6- Representing the committee on the Board and in front of any other party that requires it.

7- **Appointment of a secretary of the committee**

a- The committee appoints a secretary from among the company's employees to undertake its administrative work, prepare minutes of its meetings, ensure that the committee chairman signs these minutes, and schedule committee meetings in coordination with its chairman.
b- The Insurance Authority s's prior no-objection to the appointment of the committee Secretary should be obtained.
c- When choosing the committee secretary, it should be taken into account that he has the academic qualification and practical experience that enables him to carry out the tasks entrusted to him.
d- The secretary of the committee must document and keep the minutes of the committee's meetings in a special record for that.
e- The committee secretary must prepare a list of the committee's tasks and responsibilities and follow up on their implementation on a quarterly basis during the year with the committee chairman and members.

8- **Committee Meetings**

- The Committee will meet at such times as shall be determined by its Chairman and its members, or upon the request of any two of its members.
- The Executive Committee meets periodically and whenever the need arises, The Committee shall meet at least six (6) Meetings a year.
- No one other than the Committee members and the committee Secretary shall be entitled to be present at a meeting of the Committee, but others may attend at the invitation of the Committee
- The agenda of each meeting will be prepared by the Chairperson of the Committee and whenever reasonably possible, circulated to each member in an appropriate period prior to the meeting date.
- The committee meeting shall not be held unless at least half of its members are present.
- The Chairman will preside, when present, at all meetings of the Committee. And in case of his absence he will delegate a member to preside the meeting.

- Each member of the Committee will have one vote. A majority of the members present at any meeting at which a quorum is present may act on behalf of the Committee.
- The Committee will keep a record of its meetings and report on them to the Board.
- The Committee may meet by telephone or video conference and may take action by unanimous written consent.

9- **Committee decisions**

a. The decisions and recommendations of the committee are issued by a majority vote of its members present, and in the event of equal votes, the side with the chairman shall prevail.
b. Any member may reserve any decision taken by the committee, provided that he states the reasons that led him to reserve. If any member leaves the committee meeting before its conclusion, his reservation, if any, is limited to the decisions related to the items he attended for discussion, provided that he states in the minutes the items he did not attend the discussion if he expresses his desire in writing.
c. The committee secretary must record the opinions of all parties in the minutes of the meeting.

10- **Documenting the minutes of the committee's meetings:**

The minutes of the committee's meetings are documented as follows:

a. During the meeting, the Secretary of the Committee records the most important discussions and upon completion of the discussion of any topic, he summarizes the recommendations or decisions reached.
b. The Secretary of the Committee shall prepare for each of the Committee's meetings a draft minutes in which the date and place of the meeting, the names of those present and absent, a summary of the discussions and the texts of recommendations and decisions reached by the Committee shall be written and presented to the members of the Committee for approval.
c. The minutes of the meeting must be prepared and sent to the members within 15 days from the date of the meeting.
d. The signed copy of the minutes shall be kept in a special file and all documents related to the minutes shall be attached to it.

11- **The Committee's plan and annual report to the Board of Directors and the Committee's evaluation**

a. The committee shall prepare, before the beginning of each year, an annual plan that includes a timetable for the committee's meetings and a description of the work it will undertake during the year.
b. The committee must submit an annual report to the board of directors stating the number of committee meetings, the accomplished tasks assigned to the committee, what has not been accomplished, the reason for that, and the obstacles facing the committee in its work.

c. The Board of Directors, through the Nominations and Remunerations Committee or with the assistance of an external evaluation body, conducts the annual evaluation of the Committee and the Chairman and members of the Committee.

12- Committee's Scope of Work

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the power to retain outside legal counsel, auditors or consultants, or incur other expenses for this purpose, which expenses the Company shall pay. The Committee may also meet with the Company's investment bankers or financial analysts who follow the Company. The Committee may require any officer or employee of the Company or any of its subsidiaries, the Company's outside legal counsel, and the Company's external auditors to meet with the Committee or any member of the Committee.

The Board of Directors shall take all necessary measures to ensure that the Committee performs its duties.

13- Committee Members' Remuneration

The committee members are entitled to annual Remuneration for their membership in the committee, if the eligibility requirements have been fulfilled by the member.
The committee, members' remuneration shall be as per the Board resolution, based on Nomination & Remuneration committee recommendation, Board Members and committees' Remuneration Policies which is approved by the General Assembly, and provided within the parameters allowed by the law and regulations of Saudi Arabia.

14- Review & Amendments

The Committee shall develop, implement and review its own Charter annually and shall thereafter recommend its revised Charter for the Board's approval. The Board in return raises the charter to be approved in General Assembly meeting (in case the changes is required)

Risk Management Committee Charter

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17- Risk Management Committee Charter

About the Company

Gulf Union Al Ahlia Cooperative Insurance Company is a Saudi public joint stock company whose license was approved by Ministerial Resolution No. (233) dated 16 Ramadan 1427 AH corresponding to October 9, 2006 AD and by Royal Decree No. (M/60) dated 9/18/1427 AH (corresponding to October 9, 2006 AD) October 11, 2006 AD (and was established by Ministerial Resolution No. 196/Q on 7/22/1428 corresponding to 05/08/2007)
The company obtained a license to practice insurance activity No. (TMN/09/20079), dated 29/08/1428 AH, issued by Insurance Authority in the following branches (general insurance - medical insurance - protection and savings insurance)

The company is under the supervision and control of the Insurance Authority

Introduction

Gulf Union Al Ahlia Cooperative Insurance Company aims to establish the best Governance standards and practices and apply the company's corporate governance rules.
In compliance with the relevant laws, regulations and instructions, the company has established the Risk Management committee charter, which contains the controls regulating the work of the Risk Management committee, the role and responsibilities of the committee, the rules and controls for its formation, the selection of committee members, its meetings, and the rewards of its members in accordance with the relevant laws and regulations.

1- Purpose

The purpose of the Risk Management Committee (the "Committee") of the Board of Directors (the "Board") of Gulf Union Al Ahlia Cooperative Insurance Co.(the "Company" or “GUAI”) is to have responsibility for oversight and advice to the Board of Directors on the current risk exposures of the Company and future risk strategy.

The Committee shall advise and make recommendations to the Board of Directors on the following:

- Risk appetite and tolerance for future strategy, taking into account of the Board’s overall risk appetite, the current financial position of the Company and, drawing on the work of the Audit Committee and the External Auditor, the capacity of the Company to manage control risks within the agreed strategy;
- The system and programme of risk management with the aim of identifying, measuring, controlling and reporting risks;
- The alignment of strategy with the Board’s risk appetite.
- Promoting and embedding a risk awareness culture within the Company.
- The Committee shall also oversee the risk management function

2- Committee Responsibilities

Subject to any resolution of the Board, the duties of the Risk Committee are to:

- Identifying risks that may imperil the Company and maintaining an acceptable risk profile for the Company.

- Overseeing the risk management system and assessing its effectiveness.
- 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.
- Reviewing risk management policies.
- Re-evaluating the Company's tolerance for, and exposure to, risk on a regular basis (e.g., through stress testing exercises).
- Reporting to the Board details of risk exposures and recommending actions to manage them.
- Advising the Board on issues related to risk management.

3- Committee formation and selection of its members

Committee Size

The Committee shall be formed by the Board of Directors, The risk management committee shall be composed of at least (3) members headed by a non-executive member, its members have with an appropriate financial and risk management knowledge.

Reporting to the Board

The Risk Management Committee reports to the Board of Directors, Every meeting of the Committee should be followed by a minutes of meeting detailing the outcome of the meeting to the Board of Directors.

Rules for selecting committee members

There are a set of rules that the board of directors must take into account when selecting members of the Risk Management committee, and whoever is appointed as a member of the Risk Management Committee committee is required to meet the following throughout the term of his membership in the committee:

1. The member of the Risk Management Committee must have an appropriate academic qualification and knowledge of the nature of the company's business.
2. That the member must have a good reputation and good conduct.
3. To refrain from engaging in any activity that may be in conflict with the interest of the company, or in competition with its business, or that may harm his ability to carry out his duties and responsibilities objectively.
4. To allocate an appropriate time to perform the tasks entrusted to him to perform as a member of the committee.
5. The member should have the appropriate technical, financial or administrative expertise.

Members Appointment

Members of the Committee shall be appointed of directors, upon the recommendation of the Nomination and Remuneration Committee by the Board, provided that obtaining Insurance Authority ‘s prior no-objection on the nomination/appointment
And may be removed by the Board at its discretion. Also, the Committee members shall be subject to reappointment by the Board after an interval of three years.

Chairman Selection

One of the members shall serve as the Chairman of the Committee. The Chairman of the Committee shall be designated by the Board or as desired by the Board of Directors, if no such designation is made, shall be selected by the affirmative vote of the majority of the Committee.
provided that obtaining Insurance Authority 's prior no-objection on the nomination/appointment of the Chairman of the committee

4- Membership term, mechanisms for appointing and relieving committee members, and vacant positions

1- Taking into consideration the rules for selecting members of the Risk Management Committee and the conditions that must be met by the members of the committee referred to above in these controls; The Board of Directors will compare between candidates for membership of the committee who meet the conditions, and the Board of Directors appoints the members of the committee for a period of three years (corresponding with the beginning and end of the Board of Directors' term) after obtaining a written no-objection from the Insurance Authority .

The Board of Directors shall take the necessary measures to enable the Committee to carry out the tasks entrusted to it.

2- The company's board of directors may exempt any member of the Risk Management committee by a decision of the board in the following cases:
   1- The member requested to be exempted from membership in the committee
   2- Abuse his position in the committee or misconduct that the board considers harmful to the objectives and reputation of the company in general and the committee in particular.
   3- Absence from attending three consecutive meetings without an excuse accepted by the Board of Directors.
   4- The member has lost any of the conditions that must be met by the member of the committee referred to above.
   5- The member's violation of the provisions of the Cooperative Insurance Companies Control Law, its implementing regulations, or the provisions of other relevant regulations and instructions.

3- Upon the expiry of a member's term, during the term of the committee's work, due to death, resignation, disability or exemption, the Board of Directors, after obtaining the Insurance Authority 's no-objection in writing, appoints another member to fill the vacant position in the committee, and the new member completes his predecessor's term until the end of the committee's term Taking into account the conditions that must be met by the committee member.

5- Duties of a committee member

1- Regularly attending the committee's sessions and actively participating in its work
2- Preserving the company's secrets. A member of the committee may not disclose to the shareholders, other than in the general assembly, or to third parties, the company's secrets that

came to his attention due to the performance of his work, otherwise he must change it, in addition to being held accountable for compensation for the damage that may result from that.

3- To exercise due diligence to carry out the work entrusted to him, and to keep abreast of recent developments related to the company's business.
4- To be characterized by justice and to display integrity, chastity, honesty, objectivity and independence when performing his work
5- To be free of personal interests, not to subject his judgment to the opinions of others, and not to disclose information that is not true.
6- The member shall not participate in any business or activities considered to be offensive to honor and honesty.
7- He shall not accept anything of significant value from an employee, affiliate, customer, supplier, or anyone who has a business relationship with the company that may lead to a weakness in the independence of the committee member in form and substance or affect or presumably affect his decisions.
8- To disclose to the Board of Directors the transactions that took place between him and the company and the nature of that relationship, as well as the relationship he has with the Board of Directors and the company's executive managers, in accordance with what is required by the code of conduct approved by the company.

6- Responsibilities of the Chairman of the Committee

The Chairman of the committee shall supervise the committee's achievement of all its tasks. The committee chairman shall have the following authorities:

1- Inviting the committee to convene and specifying the time, date and place of each committee meeting and the agenda, after coordination with the committee members.
2- Presiding over committee meetings.
3- Submitting the results and recommendations of the committee's work to the Board.
4- Preparing the committee's budget, its work plan, and its projects in the short and long term, in coordination with the committee's secretary, and presenting it to the committee in preparation for submitting it to the board of directors, after being approved by the committee.
5- When needed - Preparing periodic reports on the activities of the committee in coordination with the committee's secretary and presenting them to the committee in preparation for submission to the board of directors, after being approved by the committee. Copies of the committee's minutes are attached to these reports.
6- Representing the committee on the Board and in front of any other party that requires it.

7- Appointment of a secretary of the committee

1- The committee appoints a secretary from among the company's employees to undertake its administrative work, prepare minutes of its meetings, ensure that the committee chairman signs these minutes, and schedule committee meetings in coordination with its chairman.
2- The Insurance Authority s's prior no-objection to the appointment of the committee Secretary should be obtained.
3- When choosing the committee secretary, it should be taken into account that he has the academic qualification and practical experience that enables him to carry out the tasks entrusted to him.

4- The secretary of the committee must document and keep the minutes of the committee's meetings in a special record for that.
5- The committee secretary must prepare a list of the committee's tasks and responsibilities and follow up on their implementation on a quarterly basis during the year with the committee chairman and members.

8- Committee Meetings

- The Committee will meet at such times as shall be determined by its Chairman and its members, or upon the request of any two of its members.
- The Risk Management Committee shall meet periodically and whenever necessary, at least every six months
- No one other than the Committee members and the committee Secretary shall be entitled to be present at a meeting of the Committee, but others may attend at the invitation of the Committee
- The agenda of each meeting will be prepared by the Chairperson of the Committee and whenever reasonably possible, circulated to each member in an appropriate period prior to the meeting date.
- The committee meeting shall not be held unless at least half of its members are present.
- The Chairman will preside, when present, at all meetings of the Committee. And In case of his absence he will delegate a member to preside the meeting.
- The Committee will keep a record of its meetings and report on them to the Board.
- The Committee may meet by telephone or video conference and may take action by unanimous written consent.

9- Committee decisions

1- The decisions and recommendations of the committee are issued by a majority vote of its members present, and in the event of equal votes, the side with the chairman shall prevail.
2- Any member may reserve any decision taken by the committee, provided that he states the reasons that led him to reserve. If any member leaves the committee meeting before its conclusion, his reservation, if any, is limited to the decisions related to the items he attended for discussion, provided that he states in the minutes the items he did not attend the discussion if he expresses his desire in writing.
3- The committee secretary must record the opinions of all parties in the minutes of the meeting.

10- Documenting the minutes of the committee's meetings:

The minutes of the committee's meetings are documented as follows:

1- During the meeting, the Secretary of the Committee records the most important discussions and upon completion of the discussion of any topic, he summarizes the recommendations or decisions reached.

2- The Secretary of the Committee shall prepare for each of the Committee's meetings a draft minutes in which the date and place of the meeting, the names of those present and absent, a summary of the discussions and the texts of recommendations and decisions reached by the Committee shall be written and presented to the members of the Committee for approval.
3- The minutes of the meeting must be prepared and sent to the members within 15 days from the date of the meeting.
4- The signed copy of the minutes shall be kept in a special file and all documents related to the minutes shall be attached to it.

11- The Committee's plan and annual report to the Board of Directors and the Committee's evaluation

1- The committee shall prepare, before the beginning of each year, an annual plan that includes a timetable for the committee's meetings and a description of the work it will undertake during the year.
2- The committee must submit an annual report to the board of directors stating the number of committee meetings, the accomplished tasks assigned to the committee, what has not been accomplished, the reason for that, and the obstacles facing the committee in its work.
3- The Board of Directors, through the Nominations and Remunerations Committee or with the assistance of an external evaluation body, conducts the annual evaluation of the Committee and the Chairman and members of the Committee.

12- Committee's Scope of Work

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the power to retain outside legal counsel, auditors or consultants, or incur other expenses for this purpose, which expenses the Company shall pay. The Committee may also meet with the Company's investment bankers or financial analysts who follow the Company. The Committee may require any officer or employee of the Company or any of its subsidiaries, the Company's outside legal counsel, and the Company's external auditors to meet with the Committee or any member of the Committee.

The Board of Directors shall take all necessary measures to ensure that the Committee performs its duties.

13- Committee Members' Remuneration

The committee members are entitled to annual Remuneration for their membership in the committee, if the eligibility requirements have been fulfilled by the member.
The committee, members' remuneration shall be as per the Board resolution, based on Nomination & Remuneration committee recommendation, Board Members and committees' Remuneration Policies which is approved by the General Assembly, and provided within the parameters allowed by the law and regulations of Saudi Arabia.

14- Review & Amendments

The Committee shall develop, implement and review its own Charter annually and shall thereafter recommend its revised Charter for the Board's approval. The Board in return raises the charter to be approved in General Assembly meeting (in case the changes is required)

Investment Committee Charter

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18- Investment Committee Charter

About the Company

Gulf Union Al Ahlia Cooperative Insurance Company is a Saudi public joint stock company whose license was approved by Ministerial Resolution No. (233) dated 16 Ramadan 1427 AH corresponding to October 9, 2006 AD and by Royal Decree No. (M/60) dated 9/18/1427 AH (corresponding to October 9, 2006 AD) October 11, 2006 AD (and was established by Ministerial Resolution No. 196/Q on 7/22/1428 corresponding to 05/08/2007)
The company obtained a license to practice insurance activity No. (TMN/09/20079), dated 29/08/1428 AH, issued by the Insurance Authority in the following branches (general insurance - medical insurance - protection and savings insurance)

The company is under the supervision and control of the Insurance Authority

Introduction

Gulf Union Al Ahlia Cooperative Insurance Company aims to establish the best Governance standards and practices and apply the company's corporate governance rules.
In compliance with the relevant laws, regulations and instructions, the company has established the Investment committee charter, which contains the controls regulating the work of the Investment committee, the role and responsibilities of the committee, the rules and controls for its formation, the selection of committee members, its meetings, and the rewards of its members in accordance with the relevant laws and regulations.

1. Purpose

The purpose of the Investment Committee (the "Committee") of the Board of Directors (the "Board") of Gulf Union Al Ahlia Cooperative Insurance Co. (the "Company") is to assist the Board in developing investment policies and strategies, approving and supervising investment transactions, and monitoring investment performance of the Company against the defined strategies, laws and regulations. The Investment committee formulates the overall investment policies of the Company, subject to approval by the Board, and establish investment guidelines in furtherance of those policies.

2. Committee Responsibilities

The Committee has the following duties and responsibilities:

1. Formulating the investment policy and reviewing its implementation on a quarterly basis
2. Recommending to the Board different investment opportunities
3. Reviewing the performance of each asset class
4. Monitoring the overall risks of the investment policy
5. Submitting a performance review report to the Board of Directors
6. Ensuring the compliance of all investment activities with the requirements of the Investment Regulation issued by Insurance Authority and any other applicable laws and regulations

3- Committee formation and selection of its members

Committee Size

The Committee shall be formed by the Board of Directors and shall be comprised of not less than three (3) members, The Investment Committee may consist of executive, Independents and non-executive members.

Reporting to the Board

The Investment Committee reports to the Board of Directors, Every meeting of the Committee should be followed by a minutes of meeting detailing the outcome of the meeting to the Board of Directors.

Rules for selecting committee members

There are a set of rules that the board of directors must take into account when selecting members of the Investment committee, and whoever is appointed as a member of the investment committee is required to meet the following throughout the term of his membership in the committee:

1. The member of the Investment Committee must have an appropriate academic qualification and knowledge of the nature of the company's business.
2. That the member must have a good reputation and good conduct.
3. To refrain from engaging in any activity that may be in conflict with the interest of the company, or in competition with its business, or that may harm his ability to carry out his duties and responsibilities objectively.
4. To allocate an appropriate time to perform the tasks entrusted to him to perform as a member of the committee.
5. The member should have the appropriate technical, financial or administrative expertise.

Members Appointment

Members of the Committee shall be appointed by Board of directors, upon the recommendation of the Nomination and Remuneration Committee, provided that obtaining Insurance Authority ‘s prior no-objection on the nomination/appointment, The committee may include members from outside the board of directors
And may be removed by the Board at its discretion. Also, the Committee members shall be subject to reappointment by the Board after an interval of three years.

Chairman Selection

One of the non-Executive members shall serve as the Chairman of the Committee. The Chairman of the Committee shall be designated by the Board or as desired by the Board of Directors, if no such designation is made, shall be selected by the affirmative vote of the majority of the Committee.
provided that obtaining Insurance Authority ‘s prior no-objection on the nomination/appointment of the Chairman of the committee

4- Membership term, mechanisms for appointing and relieving committee members, and vacant positions

1- Taking into consideration the rules for selecting members of the Investment Committee and the conditions that must be met by the members of the committee referred to above in these controls; The Board of Directors will compare between candidates for membership of the committee who meet the conditions, and the Board of Directors appoints the members of the committee for a period of three years (corresponding with the beginning and end of the Board of Directors' term) after obtaining a written no-objection from the Insurance Authority .
2- The Board of Directors shall take the necessary measures to enable the Committee to carry out the tasks entrusted to it.

   a. The company's board of directors may exempt any member of the Investment committee by a decision of the board in the following cases:
   b. The member requested to be exempted from membership in the committee or to submit his resignation from the membership of the board of directors.
   c. Abuse his position in the committee or misconduct that the board considers harmful to the objectives and reputation of the company in general and the committee in particular.
   d. Absence from attending three consecutive meetings without an excuse accepted by the Board of Directors.
   e. The member has lost any of the conditions that must be met by the member of the committee referred to above.
   f. The member's violation of the provisions of the Cooperative Insurance Companies Control Law, its implementing regulations, or the provisions of other relevant regulations and instructions.

3- Upon the expiry of a member's term, during the term of the committee's work, due to death, resignation, disability or exemption, the Board of Directors, after obtaining the Insurance Authority 's no-objection in writing, appoints another member to fill the vacant position in the committee, and the new member completes his predecessor's term until the end of the committee's term Taking into account the conditions that must be met by the committee member.

5- Duties of a committee member

1. Regularly attending the committee's sessions and actively participating in its work
2. Preserving the company's secrets. A member of the committee may not disclose to the shareholders, other than in the general assembly, or to third parties, the company's secrets that came to his attention due to the performance of his work, otherwise he must change it, in addition to being held accountable for compensation for the damage that may result from that.
3. To exercise due diligence to carry out the work entrusted to him, and to keep abreast of recent developments related to the company's business.
4. To be characterized by justice and to display integrity, chastity, honesty, objectivity and independence when performing his work
5. To be free of personal interests, not to subject his judgment to the opinions of others, and not to disclose information that is not true.
6. The member shall not participate in any business or activities considered to be offensive to honor and honesty.
7. He shall not accept anything of significant value from an employee, affiliate, customer, supplier, or anyone who has a business relationship with the company that may lead to a weakness in the

independence of the committee member in form and substance or affect or presumably affect his decisions.

8. To disclose to the Board of Directors the transactions that took place between him and the company and the nature of that relationship, as well as the relationship he has with the Board of Directors and the company's executive managers, in accordance with what is required by the code of conduct approved by the company.

6. Responsibilities of the Chairman of the Committee

The Chairman of the committee shall supervise the committee's achievement of all its tasks. The committee chairman shall have the following authorities:

1. Inviting the committee to convene and specifying the time, date and place of each committee meeting and the agenda, after coordination with the committee members.
2. Presiding over committee meetings.
3. Submitting the results and recommendations of the committee's work to the Board.
4. Preparing the committee's budget, its work plan, and its projects in the short and long term, in coordination with the committee's secretary, and presenting it to the committee in preparation for submitting it to the board of directors, after being approved by the committee.
5. When needed - Preparing periodic reports on the activities of the committee in coordination with the committee's secretary and presenting them to the committee in preparation for submission to the board of directors, after being approved by the committee. Copies of the committee's minutes are attached to these reports.
6. Representing the committee on the Board and in front of any other party that requires it.

7. Appointment of a secretary of the committee

1. The committee appoints a secretary from among the company's employees to undertake its administrative work, prepare minutes of its meetings, ensure that the committee chairman signs these minutes, and schedule committee meetings in coordination with its chairman.
2. The Insurance Authority s's prior no-objection to the appointment of the committee Secretary should be obtained.
3. When choosing the committee secretary, it should be taken into account that he has the academic qualification and practical experience that enables him to carry out the tasks entrusted to him.
4. The secretary of the committee must document and keep the minutes of the committee's meetings in a special record for that.
5. The committee secretary must prepare a list of the committee's tasks and responsibilities and follow up on their implementation on a quarterly basis during the year with the committee chairman and members.

8. Committee Meetings

1. The Committee will meet at such times as shall be determined by its Chairman and its members, or upon the request of any two of its members.

2. The Investment Committee meets periodically and whenever the need arises, The Committee shall meet at least four (4) Meetings a year.
3. No one other than the Committee members and the committee Secretary shall be entitled to be present at a meeting of the Committee, but others may attend at the invitation of the Committee
4. The agenda of each meeting will be prepared by the Chairperson of the Committee and whenever reasonably possible, circulated to each member in an appropriate period prior to the meeting date.
5. The committee meeting shall not be held unless at least half of its members are present.
6. The Chairman will preside, when present, at all meetings of the Committee. And In case of his absence he will delegate a member to preside the meeting.
7. The Committee will keep a record of its meetings and report on them to the Board.
8. The Committee may meet by telephone or video conference and may take action by unanimous written consent.

9. Committee decisions

1. The decisions and recommendations of the committee are issued by a majority vote of its members present, and in the event of equal votes, the side with the chairman shall prevail.
2. Any member may reserve any decision taken by the committee, provided that he states the reasons that led him to reserve. If any member leaves the committee meeting before its conclusion, his reservation, if any, is limited to the decisions related to the items he attended for discussion, provided that he states in the minutes the items he did not attend the discussion if he expresses his desire in writing.
3. The committee secretary must record the opinions of all parties in the minutes of the meeting.

10. Documenting the minutes of the committee's meetings:

The minutes of the committee's meetings are documented as follows:

1. During the meeting, the Secretary of the Committee records the most important discussions and upon completion of the discussion of any topic, he summarizes the recommendations or decisions reached.
2. The Secretary of the Committee shall prepare for each of the Committee's meetings a draft minutes in which the date and place of the meeting, the names of those present and absent, a summary of the discussions and the texts of recommendations and decisions reached by the Committee shall be written and presented to the members of the Committee for approval.
3. The minutes of the meeting must be prepared and sent to the members within 15 days from the date of the meeting.
4. The signed copy of the minutes shall be kept in a special file and all documents related to the minutes shall be attached to it.

11. The Committee's plan and annual report to the Board of Directors and the Committee's evaluation

1. The committee shall prepare, before the beginning of each year, an annual plan that includes a timetable for the committee's meetings and a description of the work it will undertake during the year.
2. The committee must submit an annual report to the board of directors stating the number of committee meetings, the accomplished tasks assigned to the committee, what has not been accomplished, the reason for that, and the obstacles facing the committee in its work.
3. The Board of Directors, through the Nominations and Remunerations Committee or with the assistance of an external evaluation body, conducts the annual evaluation of the Committee and the Chairman and members of the Committee.

12. Committee's Scope of Work

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the power to retain outside legal counsel, auditors or consultants, or incur other expenses for this purpose, which expenses the Company shall pay. The Committee may also meet with the Company's investment bankers or financial analysts who follow the Company. The Committee may require any officer or employee of the Company or any of its subsidiaries, the Company's outside legal counsel, and the Company's external auditors to meet with the Committee or any member of the Committee.

The Board of Directors shall take all necessary measures to ensure that the Committee performs its duties.

13. Committee Members' Remuneration

The committee members are entitled to annual Remuneration for their membership in the committee, if the eligibility requirements have been fulfilled by the member.
The committee, members' remuneration shall be as per the Board resolution, based on Nomination & Remuneration committee recommendation, Board Members and committees' Remuneration Policies which is approved by the General Assembly, and provided within the parameters allowed by the law and regulations of Saudi Arabia.

14. Review & Amendments

The Committee shall develop, implement and review its own Charter annually and shall thereafter recommend its revised Charter for the Board's approval. The Board in return raises the charter to be approved in General Assembly meeting (in case the changes is required)

Conflicts of Interests Pledge

Appendix A

Appendix A: Conflict of Interest Pledge

I, _____, in my capacity as a member of the Board of Directors of GULF UNION AL AHLIA, acknowledge that my duties shall include, inter alia, the following:

- To participate in the meetings of the Board of Directors on regular basis and to provide independent opinion on all strategic matters including policy, accountability, resources, etc…
- To act in good faith with due care and diligence in the best interest of the Company.
- To ensure that the priority is given to the Company's interests in case of conflict of interests.

I also acknowledge that as per best corporate governance standards, each Director is required to

(i) Disclose to the Board any real or potential conflict of interest.

(ii) Promptly and formally notify the Board of any proposed related party transaction as soon as they become aware of it and obtain the approval of the Board prior to entering into the transaction in which a related party is involved.

Once a member has notified the Board of a potential conflict of interest, it is up to the Chairman of the Board to decide on how to deal with it. This could be through: 1) Asking the conflicted Board member to participate in discussions but refrain from voting on the decision. 2) Asking the conflicted Board member not to participate in the discussion and to refrain from voting on the decision. 3) Asking the conflicted Board member to leave the Board room during discussions of the issue

It is understood that conflicted Board members should not participate in discussions on transactions in which they are a conflicted party and should abstain from voting on such issues after notifying the Board of Directors.

In all cases, when the Board is voting on an issue in which a Director has a potential conflict of interest, all voting must be done anonymously.

Signed: _____ Date: _____

Print Name: _____

Confidentiality Pledge

Appendix B

Appendix B: Confidentiality Pledge

While working in the interest of GULF UNION AL AHLIA, you may obtain confidential and/or sensitive information; which means any information acquired (whether in writing, orally or by any other means) by or on behalf of GULF UNION AL AHLIA to its staff or Board members including, without limitation, any information relating to GULF UNION AL AHLIA's products, operations, methodologies, systems, processes, plans or intentions, know-how, pricing, trade secrets, market opportunities, or business or financial affairs, and which if disclosed in tangible form is marked confidential or if disclosed otherwise, is confirmed in writing as being confidential or if disclosed in tangible form or otherwise, is manifestly confidential. Such information is the exclusive property of GULF UNION AL AHLIA and it is vital that you keep any received information in the strictest confidence. Consequently, you may not:

a) Reveal confidential and/ or sensitive information about GULF UNION AL AHLIA, whether you are or you are not serving in GULF UNION AL AHLIA's Board of Directors.

b) Improperly use confidential and/ or sensitive information, either directly or indirectly.

c) Reveal such information that may affect GULF UNION AL AHLIA's reputation and image.

d) Put yourself in a situation where some person could take advantage or might take advantage from you disclosing confidential and/ or sensitive information;

e) Take advantage or appear that you might take advantage from information that are not accessible to the public and that you obtained during the time you served GULF UNION AL AHLIA's Board of Directors.

Anyone who does not respect and comply with this Confidentiality Agreement following resignation or discharging from the Board of Directors hereby admits that the disclosure of confidential and/ or sensitive information will result in irrevocable damage to GULF UNION AL AHLIA, and it shall have the right to enforce its lawful rights and actions against any offending person.

I have read and understood this Confidentiality Agreement. My signature below acknowledges my agreement to conduct myself in a professional manner at all times and to keep all confidential and/ or sensitive information obtained confidential.

Name	
Signature	
Date	

Conflict of Interest Disclosure

Appendix C

Appendix C: Conflict of Interest Disclosure Form

With regards to my service as a Board member on the Board of GULF UNION AL AHLIA, I have the following potential conflict of interest to report:

☐ I am affiliated[1] to another Company.

☐ I am affiliated to a vendor, supplier, or other party providing or bidding for providing services, having a direct or indirect interest in business transaction(s), agreement, and investment with GULF UNION AL AHLIA and/or its subsidiaries.

☐ I am having business dealings or transaction with a vendor, supplier or other party which could result in benefit to me.

☐ I or person(s) I have affiliation with have interest in purchasing services from GULF UNION AL AHLIA and/or its subsidiaries.

☐ I am affiliated to any staff of GULF UNION AL AHLIA and/or its subsidiaries.

☐ Others:

_____

Please elaborate on the potential conflict arising from the above situation with regards to the transaction concerned (e.g. nature of service/ transaction, if affiliated person involved, the identity of the affiliated person and your relationship with that person):

_____

_____

_____

_____

I hereby confirm that the disclosure made above is complete and correct to the best of my information and belief. I shall not be participating in the discussion and decision making of this matter. I agree that if I become aware of any information that might indicate that this disclosure is inaccurate or that I have not complied with the conflict of interest policy, I will notify the Board Chairman immediately.

Name	
Signature	
Date	

[1] Affiliated refers to the following: Spouse, child, mother, father, brother or sister or close associates; any corporation, business or non-profit organization of which you are serve as staff, officer, board member, partner, participate in management or are employed by; any trust or other estate in which you have a substantial interest or as to which you serve as a trustee or in a similar capacity.

Acknowledgment of Stakeholders rights

Appendix D

Appendix D: Acknowledgment of Stakeholders Rights

I, _____, in my capacity as a member of the Board of Directors of GULF UNION AL AHLIA, recognise and acknowledge the rights of all stakeholders mentioned in this framework and established by law or through mutual agreements and encourage active co-operation between the Company and its stakeholders to create wealth, jobs and the sustainability of a financially sound enterprise including, inter alia, the following:

- To protect the exercise of shareholders rights to a share of distributable profits, a share of assets upon liquidation and right to disposition of shares.
- To facilitate shareholders rights to vote and participate in the General Assembly, be presented with sufficient information before and after the General Assembly.
- To ensure that timely and accurate disclosure is made on all shareholder matters.
- To ensure the viability of the Company is managed in the interest of the Shareholders as a whole while taking into account the interest of other stakeholders.
- To provide safe and healthy working conditions, and to respect human rights and respect employees' rights.

As a Board member, I am committed to the highest ethical standards as the Company desires its stakeholders to have strong faith in it and commitment towards it. Trust and strong commitment is the key for GULF UNION AL AHLIA in order to build a healthy relationship with its stakeholders.

Name	
Signature	
Date	

Integrity and Sound Business Pledge

Appendix E

Appendix E: Integrity and Sound Business Pledge

I, _____, hereby plea to act accordingly and follow the proper conduct, roles and responsibilities sought in this manual for GULF UNION AL AHLIA. I have a responsibility to understand and follow GULF UNION AL AHLIA's code of conduct, and to perform my work.

I vow to act and comply with the highest form of integrity, care, diligence and ethical business standards throughout my service with the Company and will not tolerate unethical practices from employees, Board members or 3rd parties dealing with the Company. Furthermore, I plea to:

- Make decisions in good faith for a proper purpose.
- Not have a material personal interest in the subject matter of decision.
- Taken the necessary steps to inform myself on the subject matter of the decision to the extent I reasonably believe to be appropriate.
- Reasonably believe the decision is in the best interests of the Company.

I recognise the importance of following this manual and take full responsibility for my actions, and understand that the appropriate disciplinary actions including the possible removal from the Board may occur in the instance of a violation of GULF UNION AL AHLIA's code of conduct.

Name	
Signature	
Date	

Corporate Governance Principles Pledge

Appendix F

Appendix F: Corporate Governance Principles Pledge

I, _____, hereby plea my commitment to abiding by corporate governance practices as set out in this code. GULF UNION AL AHLIA's corporate governance philosophy is to adopt practices that are fully compliant with the Saudi CMA and Insurance Authority - yielding a Board that is constructively and actively engaged in corporate oversight.

I intend to review these principles and other aspects of corporate governance from time to time and shall make such changes as it deemed necessary and to the extent required under any applicable securities laws and stock exchange regulations.

Name	
Signature	
Date	

Board of Directors Calendar (Guiding)

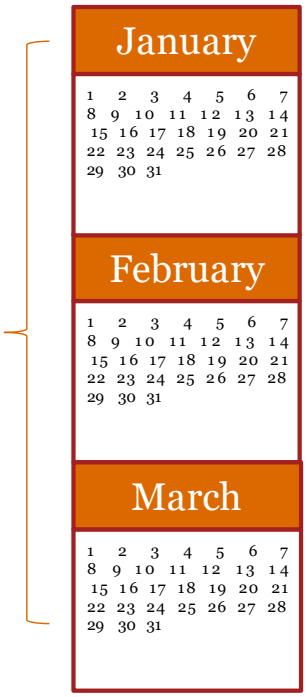
Appendix G

Appendix G: Board of Directors Calendar

The purpose of this section is to outline a detailed view of the duties of GULF UNION AL AHLIA's Board. The calendar is split up into two overlapping section, the first being the quarterly duties needed to be fulfilled during the different quarters of the year, and the latter showing the ongoing duties throughout the year.

Quarterly Duties

Quarter 1



SI 1: Minutes

- Ratify and approve the minutes of the previous meeting.
- Handle matters arising from the previous meeting's minutes (for example, actions that have not been completed).

SI 2: Strategy

- Review full-year financial results
- Assess "going concern" status
- Review constitution/profile of Board
- Make nominations for Board election/re-election
- (Re-)appoint external auditor

SI 3: Performance

- Sign-off on input to annual report
    - Directors' report
    - Directors' risk statement
    - Directors' ethics statement
- Evaluate performance:

- Board
- Chairperson
- Executive management
- Committees

SI 4: Committee Related Activities

- Review individual Committee activities

Quarter 2

SI 1: Minutes

- Ratify and approve the minutes of the previous meeting.
- Handle matters arising from the previous meeting's minutes (for example, actions that have not been completed).

SI 4: Committee Related Committees

- Review Board Charter
- Review Committee Terms of Reference
- Review Committee composition
- Ensure orientation/training for new directors
- Review individual Committee activities

Quarter 3

SI 1: Minutes

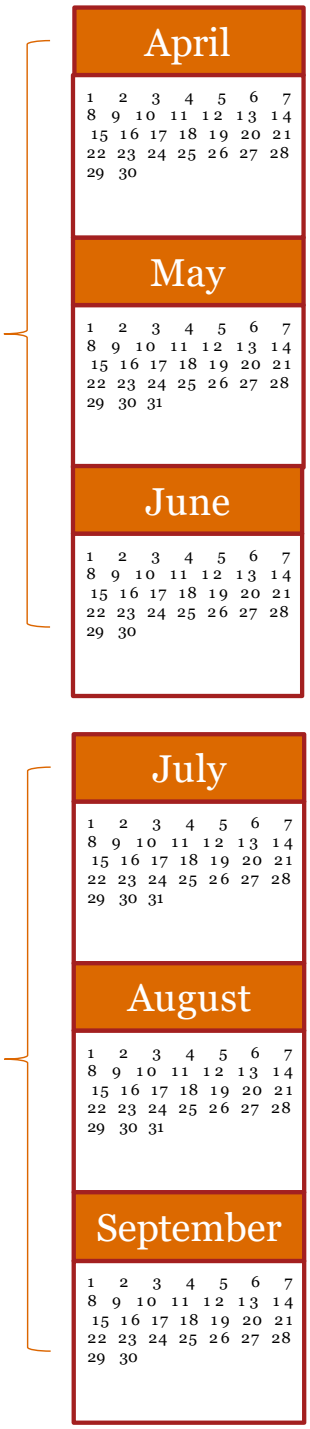
- Ratify and approve the minutes of the previous meeting.
- Handle matters arising from the previous meeting's minutes (for example, actions that have not been completed).

SI 2: Strategy

- Review half-yearly financial results
- Review "going concern" assessment

SI 4: Committee Related Activities

- Review individual Committee activities



Quarter 4

SI 1: Minutes

- Ratify and approve the minutes of the previous meeting.
- Handle matters arising from the previous meeting's minutes (for example, actions that have not been completed).

SI 3: Performance

- Review and approve business plan
- Review and approve budget
- Review and approve prioritised integrated risk assessment
- Determine key performance indicators

SI 4: Committee Related Activities

- Review individual Committee activities

Yearly Ongoing Duties

January	February	March	April	May	June
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30
July	**August**	**September**	**October**	**November**	**December**
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

Direct

- Promote vision, mission, values
- Approve goals, strategy and policy
- Determine key performance indicators
- Appoint Managing Director/executive management
- Review definition of materiality
- Determine risk appetite
- Establish executive powers
- Delegate authority to executive management

Monitor

- Oversee strategy implementation
- Exercise responsibility to stakeholders for business practices and conduct
- Identify and monitor business risks
- Review and evaluate systems of control
- Review operational performance to established indicators
- Review “going concern” status
- Monitor standards of ethical behaviour
- Monitor legal/regulatory compliance
- Monitor and reward management performance
- Ensure executive management succession planning

Report

- Ensure effective and transparent communication to shareholders and other stakeholders on organisational activities and performance
- Account to shareholders for stewardship of organisational assets

Board Effectiveness Assessment Tool (Guiding)

Appendix H

Appendix H: Board Effectiveness Assessment Tool

Board Effectiveness Assessment Tool

1 = Hardly ever/Poor **2** = Occasionally/Below average **3** = Some of the time/Average

4 = Most of the time/Above average **5** = All of the time/Fully satisfactory

#	Behaviours	N/A	1	2	3	4	5
A1	**Setting strategy** All Board members support and debate the Company's strategy and values, enabling them to set the tone from the top.	☐	☐	☐	☐	☐	☐
A2	**Strategy** All Board members have a clear understanding of the Company's core business, its strategic direction and the financial and human resources necessary to meet its objectives.	☐	☐	☐	☐	☐	☐
A3	**Managing Board meetings and discussions** The Board meetings encourage a high quality of debate with robust and probing discussions.	☐	☐	☐	☐	☐	☐
A4	**Managing internal Board relationships** Board members make decisions objectively and collaboratively in the best interests of the Company and feel collectively responsible for achieving organizational success.	☐	☐	☐	☐	☐	☐
A5	**Managing the Board's relationships with others** The Board communicates effectively with all of the Company's stakeholders and seeks their feedback.	☐	☐	☐	☐	☐	☐
A6	**Board members' own skills** Board members recognise the role which they and each of their colleagues is expected to play and have the appropriate skills and experience for that role.	☐	☐	☐	☐	☐	☐
A7	**Reaction to events** The Board responds positively and constructively to events in order to enable effective decisions and implementation and to encourage transparency.	☐	☐	☐	☐	☐	☐

#	Behaviours	N/A	1	2	3	4	5
A8	**Chairman** The Chairman's leadership style and tone promotes effective decision-making, constructive debate and ensures that the Board works as a team.	☐	☐	☐	☐	☐	☐
A9	**Chairman and CEO relationship** The Chairman and the chief executive work well together and their different skills and experience complement each other.	☐	☐	☐	☐	☐	☐
A10	**Attendance and contribution at meetings** All Board members attend and actively contribute at meetings.	☐	☐	☐	☐	☐	☐
A11	**Open channels of communication** The Board has open channels of communication with executive management and others and is properly briefed.	☐	☐	☐	☐	☐	☐
A12	**Risk and control frameworks** The Board's approach to reviewing risk in the organisation is open and questioning, and looks to learning points from events, rather than blame.	☐	☐	☐	☐	☐	☐
A13	**Composition** The Board is the right size and has the best mix of skills to ensure its optimum effectiveness.	☐	☐	☐	☐	☐	☐
A14	**Charter** The terms of reference for the Board are appropriate, with clearly defined roles and responsibilities, ensuring that the right issues are being addressed.	☐	☐	☐	☐	☐	☐
A15	**Committees of the Board** The Board's committees are properly constituted, perform their delegated roles and report back clearly and fully to the Board.	☐	☐	☐	☐	☐	☐
A16	**Board Secretary** The Board Secretary acts as an appropriate conduit for the provision of information to the Board and support to the Chairman and the non-executive Directors.	☐	☐	☐	☐	☐	☐
A17	**Executive Directors** The contribution of the executive Directors, as members of the Board rather than as senior executives, is effective.	☐	☐	☐	☐	☐	☐

#	Behaviours	N/A	1	2	3	4	5
A18	**Non-executive Directors** The non-executive Directors contribute effectively to the development of strategy and the monitoring of the performance of management, providing both support and challenge.	☐	☐	☐	☐	☐	☐
A19	**Meetings and administration** The Board meets sufficiently often, and with information of appropriate quality and detail, such that agenda items can be properly covered in the time allocated.	☐	☐	☐	☐	☐	☐
A20	**Timeliness of information** Information is received in sufficient time to allow for proper consideration, with scope for additional briefing if necessary.	☐	☐	☐	☐	☐	☐
A21	**Agenda items** The Board cycle agenda covers all matters of importance to the Company, is prioritised and includes consideration of corporate reputation, its enhancement and the risks surrounding it.	☐	☐	☐	☐	☐	☐
A22	**Annual General Meeting** The Company makes best use of its Annual General meeting.	☐	☐	☐	☐	☐	☐
A23	**External stakeholders** The Board has defined its external stakeholders and ensures that the Company has the right level of contact with them.	☐	☐	☐	☐	☐	☐
A24	**Risk management** The Board uses an active and well-structured process to manage risk, taking account of the Company's activities and the breadth of functions across the business.	☐	☐	☐	☐	☐	☐
A25	**Induction and training** Board members receive proper induction on appointment and ongoing training is available to meet development needs.	☐	☐	☐	☐	☐	☐
A26	**Succession planning** There is appropriate succession planning for key Board members and senior executives.	☐	☐	☐	☐	☐	☐

#	Behaviours	N/A	1	2	3	4	5
A27	**Performance evaluation** Board members are individually subject to an annual performance evaluation that measures their contribution and commitment.	☐	☐	☐	☐	☐	☐

Board Director's Personal Effectiveness Assessment Tool

Appendix I

Appendix I: Board Director's Personal Effectiveness Assessment Tool

Director's Personal Effectiveness Assessment Tool

1 = Hardly ever/Poor time/Average **2 = Occasionally/Below average** **3 = Some of the**

4 = Most of the time/Above average **5 = All of the time/Fully satisfactory**

Name of Director being assessed: .....

#	Behaviours	N/A	1	2	3	4	5
B1	**Setting strategy** The Director has a clear understanding of the Company's core business and participates in setting its strategic aims.	☐	☐	☐	☐	☐	☐
B2	**Enabling performance** The Director assists in ensuring that the necessary financial and human resources are available for the Company to meet its objectives.	☐	☐	☐	☐	☐	☐
B3	**Setting and applying values** The Director supports the Company's standards and values, enabling him/ her to contribute to setting the tone from the top.	☐	☐	☐	☐	☐	☐
B4	**Demonstrating courage and integrity** The Director is prepared to stand firm, challenge constructively and to lead by example on ethical matters.	☐	☐	☐	☐	☐	☐
B5	**Attendance at Board meetings** The Director regularly attends meetings.	☐	☐	☐	☐	☐	☐
B6	**Appropriate preparation** The Director prepares appropriately in advance of meetings.	☐	☐	☐	☐	☐	☐
B7	**Active participation** The Director actively participates in robust and probing discussions during and between Board meetings.	☐	☐	☐	☐	☐	☐

#	Behaviours	N/A	1	2	3	4	5
B8	**Engagement of executive Directors** The Director clearly works in the best interests of the Company leaving his or her functional responsibilities "at the door".	☐	☐	☐	☐	☐	☐
B9	**Personal accountability** The Director demonstrates personal responsibility for promoting the success of the business.	☐	☐	☐	☐	☐	☐
B10	**Risk and control frameworks** The Director's approach to reviewing risk in the organisation is open and questioning.	☐	☐	☐	☐	☐	☐
B11	**Reaction to bad news** The Director responds positively and constructively to bad news thus encouraging open and transparent communications.	☐	☐	☐	☐	☐	☐
B12	**Understanding of individual contribution** The Director recognises the role which he/she and each of his/her colleagues is expected to play.	☐	☐	☐	☐	☐	☐
B13	**Directors' skills** The Director has the appropriate skills and experience for the role.	☐	☐	☐	☐	☐	☐
B14	**Understanding of the business** The Director makes an effort to get to know the business.	☐	☐	☐	☐	☐	☐
B15	**Sufficient time for the role** The Director has sufficient time to dedicate to the role.	☐	☐	☐	☐	☐	☐
B16	**Flexibility** The Director anticipates and embraces change and reinforces the positive aspects of change to others.	☐	☐	☐	☐	☐	☐
B17	**Personal impact** The Director communicates with impact, seeking to understand others' points of view and negotiating/influencing as appropriate.	☐	☐	☐	☐	☐	☐
B18	**Demonstrating business acumen** The Director makes sound decisions and exercises good judgement in debating Board agenda items.	☐	☐	☐	☐	☐	☐

#	Behaviours	N/A	1	2	3	4	5
B19	**Professional development** The Director takes responsibility for his/her ongoing professional development.	☐	☐	☐	☐	☐	☐
B20	**Managing relationships with executive management** The Director has open channels of communication with executive management and others, as appropriate.	☐	☐	☐	☐	☐	☐
B21	**Managing relationships with others externally** The Director is open to contact from major shareholders and other stakeholders as appropriate to his/her role on the Board.	☐	☐	☐	☐	☐	☐
B22	**Liaison with Board Secretary** The Director appropriately utilises the support of the Board Secretary.	☐	☐	☐	☐	☐	☐
B23	**Liaison with Senior Independent Director** The Director consults and communicates with the Senior Independent Director, where relevant and appropriate.	☐	☐	☐	☐	☐	☐

Audit Committee Effectiveness Assessment Tool

Appendix J

Appendix J: Audit Committee Effectiveness Assessment Tool

Audit Committee Effectiveness Assessment Tool

1 = Hardly ever/Poor time/Average **2 = Occasionally/Below average** **3 = some of the**

4 = Most of the time/Above average **5 = All of the time/Fully satisfactory**

#	Behaviours	N/A	1	2	3	4	5
C1	**Understanding of core business objectives** All Audit Committee members have a good understanding of the different risks inherent in the Company's business activities	☐	☐	☐	☐	☐	☐
C2	**Focus on appropriate areas** The Audit Committee focuses on the right questions and is effective in avoiding the minutiae	☐	☐	☐	☐	☐	☐
C3	**Quality of interaction with external auditors** The Audit Committee actively engages with the external auditors regarding scope of work, audit findings and other relevant matters	☐	☐	☐	☐	☐	☐
C4	**Quality of interaction with internal audit** The Audit Committee demonstrates an appropriate degree of involvement in the work of internal audit and its findings	☐	☐	☐	☐	☐	☐
C5	**Understanding of key financial issues** The Audit Committee has a good understanding of the key financial issues, including quality of earnings, critical accounting policies and complex transactions	☐	☐	☐	☐	☐	☐
C6	**Understanding of how assurance is gained** The Audit Committee understands the interaction between the various sources of assurance available to it	☐	☐	☐	☐	☐	☐

#	Behaviours	N/A	1	2	3	4	5
C7	**Rigor of debate** Audit Committee meetings encourage a high quality of debate with robust and probing discussions	☐	☐	☐	☐	☐	☐
C8	**Reaction to bad news** The Audit Committee responds positively and constructively to bad news in order to encourage future transparency	☐	☐	☐	☐	☐	☐
C9	**Quality of Chairmanship** The Chairmanship operates satisfactorily in terms of promoting effective and efficient meetings, with an appropriate level of involvement outside of the formal meetings	☐	☐	☐	☐	☐	☐
C10	**Frank, open working relationship with executive Directors** The Audit Committee members have a frank and open relationship with the executive Directors, whilst avoiding the temptation to become 'executive'	☐	☐	☐	☐	☐	☐
C11	**Open channels of communication** The Audit Committee has open channels of communication with Company contacts which facilitates the surfacing of issues	☐	☐	☐	☐	☐	☐
C12	**Perceived to have a positive impact** There is an appropriate balance between the monitoring role of the Audit Committee and it being an "influencer for good"	☐	☐	☐	☐	☐	☐

#	Processes	N/A	1	2	3	4	5
C13	**Members with appropriate skills and experience** The Audit Committee comprises members with an appropriate mix of skills and experience, including recent and relevant financial experience	☐	☐	☐	☐	☐	☐
C14	**Clear terms of reference** There are clear terms of reference, with clarity as to role vis a vis the Board as a whole	☐	☐	☐	☐	☐	☐
C15	**Structured and appropriate annual agenda** There is a structured annual agenda of matters to be covered with focus on the right areas	☐	☐	☐	☐	☐	☐
C16	**Sufficient number of meetings and access to resources** The number and length of meetings and access to resources is sufficient to allow the Audit Committee to fully discharge its duties	☐	☐	☐	☐	☐	☐
C17	**Concise, relevant and timely information** Audit Committee papers are concise, relevant and timely and are received sufficiently far in advance of meetings	☐	☐	☐	☐	☐	☐
C18	**Right people invited to attend and present at meetings** Executive management and others are asked to present on topics, as appropriate	☐	☐	☐	☐	☐	☐

#	Processes	N/A	1	2	3	4	5
C19	**Meetings held sufficiently far in advance of Board meetings** Audit Committee meetings are held sufficiently far in advance of Board meetings to permit resolution of issues raised	☐	☐	☐	☐	☐	☐
C20	**Attendance and contribution at meetings** All Audit Committee members attend and actively contribute at meetings	☐	☐	☐	☐	☐	☐
C21	**Sufficient time and commitment to undertake responsibilities** All Audit Committee members have sufficient time and commitment to fulfil their responsibilities	☐	☐	☐	☐	☐	☐
C22	**Ongoing personal development to remain up to date** Audit Committee members undertake ongoing personal development activities to update their skills and knowledge	☐	☐	☐	☐	☐	☐
C23	**Private meetings with internal and external auditors** Private meetings of the Audit Committee, and not just its Chairman, are held at least annually with both the external auditors and internal audit	☐	☐	☐	☐	☐	☐
C24	**Role in relation to whistle-blowing** The Audit Committee has been informed of the whistle-blowing procedures in place within the organisation and undertakes its defined role in relation to them	☐	☐	☐	☐	☐	☐

Nomination and Remuneration Committee Effectiveness Assessment Tool

Appendix K

Appendix K: Nomination and Remuneration Committee Effectiveness Assessment Tool

Nomination and Remuneration Committee Effectiveness Assessment Tool

1 = Hardly ever/Poor time/Average **2 = Occasionally/Below average** **3 = Some of the time/Average**

4 = Most of the time/Above average **5 = All of the time/Fully satisfactory**

#	Behaviours	N/A	1	2	3	4	5
D1	**Understanding of core business objectives** All Nomination and Remuneration Committee members have a good understanding of the Company's business objectives and Company-wide HR programs and utilize this understanding during Committee discussions on Nomination and Remuneration policy.	☐	☐	☐	☐	☐	☐
D2	**Assessment of possible outcomes from decisions** The Nomination and Remuneration Committee understand in detail all aspects of the Company's Nomination and Remuneration policies and assesses the possible future outcomes of from decisions.	☐	☐	☐	☐	☐	☐
D3	**Appreciation of potential risks** The Nomination and Remuneration Committee consider the behavioural impact on executives and other employees arising from policies and their implementation.	☐	☐	☐	☐	☐	☐
D4	**Approach to individual executives' performance objectives and performance assessment** In considering specific awards, The Nomination and Remuneration Committee understands the basis of any assessment of the performance of executive Directors (and other members of the management team within their remit) and is prepared to deal with the remuneration aspects of performance below expectation.	☐	☐	☐	☐	☐	☐
D5	**Quality of interaction with management** The Nomination and Remuneration Committee retains the initiatives in setting Nomination and Remuneration policy and structures and listen to, but also challenges, proposals, put forward by management.	☐	☐	☐	☐	☐	☐

#	Behaviours	N/A	1	2	3	4	5
D6	**Quality of dialogue with Nomination and Remuneration and external advisors** The Nomination and Remuneration Committee is active in ensuring it obtains and understands advice from the HR manager or independent external advisors.	☐	☐	☐	☐	☐	☐
D7	**Focus on various investor perspectives** The Nomination and Remuneration Committee consults with shareholders and anticipates reactions to changes in Nomination and Remuneration policy and is aware of the sentiment of the Company's shareholders' and other stakeholders' with respect to senior executive rewards..	☐	☐	☐	☐	☐	☐
D8	**Rigour of debate** Meetings of the Nomination and Remuneration Committee are conducted in such a way as to encourage robust and probing debate. All members contribute proactively.	☐	☐	☐	☐	☐	☐
D9	**Willingness to take unpopular decisions** The Nomination and Remuneration Committee is prepared to take unpopular decisions and deliver "bad news" to management, if this is considered to be necessary in light of the Company's, or individual, performance or is appropriate in the context of current standards of good practice	☐	☐	☐	☐	☐	☐
D10	**Quality of Chairmanship** The Chairmanship of the Nomination and Remuneration Committee promotes efficient and effective meetings and encourages involvement by all members, both within the formal meetings and informally.	☐	☐	☐	☐	☐	☐

# Processes	N/A	1	2	3	4	5
D11 Clear terms of reference There are clear terms of reference for the Nomination and Remuneration Committee that define the Committee's role in relation to the Board as a whole, are available to shareholders and other interested parties, and to which the Nomination and Remuneration Committee adheres.	☐	☐	☐	☐	☐	☐
D12 Members with appropriate skills and experience Members of the Nomination and Remuneration Committee comprise individual with appropriate range of experience and skills including a working knowledge of HR and Remuneration structures commonly applied in similar companies and of the current HR and Remuneration framework applicable to the Company.	☐	☐	☐	☐	☐	☐
D13 Ongoing briefing and knowledge update Each member of the Nomination and Remuneration Committee has committed to undertake regular personal development to update his or her skills and knowledge.	☐	☐	☐	☐	☐	☐
D14 Structured and appropriate annual agenda There is a structured annual agenda setting out the timing of critical decisions and the processes to be undertaken in order to allow the Nomination and Remuneration committee members to make such decisions.	☐	☐	☐	☐	☐	☐
D15 Regular, appropriately timed and well-attended meetings There are a sufficient number of meetings, of adequate length, to allow the Nomination and Remuneration Committee to fully discharge its duties. All Nomination and Remuneration committee members are in attendance at all meetings.	☐	☐	☐	☐	☐	☐
D16 Access to relevant, concise and timely information The members of the Nomination and Remuneration Committee are provided with complete but concise information sufficiently in advance of each meeting to allow them to assimilate the key issues for debate and decision-making.	☐	☐	☐	☐	☐	☐

#	Processes	N/A	1	2	3	4	5
D17	**Access to external advisors** The Nomination and Remuneration Committee has direct access to external advisors, whether or not it has formally appointed its own independent advisors, and to any relevant reports they may produce as a result of any other relationship they may have with management.	☐	☐	☐	☐	☐	☐
D18	**Restriction on non-member invitees to Nomination and Remuneration Committee meetings** Executive management and other non-members are invited to attend Nomination and Remuneration Committee meetings to provide information or present on relevant topics but do not attend as a matter of course.	☐	☐	☐	☐	☐	☐
D19	**Assumption of responsibility for content of the published Nomination and Remuneration Report** The Nomination and Remuneration Committee takes full responsibility for the content of the published Nomination and Remuneration report and proactively drive the decisions on the disclosures contained therein. The Chairman of the Nomination and Remuneration Committee attends the AGM to answer questions relating to Nomination and Remuneration.	☐	☐	☐	☐	☐	☐

Risk Committee Effectiveness Assessment Tool

Appendix L

A

Appendix L: Risk Committee Effectiveness Assessment Tool

Risk Committee Effectiveness Assessment Tool

1 = Hardly ever/Poor 2 = Occasionally/Below average 3 = Some of the time/Average

4 = Most of the time/Above average 5 = All of the time/Fully satisfactory

#	Behaviours	N/A	1	2	3	4	5
G1	**Understanding of core business objectives** All Risk Committee members have a good understanding of the different risks on the business activities	☐	☐	☐	☐	☐	☐
G2	**Focus on appropriate areas** The Risk Committee focuses on the right questions and is effective in avoiding the minutiae	☐	☐	☐	☐	☐	☐
G3	**Quality of interaction with external auditors** Risk Committee actively engages with the external auditors regarding scope of work, audit findings and other relevant matters	☐	☐	☐	☐	☐	☐
G4	**Quality of interaction with Risk Management Function** Risk Committee demonstrates an appropriate degree of involvement in the work of Risk and its findings	☐	☐	☐	☐	☐	☐
G5	**Understanding of key financial issues** Risk Committee has a good understanding of the key financial issues, including quality of earnings, critical accounting policies and complex transactions	☐	☐	☐	☐	☐	☐
G6	**Understanding of how assurance is gained** Risk Committee understands the interaction between the various sources of assurance available to it	☐	☐	☐	☐	☐	☐

#	Behaviours	N/A	1	2	3	4	5
G7	**Rigor of debate** Risk Committee meetings encourage a high quality of debate with robust and probing discussions	☐	☐	☐	☐	☐	☐
G8	**Reaction to bad news** Risk Committee responds positively and constructively to bad news in order to encourage future transparency	☐	☐	☐	☐	☐	☐
G9	**Quality of Chairmanship** The Chairmanship operates satisfactorily in terms of promoting effective and efficient meetings, with an appropriate level of involvement outside of the formal meetings	☐	☐	☐	☐	☐	☐
G10	**Frank, open working relationship with executive Board Members** Risk Committee members have a frank and open relationship with the executive Board Members, whilst avoiding the temptation to become 'executive'	☐	☐	☐	☐	☐	☐
G11	**Open channels of communication** The Risk Committee has open channels of communication with Company contacts which facilitates the surfacing of issues	☐	☐	☐	☐	☐	☐
G12	**Perceived to have a positive impact** There is an appropriate balance between the monitoring role of the Risk Committee and it being an "influencer for good"	☐	☐	☐	☐	☐	☐

#	Behaviours	N/A	1	2	3	4	5
G13	**Members with appropriate skills and experience** The Risk Committee comprises members with an appropriate mix of skills and experience, including recent and relevant financial experience	☐	☐	☐	☐	☐	☐
G14	**Clear terms of reference** There are clear terms of reference, with clarity as to role vis a vis the Board as a whole	☐	☐	☐	☐	☐	☐
G15	**Clear as to risk management responsibilities** The Risk Committee is clear as to its role in relation to risk management	☐	☐	☐	☐	☐	☐
G16	**Structured and appropriate annual agenda** There is a structured annual agenda of matters to be covered with focus on the right areas	☐	☐	☐	☐	☐	☐
G17	**Sufficient number of meetings and access to resources** The number and length of meetings and access to resources is sufficient to allow the Risk Committee to fully discharge its duties	☐	☐	☐	☐	☐	☐
G18	**Concise, relevant and timely information** Risk Committee papers are concise, relevant and timely and are received sufficiently far in advance of meetings	☐	☐	☐	☐	☐	☐

#	Behaviours	N/A	1	2	3	4	5
G19	**Right people invited to attend and present at meetings** Executive management and others are asked to present on topics, as appropriate	☐	☐	☐	☐	☐	☐
G20	**Meetings held sufficiently far in advance of Board meetings** Risk Committee meetings are held sufficiently far in advance of Board meetings to permit resolution of issues raised	☐	☐	☐	☐	☐	☐
G21	**Attendance and contribution at meetings** All Risk Committee members attend and actively contribute at meetings	☐	☐	☐	☐	☐	☐
G22	**Sufficient time and commitment to undertake responsibilities** All Risk Committee members have sufficient time and commitment to fulfil their responsibilities	☐	☐	☐	☐	☐	☐
G23	**Ongoing personal development to remain up to date** Risk Committee members undertake ongoing personal development activities to update their skills and knowledge	☐	☐	☐	☐	☐	☐
G24	**Private meetings with risk management officers** Private meetings of the Risk Committee, and not just its Chairman, are held at least annually with the risk management officers.	☐	☐	☐	☐	☐	☐
G25	**Role in relation to whistle-blowing** Risk Committee has been informed of the whistle-blowing procedures in place within the organisation and undertakes its defined role in relation to them	☐	☐	☐	☐	☐	☐

Executive Committee Effectiveness Assessment Tool

Appendix M

Appendix M: Executive Committee Effectiveness Assessment Tool

Executive Committee Effectiveness Assessment Tool

1 = Hardly ever/Poor **2 = Occasionally/Below average** **3 = some of the time/Average**

4 = Most of the time/Above average **5 = All of the time/Fully satisfactory**

#	Behaviors	N/A	1	2	3	4	5
1	**Rigor of debate** Executive Committee meetings encourage a high quality of debate with robust and probing discussions.	☐	☐	☐	☐	☐	☐
2	**Reaction to bad news** The Executive Committee responds positively and constructively to bad news in order to encourage future transparency.	☐	☐	☐	☐	☐	☐
3	**Quality of Chairmanship** The Chairmanship operates satisfactorily in terms of promoting effective and efficient meetings, with an appropriate level of involvement outside of the formal meetings.	☐	☐	☐	☐	☐	☐
4	**Frank, open working relationship with executive Board Members** The Executive Committee members have a frank and open relationship with the executive Board Members, whilst avoiding the temptation to become 'executive'.	☐	☐	☐	☐	☐	☐
5	**Open channels of communication** The Executive Committee has open channels of communication with Company contacts which facilitates the surfacing of issues.	☐	☐	☐	☐	☐	☐
6	**Perceived to have a positive impact** There is an appropriate balance between the monitoring role of the Executive Committee and it being an "influencer for good".	☐	☐	☐	☐	☐	☐

#	Behaviours	N/A	1	2	3	4	5
7	**Members with appropriate skills and experience** The Executive Committee comprises members with an appropriate mix of skills and experience, including recent and relevant financial experience.	☐	☐	☐	☐	☐	☐
8	**Clear terms of reference** There are clear terms of reference, with clarity as to role vis a vis the Board as a whole.	☐	☐	☐	☐	☐	☐
9	**Clear as to risk management responsibilities** The Executive Committee is clear as to its role in relation to risk management.	☐	☐	☐	☐	☐	☐
10	**Structured and appropriate annual agenda** There is a structured annual agenda of matters to be covered with focus on the right areas.	☐	☐	☐	☐	☐	☐
11	**Sufficient number of meetings and access to resources** The number and length of meetings and access to resources is sufficient to allow the Executive Committee to fully discharge its duties.	☐	☐	☐	☐	☐	☐
12	**Concise, relevant and timely information** Executive Committee papers are concise, relevant and timely and are received sufficiently far in advance of meetings.	☐	☐	☐	☐	☐	☐
13	**Right people invited to attend and present at meetings** Executive management and others are asked to present on topics, as appropriate.	☐	☐	☐	☐	☐	☐

#	Behaviours	N/A	1	2	3	4	5
14	**Meetings held sufficiently far in advance of Board meetings** Executive Committee meetings are held sufficiently far in advance of Board meetings to permit resolution of issues raised.	☐	☐	☐	☐	☐	☐
15	**Attendance and contribution at meetings** All Executive Committee members attend and actively contribute at meetings.	☐	☐	☐	☐	☐	☐
16	**Sufficient time and commitment to undertake responsibilities** All Executive Committee members have sufficient time and commitment to fulfil their responsibilities.	☐	☐	☐	☐	☐	☐
17	**Ongoing personal development to remain up to date** Executive Committee members undertake ongoing personal development activities to update their skills and knowledge.	☐	☐	☐	☐	☐	☐
18	**Private meetings with internal and external auditors** Private meetings of the Executive Committee, and not just its Chairman, are held at least annually.	☐	☐	☐	☐	☐	☐
19	**Role in relation to whistle-blowing** The Executive Committee has been informed of the whistle-blowing procedures in place within the organisation and undertakes its defined role in relation to them.	☐	☐	☐	☐	☐	☐

Investment Committee Effectiveness Assessment Tool

Appendix N

A Appendix N: Investment Committee Effectiveness Assessment Tool

Investment Committee Effectiveness Assessment Tool

1 = Hardly ever/Poor **2 = Occasionally/Below average** **3 = some of the time/Average**

4 = Most of the time/Above average **5 = All of the time/Fully satisfactory**

#	Behaviours	N/A	1	2	3	4	5
C1	**Understanding of core business objectives** All Investment Committee members have a good understanding of the Company's business activities	☐	☐	☐	☐	☐	☐
C2	**Focus on appropriate areas** Evaluate and oversee development, sales, acquisitions and investments on behalf of the Company.	☐	☐	☐	☐	☐	☐
C3	**Understanding of key financial issues** The Investment Committee has a good understanding of the key financial issues, including quality of earnings, critical accounting policies and complex transactions	☐	☐	☐	☐	☐	☐
C4	**Understanding of how assurance is gained** Consider the risks associated with specific transactions as part of determining whether to recommend a particular transaction to the full Board for approval.	☐	☐	☐	☐	☐	☐
C5	**Rigor of debate** Investment Committee meetings encourage a high quality of debate with robust and probing discussions	☐	☐	☐	☐	☐	☐
C6	**Reaction to bad news** The Investment Committee responds positively and constructively to bad news in order to encourage future transparency	☐	☐	☐	☐	☐	☐

#	Behaviours	N/A	1	2	3	4	5
C7	**Quality of Chairmanship** The Chairmanship operates satisfactorily in terms of promoting effective and efficient meetings, with an appropriate level of involvement outside of the formal meetings	☐	☐	☐	☐	☐	☐
C8	**Frank, open working relationship with executive Directors** The Investment Committee members have a frank and open relationship with the executive Directors, whilst avoiding the temptation to become 'executive'	☐	☐	☐	☐	☐	☐
C9	**Open channels of communication** The Investment Committee has open channels of communication with Company contacts which facilitates the surfacing of issues	☐	☐	☐	☐	☐	☐
C10	**Perceived to have a positive impact** There is an appropriate balance between the monitoring role of the Investment Committee and it being an "influencer for good"	☐	☐	☐	☐	☐	☐

	Processes	N/A	1	2	3	4	5
C11	**Members with appropriate skills and experience** The Investment Committee comprises members with an appropriate mix of skills and experience.	☐	☐	☐	☐	☐	☐
C12	**Clear terms of reference** There are clear terms of reference, with clarity as to role vis a vis the Board as a whole	☐	☐	☐	☐	☐	☐
C13	**Structured and appropriate annual agenda** There is a structured annual agenda of matters to be covered with focus on the right areas	☐	☐	☐	☐	☐	☐
C14	**Sufficient number of meetings and access to resources** The number and length of meetings and access to resources is sufficient to allow the Investment Committee to fully discharge its duties	☐	☐	☐	☐	☐	☐

Processes	N/A	1	2	3	4	5
C15 Concise, relevant and timely information Investment Committee papers are concise, relevant and timely and are received sufficiently far in advance of meetings	☐	☐	☐	☐	☐	☐
C16 Right people invited to attend and present at meetings Executive management and others are asked to present on topics, as appropriate	☐	☐	☐	☐	☐	☐
C17 Meetings held sufficiently far in advance of Board meetings Investment Committee meetings are held sufficiently far in advance of Board meetings to permit resolution of issues raised	☐	☐	☐	☐	☐	☐
C18 Attendance and contribution at meetings All Investment Committee members attend and actively contribute at meetings	☐	☐	☐	☐	☐	☐
C19 Sufficient time and commitment to undertake responsibilities All Investment Committee members have sufficient time and commitment to fulfil their responsibilities	☐	☐	☐	☐	☐	☐
C20 Ongoing personal development to remain up to date Investment Committee members undertake ongoing personal development activities to update their skills and knowledge	☐	☐	☐	☐	☐	☐
C21 Private meetings The Investment committee coordinates with other board committees to avoid gaps or redundancy in overseeing individual risks	☐	☐	☐	☐	☐	☐

Processes

	N/A	1	2	3	4	5
C22 Role in relation to whistle-blowing The Investment Committee has been informed of the whistle-blowing procedures in place within the organisation and undertakes its defined role in relation to them	☐	☐	☐	☐	☐	☐

Definitions

Appendix O

Appendix O: Definitions

Accountability: Explaining to key people what you are doing, to owners, beneficiaries, shareholders, etc. For example, The CEO is accountable to the Board.

Accumulative Voting: a method of voting for electing Directors, which gives each shareholder voting rights equivalent to the number of shares he/she holds. He/she has the right to use them all for one nominee or to divide them between his/her selected nominees without any duplication of these votes. This method increases the chances of the minority shareholders to appoint their representatives in the Board through the right to accumulate votes for one nominee.

Agenda: The list of items to be discussed at the meeting. Every meeting requires careful planning to ensure that objectives are met. The agenda is prepared, usually by the Chair in consultation with the CEO, and sent out to members prior to the meeting date.

Annual Report: A requirement, often by law or constitution, to report to beneficial owners, shareholders, or shareholding Ministers. It covers financial results, auditor's report, governance arrangements and operations over the period.

Charter: A set of principles that form the constitution of an organization.

Code of Conduct: A set of rules to provide guidelines for entities covering ethical and legal duties and obligations.

Conflict of interest: When someone is in a position of trust which requires them to exercise judgment on behalf of others and also has interests of the sort that might interfere with the exercise of their judgment, and which the person is ethically required to either eschew or openly attest.

Dividend: A payment made to shareholders. When a company makes a trading surplus, the Board will determine to invest some of the surplus in the further development of the company and return some to the owners/shareholders by way of dividend as a return on funds invested in the business.

Evaluation: Formal Board evaluation is important to ensure an effective Board and also; to identify skill gaps and areas for training, to provide feedback to the appointment process, and to plan succession of members

Relatives:

(i) Fathers, mothers, grandfathers and grandmothers (and their ancestors).

(ii) Children and grandchildren and their descendants.

(iii) Siblings, maternal and paternal half-siblings and their children.

(iv) Husbands and wives.

Indemnity: Security against damage or loss, legal exemption from penalties, etc. incurred. A member may be indemnified or insured by the entity in certain circumstances but not in case of negligence or a criminal act.

Independent member: A member of the Board of Directors who enjoys complete independence. By way of example, the following shall constitute an infringement of such independence:

- He/she holds five percent or more of the shares of the Company or any other company within its group; or is a relative of who owns such percentage.
- He/she is a representative of a legal person that holds five percent or more of the shares of the Company or any company within its group.
- He/she is a relative of any Board member of the company or of any other company within that company's group.
- He/she is a relative of any of senior executives of the company or of any other company within that company's group.
- He/she is a Board member of any company within the group of the company which he is nominated to be a member of its Board.
- he/she, is an employee or used to be an employee, during the preceding two years, been an employee of the company, with an affiliate of the company or an affiliate of any company of its group, such as external auditors or main suppliers; or if he/she, during the preceding two years, had a controlling interest in any such party.
- He/she has a direct or indirect interest in the businesses and contracts executed for the Company's account.
- He/she receives financial consideration from the Company in addition to the remuneration for his/her membership of the Board or any of its committees.
- He/she engages in a business where he competes with the Company, or conducting businesses in any of the company's activities.
- he/she served for more than nine years, consecutive or inconsecutive, as a Board member of the Company

Minority Shareholders: Those shareholders who represent a class of shareholders that does not control the company and hence they are unable to influence the company.

Non-executive Director: A member of the Board of Directors who does not have a full-time management position at the company, or who does not receive monthly or yearly salary.

Quorum: The minimum number of members that must be present at a meeting to make proceedings valid. The quorum is usually specified in the constitution and is often a majority of members.

Stakeholders: Any person who has an interest in the company, such as shareholders, employees, creditors, customers, suppliers, community.

Standing committee: A continuing committee set up by the Board with general authority to consider issues which fall within a particular area as they arise from time to time e.g. Audit Committee, Nominations Committee.

Substantial Shareholders: any person who owns (5%) or more of the shares of the Company or voting rights therein.

Abbreviations

Appendix P

Appendix P: Abbreviations

Term and Definition

GUAI : Gulf Union Al Ahlia Cooperative Insurance Company

PwC: PricewaterhouseCoopers

AoA: Articles of Associations

CMA: Capital Market Authority

BoD: Board of Director

CEO: Chief Executive Officer

CFO: Chief Financial Officer

CG: Corporate Governance

CSR: Corporate Social Responsibility

DoA: Delegation of Authority

KPI: Key Performance Indicators

P&P: Policies and Procedures

N&R: Nomination & Remuneration Committee

AC: Audit Committee

MoM: Minutes of Meeting

MoC: Ministry of Commerce

AGM: Annual General meeting

OGM: Ordinary General Meeting

EGM: Extraordinary General Meeting

إتحاد الخليج الأهلية للتأمين التعاوني
GULF UNION AL AHLIA COOPERATIVE INSURANCE

After Amendments

Company's Corporate Governance regulation

Gulf Union Al Ahlia Cooperative Insurance Company

Corporate Governance Regulation

Transparency & Disclosures
Board Secretary
Confidentiality Policy
Shareholders' Rights
Shareholders' Relations
Code of Conduct
Audit Committee
Nomination and Remuneration Committee
We ensure the protection of our stakeholders' interests, from investors and employees to customers, suppliers and the public.

Corporate Governance Regulation approval

Approval	Description	Date
Approval	Board of Directors approval on the Corporate Governance Regulation	19/04/2016
	General Assembly approval on the Corporate Governance Regulation	13/11/2016
	Board of Directors approval on the Corporate Governance Regulation	21/01/2018
	General Assembly approval on the Corporate Governance Regulation	28/06/2018
	Board of Directors approval on the Corporate Governance Regulation	13/03/2019
	General Assembly approval on the Corporate Governance Regulation	19/05/2019
	Board of Directors approval on the Corporate Governance Regulation	22/05/2022
	General Assembly approval on the Corporate Governance Regulation	28/06/2022
	Board of Directors approval on the Corporate Governance Regulation	28/04/2024
	General Assembly approval on the Corporate Governance Regulation	04/06/2024
	Board of Directors approval on the Corporate Governance Regulation	
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PwC	1		October 31st 2018
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Gulf Union Al Ahlia Cooperative Insurance Company Document Audit and Approvals

Approval Authority	**General Assembly of Gulf Union Al Ahlia Cooperative Insurance Co.**
Date Approved	~~**04/06/2024**~~

Introduction

1

1. Introduction and Purpose

Effective governance starts with a Board of Directors that is independent, engaged, committed, and effective.

This Regulation of Company Gulf Union Al Ahlia Cooperative Insurance Company's (GUAI) Board of Directors with the foundations to establish, maintain, and monitor standards and policies for ethics, business practices, and compliance that span the Company. Since responsibility for fulfilling legislative corporate governance obligations rests with the company's Board members and in recognition of compliance with CMA, MoC and Insurance Authority rules and regulations and the importance of good leading practices on corporate governance, Gulf Union Al Ahlia Cooperative Insurance Company has developed this framework which outlines the Corporation's Corporate Governance Framework. Furthermore, the successful implementation of good corporate governance practices depends on an approach that extends beyond simple compliance with legal requirements, this framework provides a framework for establishing a culture of business integrity, accountability, and responsible business practices. This Corporate Governance Framework lays down the necessary responsibilities and procedures that are the foundations of a well governed company.

It was approved by Gulf Union Al Ahlia Cooperative Insurance Company's Board of Directors on ~~28/04/2024~~ and will be reviewed annually to ensure that it remains at the forefront of global leading practices.

The Corporate Governance System

2

2. The Corporate Governance System

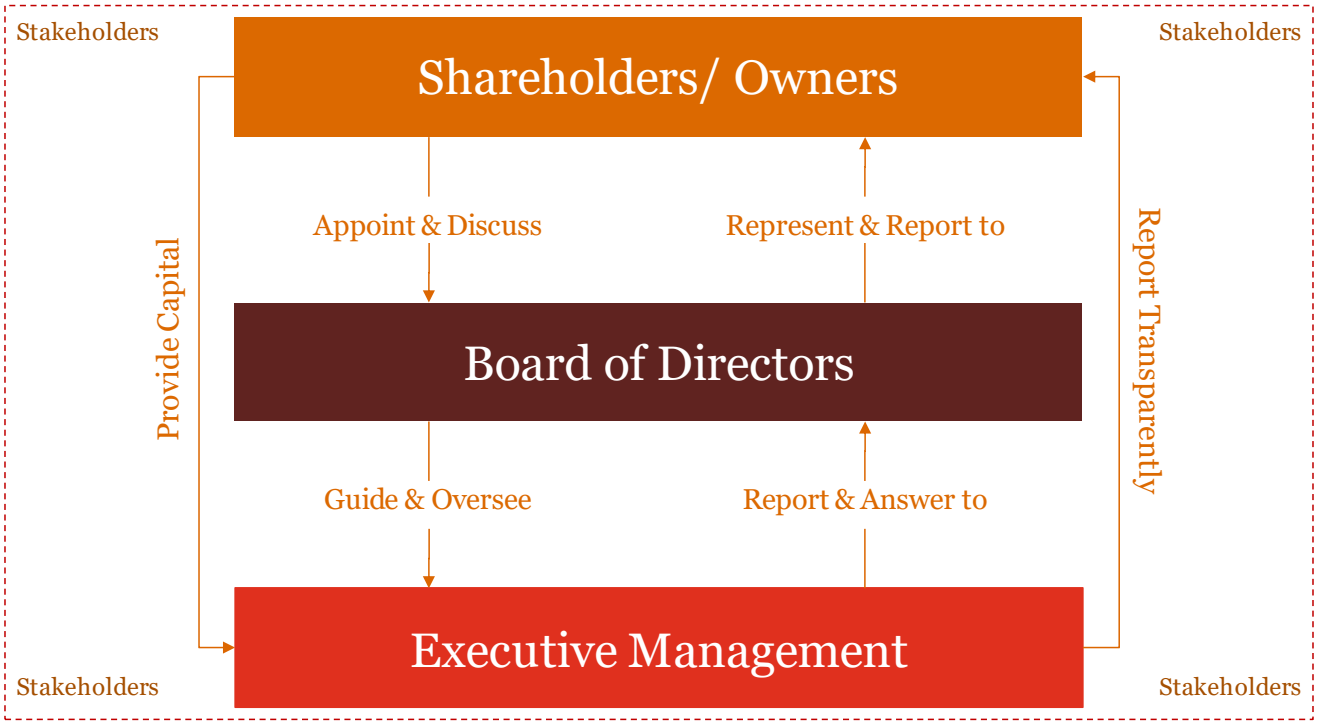

Figure 1: Corporate Governance System

Corporate governance of Gulf Union Al Ahlia Cooperative Insurance co. is a system of relationships, defined by structures and processes.

The relationship between shareholders and management consists of the former providing capital to the latter to achieve a return on their (shareholder) investment. Managers in turn are to provide shareholders with financial and operational reports on a regular basis and in a transparent manner.

Shareholders also elect a supervisory body (Board of Directors) to represent their interests. This body essentially provides strategic direction to and control over the Company's managers. Managers are accountable to this supervisory body, which in turn is accountable to shareholders through the Annual General meeting.

The external aspect of corporate governance, on the other hand, concentrates on relationships between the Company and its stakeholders. Stakeholders are those individuals or institutions that have an interest in Gulf Union Al Ahlia Cooperative Insurance co.; such an interest may arise through legislation or contract, or by way of social or geographic relationships. Stakeholders include investors, but also employees, creditors, suppliers, consumers, regulatory bodies and state agencies, and the local community in which Gulf Union Al Ahlia Cooperative Insurance co. operates.

Governance Structure for Gulf Union Al Ahlia Cooperative Insurance Co.

3

3. Gulf Union Al Ahlia Cooperative Insurance Company Corporate Governance Organizational Structure

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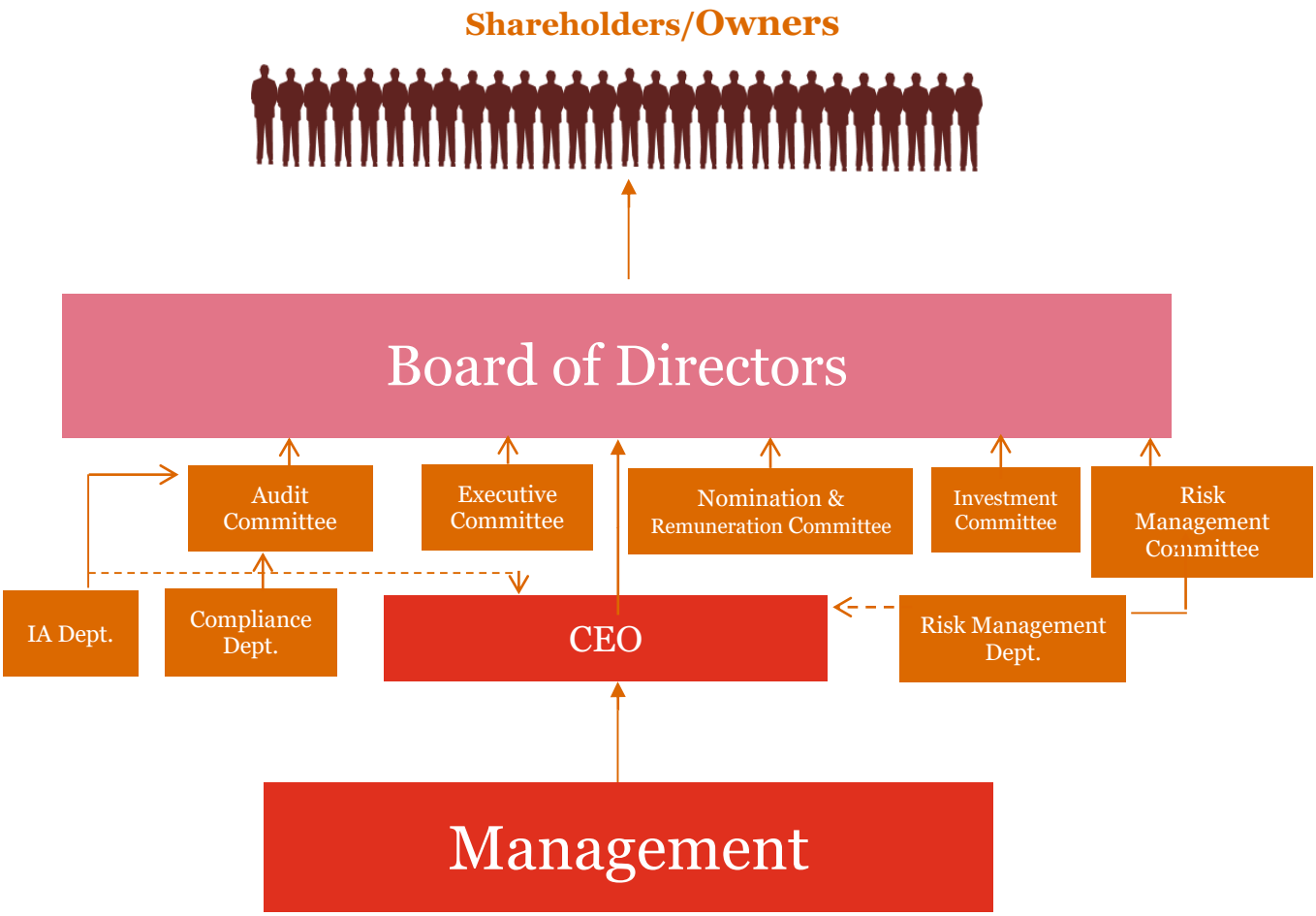


Figure 2: Gulf Union Al Ahlia Cooperative Insurance Company Corporate Governance Structure

This corporate governance structure presents a good fit for Gulf Union Al Ahlia Cooperative Insurance Company. The organization structure illustrated above is based on global leading practices in corporate governance. It is important to highlight that as the Company grows, so does the need to review and select the best suited governance structure for Gulf Union Al Ahlia Cooperative Insurance Company.

The governance structure of the Company reflects the accountability of the Senior Management to the Board and the accountability of the Board to the shareholders and other Stakeholders, through relevant internal systems and policies.

Below is a brief introduction to the roles and responsibilities of components of the organizational structure. A full description of the roles and responsibilities of key governance positions and structures will be detailed in the following sections.

3.1 Roles and Responsibilities

3.1.1 Shareholders

The Company should make available all information which enables the shareholders to perfectly exercise their rights. This information should be sufficient and accurate and should be updated regularly and presented in a regular manner to the shareholders. Additionally, the Company should implement an effective method to communicate with its shareholders and there should be no preference between a shareholder and another in giving this information.

A shareholder is any individual, group, or organization that owns one or more shares in the company, and in whose name the share certificate is issued. And it is the rights of every shareholder to participate and vote in the General Assembly meetings and the Company should avoid any procedure that would hinder the shareholders voting right. On the contrary, the Company should facilitate the shareholders' rights to vote.

3.1.2 Board of Directors

The Board of Directors is elected by the Company's Shareholders to supervise the management of the business and affairs of the Company. The prime responsibility of the Board is to ensure the viability of the Company and to ensure that it is managed in the interest of the Shareholders as a whole while taking into account the interests of other stakeholders.

Chairman of the board

The chairman of the board is designated to organize the board's activities, including (not limited to) setting the agenda for Board meetings in consultation with the CEO and other Board members, Supervising the relationships between the Board and internal and external parties, and supporting the Board's effort in promoting higher corporate governance and ensuring compliance with applicable laws and regulations at all times.

3.1.3 Audit Committee

The main purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to: accounting, auditing, systems of internal controls, and financial reporting processes generally, compliance with the laws and regulations applicable to the Company's business; and compliance with Company's Code of Conduct and related policies

3.1.4 Nomination and Remuneration Committee (NRC)

The main purpose of the Nomination and Remuneration Committee is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to: Identifying and recommending individuals qualified to become Board members, to be elected by shareholders. Recommending to the Board of Directors nominees for each Board committee. In addition to that, oversight of all matters relating to Board member and executive officer compensation, as well as shaping the Corporate Governance Framework of the Company.

3.1.5 Executive Committee (EC)

The main purpose of the Executive Committee is to assist the Board of Directors in implementing the Board's fiduciary, strategic and generative plans, policies and decisions consistent with the organization's Vision, Mission and Guiding Principles. The Executive Committee is responsible for implementing the will of the Board, with appropriate level of input from the Board before decisions are made, appropriate representation of the discourse to the Board, and voting by the Board where appropriate. Direct the process of selection, supervision, and evaluation of the chief executive. And Oversee and present an annual performance review of the CEO to the Board.

3.1.6 Risk Management Committee (RMC)

The main purpose of the Risk Management Committee is to assist the Board of Directors in identifying risks that may imperil the Company and maintaining an acceptable risk profile for the Company, overseeing the risks management system and assessing its effectiveness, defining a comprehensive risk management strategy for the Company. And Reviewing risk management policies.

3.1.7 Investment Committee (IC)

The main purpose of the Investment Committee is to assist the Board of Directors in formulating the investment and reviewing its implementation on a quarterly basis, reviewing the performance of each asset class, monitoring the overall risks of the investment policy and submitting a performance review report to the board of directors. In addition, the Investment Committee assist the Board in ensuring the compliance of overall investment activities with the requirements of the "Investment Regulation" issued by Insurance Authority and any other applicable laws and regulations.

3.1.8 Chief Executive Officer (CEO)

Gulf Union Al Ahlia Cooperative Insurance Company's CEO is the Chief Executive Officer for its administration. He is accountable to the Board of Directors for the effective and efficient operation of Gulf Union Al Ahlia Cooperative Insurance Company and for conformity with its Bylaws as well as with policies agreed upon by the Board of Directors. The CEO's primary purpose is to provide the required linkage between the Board of Directors and the Executive Management Team.
If the CEO is part of the Board of Directors; he will attend Board of Directors' meetings regularly and will have a voting right in any voting scenario conducted during Board meetings.

3.1.9 Board Secretary

A Board Secretary is responsible along with the Board of Directors, for certain tasks. The key responsibility for the Board Secretary is to ensure that the Board has the proper advice and resources for discharging its fiduciary duty, and to ensure that the records of the Board's actions reflect that the Board has done so. In addition, the Board Secretary plays an important role in the development of, compliance with, and periodic review of the company's governance policies and practices. The Board Secretary helps to ensure that the Board of Directors adheres to all relevant regulatory requirements. The Board Secretary reports functionally to the Board of Directors and administratively to the CEO.

3.1.10 Internal Audit Function

The role of the Internal Audit Function is to assist the Board and Management in achieving effective Corporate Governance, Business Risk Management and Internal Control through providing objective, independent, professional and risk-based assurance and consultation services in line with the company's values and audit profession ethics and standards. The function provides an independent appraisal to examine and evaluate operations as a service to Gulf Union Al Ahlia Cooperative Insurance Company's Audit Committee. The company's internal audit department reports functionally to the Audit Committee and administratively to the CEO.

3.1.11 Management

The role of Management is to assume day to day responsibility for Gulf Union Al Ahlia Cooperative Insurance Company's operations. This includes recommending a strategic direction for Board of Director's approval and then translating it into operations and activities by managing Gulf Union Al Ahlia Cooperative Insurance Company's human, physical and financial resources to achieve its objectives.

Gulf Union Al Ahlia Cooperative Insurance Company's Principles of Corporate Governance

4

4. *Gulf Union Al Ahlia Cooperative Insurance Company's* Principles of Corporate Governance

4.1 Purpose

Gulf Union Al Ahlia Cooperative Insurance Company is committed to developing effective, transparent and accountable corporate governance practices. Our corporate governance philosophy is to adopt practices that are not only compliant with MoC, CMA, Insurance Authority and global leading practices and other legislative requirements but that are genuinely effective yielding a Board that is constructively and actively engaged in corporate oversight. The board must present the code to the general assembly for approval thereafter, and submit a copy thereof to Insurance Authority within twenty-one (21) working days from the date of its approval by the General Assembly.

Therefore, the Board of Directors (the "Board") of Gulf Union Al Ahlia Cooperative Insurance Company (the "Company") has adopted the following corporate governance principles to provide a framework for the effective governance of Gulf Union Al Ahlia Cooperative Insurance Company in an effort to enhance long-term shareholder value.

The Board intends to review these principles and other aspects of corporate governance in annual basis and shall make such amendments as it deems necessary in its discretion and to the extent required under any applicable securities laws and stock exchange regulations. And all these amendments must be submitted to Insurance Authority within twenty-one (21) days from the date of the amendment.

Gulf Union Al Ahlia Cooperative Insurance Company believes that there is no single model of good corporate governance; however, work performed by many other institutions has identified some common elements that underlie good corporate governance principles that we believe in. The principles are evolutionary in nature and should be reviewed in light of significant changes in circumstances. To remain competitive in this changing world, Gulf Union Al Ahlia Cooperative Insurance Company will always strive to adapt our corporate governance practices so that they can meet new demands and grasp new opportunities for the benefits of our shareholders.

4.2 The rights of shareholders and key ownership functions:

The Board of Directors will protect and facilitate the exercise of shareholders' rights. Basic shareholder rights should include the right to:

- Secure methods of ownership registration;
- Convey or transfer shares;
- Obtain relevant and material information on the corporation on a timely and regular basis;
- Participate and vote in general shareholder meetings;
- Elect and remove members of the Board; and
- Elect and remove external auditors;
- Share in the profits of the corporation.

Shareholders have the right to participate in, and to be sufficiently informed on, decisions concerning fundamental changes such as:

- Amendments to the statutes, or articles of incorporation or similar governing documents of the company;
- The authorisation of additional shares; and

- Extraordinary transactions, including the transfer of all or substantially all assets that in effect result in the sale of the Gulf Union Al Ahlia Cooperative Insurance Company.

4.3 The equitable treatment of shareholders:

The Board of Directors will ensure the equitable treatment of all shareholders including minority and foreign shareholders.

All shareholders of the same series of a class, such as preferred shares, will be treated equally. In addition, any Gulf Union Al Ahlia Cooperative Insurance Company's Board members and key executives are required to disclose to the Board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the corporation.

Investors are expected to be informed regarding their voting rights before they invest. Once they have invested, their rights will not be changed unless those holding voting shares had the opportunity to participate in the decision.

Any change to the voting rights of different series and classes of shares in Gulf Union Al Ahlia Cooperative Insurance Company will be submitted for approval at General Assembly meeting by having a majority of voting shares in the affected categories in addition to the approval of any relevant governmental authorities.

Gulf Union Al Ahlia Cooperative Insurance Company will ensure that the processes and procedures for General Assembly meetings will allow for equitable treatment of all shareholders. The Company ensures that its procedures will not make it unduly difficult or expensive to cast votes.

Gulf Union Al Ahlia Cooperative Insurance Company will take all the necessary actions to prohibit any insider trading and abusive self-dealing. *"Self-dealing occurs when persons having close relationships to the company, including controlling shareholders, exploit those relationships to the detriment of the company and investors. Insider trading entails manipulation of the capital markets which is definitely prohibited by the Company."*

Members of the Board and key executives of Gulf Union Al Ahlia Cooperative Insurance Company have an obligation to inform the Board where they have a business, family or other special relationship outside of the company that could affect their judgement with respect to a particular transaction or matter affecting the company. Where a material interest has been declared, the same person will not be involved in any decision involving the transaction or matter.

4.4 The role of stakeholders in corporate governance:

The Board of Directors will recognize the rights of stakeholders established by law or through mutual agreements and encourage active co-operation between the Company and its stakeholders to create wealth, jobs and the sustainability of a financially sound enterprise.

Gulf Union Al Ahlia Cooperative Insurance Company believes that stakeholders, including individual employees and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the Board and their rights should not be compromised for doing this.

4.5 Disclosure and transparency:

The Board of Directors will ensure that timely and accurate disclosure is made on all material matters regarding the Company, including the financial situation, performance and governance of the Company. Gulf Union Al Ahlia Cooperative Insurance Company defines material information as information whose omission or misstatement could influence the economic decisions taken by users of information in a way that will not to endanger Gulf Union Al Ahlia Cooperative Insurance Company's competitive position.

Disclosure includes, but not is limited to, material information on

- The financial and operating results of the Company;
- Company objectives;
- Major share ownership and voting rights;
- Related party transactions; and
- Foreseeable risk factors.

Gulf Union Al Ahlia Cooperative Insurance Company will make sure that all financial information are prepared and disclosed with high quality standards of accounting and financial and non-financial disclosure. Furthermore, an annual audit will be conducted by an independent, competent and qualified, auditor in order to provide us an external and objective assurance to the Company's Board and shareholders that the financial statements fairly represent the financial position and performance of the company in all material respects. External auditors are accountable to the Company's shareholders and owe the duty to the company to exercise due professional care in the conduct of the audit.

4.6 The responsibilities of the Board:

The Board of Directors will ensure the strategic guidance of the Company and the effective monitoring of management to the Company and its shareholders. Gulf Union Al Ahlia Cooperative Insurance Company's Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders. Where Board decisions may affect different shareholder groups differently, the Board should treat all shareholders fairly. We will ensure that our Board will apply high ethical standards takes into account the interests of stakeholders.

The Board shall comply fully with the provisions of the Companies Law, Capital Market Law, their implementing regulations, the relevant regulations and the bylaws when performing his/her duties as a member of the Board and abstaining from taking or participating in any action that constitute mismanagement of the Company's affairs.

The key functions that the Board should carry out include:

- Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures;
- Monitoring the effectiveness of Gulf Union Al Ahlia Cooperative Insurance Company's governance practices and making changes as needed;
- Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning;
- Aligning key executive and Board remuneration with the longer term interests of the company and its shareholders;
- Ensuring a formal and transparent Board nomination and election process;
- Monitoring and managing potential conflicts of interest of management, Board members and shareholders, including misuse of Gulf Union Al Ahlia Cooperative Insurance Company's assets and abuse in related party transactions;
- Ensuring the integrity of the financial and accounting rules, including rules relating to the preparation of financial reports, and Gulf Union Al Ahlia Cooperative Insurance Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards; and

- Overseeing the process of disclosure and communications.
- Setting the values and standards that govern the work at the Company.

Gulf Union Al Ahlia Cooperative Insurance Company will make sure that the Board is able to exercise objective independent judgement on the company's affairs through assigning a sufficient number of non-executive Board members who are capable of exercising independent judgement to tasks where there is a potential for conflict of interest. Examples of such key responsibilities are ensuring the integrity of financial and non-financial reporting, the review of related party transactions, nomination of Board members and key executives, and Board remuneration. On the other hand, when committees are established, their mandate, composition and working procedures should be well defined and will be disclosed by our Board. In order to fulfil their responsibilities, Board members are going to have access to accurate, relevant and timely information.

4.7 Internal Control

The Board shall approve an internal control system for the Company in order to assess the policies and procedures relating to risk management, implementation of the provisions of the Company's governance rules approved by the Company and compliance with the relevant laws and regulations. Such system shall ensure compliance with clear accountability standards at all executive levels in the Company, and that Related Party transactions are implemented in accordance with the relevant provisions and controls.

For purposes of implementing the approved internal control system, the Company shall establish units or departments for the assessment and management of risks and for internal auditing.

The Company may utilise external entities to perform the duties and competencies of the units or departments of risks assessments and management and internal control without prejudice to the Company's responsibility for those duties and competencies.

An internal audit unit or department assesses and monitors the implementation of the internal control system, and verifies that the Company and its employees comply with the applicable laws, regulations and instructions, and the Company's policies and procedures.

The Company shall keep records of the audit reports and business documents, which shall clarify its accomplishments, findings and recommendations, and all actions taken in their regard.

4.8 The External Auditor

The Company shall assign the function of auditing its annual accounts to an independent and competent external auditor who possesses the necessary expertise and qualifications to prepare an objective and independent report to the Board and the shareholders, setting out whether the Company's financial statements clearly and impartially express the financial position of the Company and its performance in the significant areas.

The Ordinary General Assembly shall appoint the Company's external auditor based on a recommendation from the Board, depending on a Recommendation from the Audit Committee, provided that the following requirements are met:

- The nomination shall be based on a recommendation from the Audit Committee;
- The external auditor shall be authorised by the Competent Authority;
- The external auditor's interests shall not conflict with the interests of the Company;
- The number of nominees shall not be less than two.

The external auditor shall:

- Owe the duties of loyalty and care to the Company.
- Notify the Authority if the Board fails to take appropriate actions in respect of suspicious issues it raises.
- Request the Board to call for a General Assembly meeting if the Board has not facilitated his mission; and shall be liable to compensate the Company, the shareholders or third parties for the damages resulted from errors it commits in the course of its engagement. If an error is attributable to more than one external auditor, they shall be jointly responsible therefor.

4.9 Risk Management Function

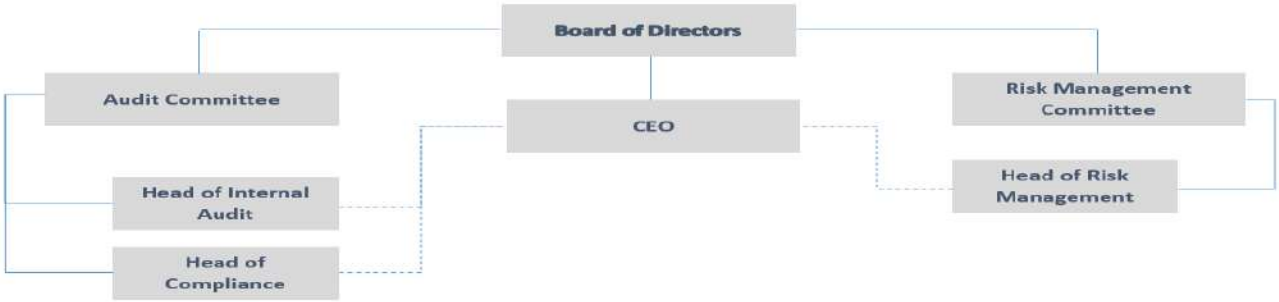
- In addition to any other regulatory or supervisory requirements, The risk management function is in charge of identifying, assessing, quantifying, controlling, mitigating, and monitoring the Company's risks, on a continuous basis and at an individual and aggregate level.

- Risk management responsibilities

  - Implementing the risk management strategy
  - Monitoring the Company's risk profile
  - Developing effective risk management policies and procedures to identify, assess, quantify, control, mitigate, and monitor risks
  - Identifying emerging risks and recommending remedial actions to mitigate and control them.
  - Regularly evaluating the Company's tolerance for, and exposure to, risks (e.g., through stress testing exercises)
  - Establishing a contingency plan
  - Coordinating with Senior Management to ensure the effectiveness and efficiency of the risk management system

- Risk Management Structure

  - The company's risk management is an independent department linked to the Risk Management Committee and administratively reporting to the CEO.
  - • The risk management reports to the CEO, and the company's director of risk management is allowed to communicate directly with the risk management committee without any obstruction.
  - • The risk management function is independent of the underwriting function.
  - • The company's risk management consists of a risk manager, and the company can appoint other employees according to business needs.



4.10 Internal Audit Function

- Internal audit is an objective, independent and organized evaluation and advisory activity designed for the purpose of adding value and improving the company's operations, and it is one of the most important internal control tools in the company. Rather, it is the most important and most effective tool if it is employed optimally in a proper professional manner so that the benefit is doubled for the whole entity.

- The Internal Audit Department is an independent department linked to the Audit Committee and administratively to the CEO. It is concerned with setting the audit and audit work plan in the company, and monitoring the company's performance through auditing and examining the company's operations to verify that there are no financial abuses of the company's internal systems, and ensuring compliance with the internal control systems and ensuring that The efficiency and effectiveness of these systems and verification of the implementation of internal control decisions. The Internal Audit Department submits its reports to the Audit Committee.

- Internal Audit Role
    - The Internal Audit Department helps the company to achieve its objectives through the systematic and regular application of evaluating and improving the effectiveness of the internal control processes, procedures and policies.
    - Evaluating the internal control systems, including the accounting system, to verify their integrity and suitability, identifying deficiencies, if any, and proposing the necessary means and procedures to treat them to ensure the protection of the company's funds and properties from embezzlement, loss or manipulation, and so on.

- Internal Audit Responsibilities
    - Verify the company's application of the financial and non-financial systems, regulations, instructions, policies and procedures and verify their adequacy, suitability and efficiency.
    - Assessing the adequacy of the company's organizational plan in terms of clarity of authorities and responsibilities, separation of conflicting competencies and other organizational aspects.
    - Assessing the company's level of achievement of its set goals and analyzing the causes of differences and deviations, if any.
    - Identifying and evaluating risks for the management subject to review and raising the efficiency of internal control in a way that limits risks.
    - Identifying the company's misuse of its material and human resources, and providing what the company can tackle and avoid in the future.
    - Examine the documents related to expenses and revenues after their completion to ensure that they are correct and regular.
    - Examine the accounting records to ensure the regularity and correctness of the entries and the integrity of the accounting guidance.
    - Review the contracts and agreements concluded to which the company is a party to ensure the extent of compliance with them.
    - Reviewing the financial reports and final accounts prepared by the financial department and ensuring their accuracy and their compliance with the rules, regulations, instructions and policies applied by the company.
    - Providing advice when discussing the company's budget.
    - Verify that the concerned department carries out the tasks assigned to it by the company's chief official within the scope of its competencies.
    - Evaluate the performance of the efficiency and adequacy of automated accounting programs and others, and determine the extent to which they provide the required reports.
    - Provide the necessary recommendations, which hopefully will provide the necessary improvements to the efficiency of internal control tools, the quality of operations implementation, and performance.
    - Submit periodic and non-periodic internal audit reports to the Audit Committee.
    - Communicate with the Compliance and Risk Management Department to interact and reach the best possible performance of the internal control units.

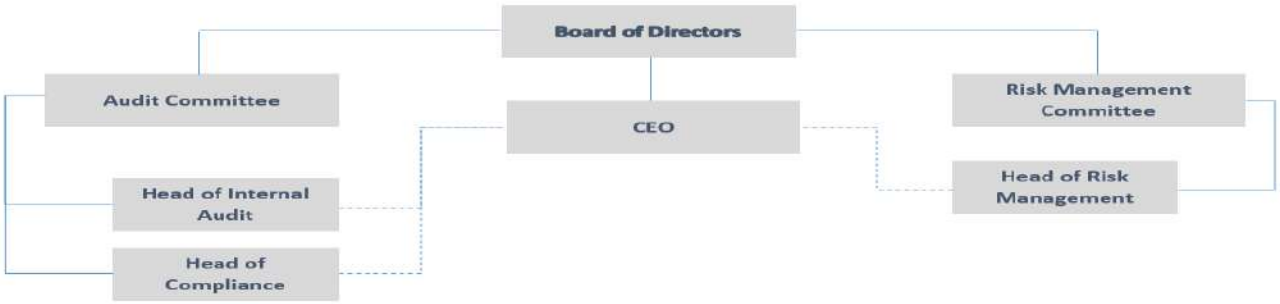
- Necessary professional competence
  - The employees assigned to perform the audit must have the professional competence necessary for the tasks required, as well as the comprehensive knowledge of the entity subject to the audit. This skill can be available in the audit department as a whole and does not necessarily apply to each auditor separately. The definition of professional competence includes, at a minimum, the appropriate scientific qualification, the necessary experience and training And for the purpose of maintaining the professional competence of audit workers, whether in planning, directing or field work, this requires training and continuous education for them and continuous briefing of new developments in the field of profession.

- Independence and impartiality
  - The Internal Audit Department is an independent department linked to the Audit Committee and administratively to the CEO. The auditor must have independence in reality and appearance, by not being biased towards the body being reviewed, and not being affected by his opinions and the results of his examination by the relationship with other parties, and appearance independence means moving away from what others suggest that Is not independent.
  - The auditor must have financial independence by providing him with financial resources to enable him to carry out his responsibilities in a reasonable manner, and the auditor must have independence in audit work by refusing any restrictions on him, whether when setting the program or during field research or time or when requesting access to documents, records and files.

- Take the necessary professional care
  - The internal audit department must exert the necessary professional care in performing all audit activities. Therefore, the internal audit department must perform its work with diligence and professional care in which there is a reasonable degree of technical skill and ethical practice that is commensurate with the responsibility placed upon it and the role expected of it. Also, the important role Which is performed by the personal judgment, wisdom and acumen of the internal audit department in determining the nature, extent and timing of the procedures necessary for the audit, and the association of the auditor's report with higher authorities, increases the importance and necessity of the necessary professional care as a basic criterion of auditing standards.

- Quality control
  - That the internal audit department have an appropriate internal system to control audit quality, improve its programs and follow-up, and ensure that auditors adhere to the quality standard in carrying out their tasks and all aspects of internal audit activities and continuous monitoring of their effectiveness, and to participate in an external supervisory program to inspect this quality.

- The structure of the internal audit department
  - The company's internal audit department is an independent department linked to the audit committee and administratively reporting to the CEO.
  - The Internal Audit Department submits its reports to the Audit Committee.
  - The company's internal audit department consists of the director of the internal audit department, and the company can appoint other employees according to business needs.



4.11 Compliance Function

- The Compliance Department at Gulf Union Al Ahlia Cooperative Insurance Company is an independent department linked to the Audit Committee and administratively to the CEO. It is concerned with ensuring the company's compliance with the application of the rules, regulations, and instructions issued by the Insurance Authority and other supervisory bodies and submits its reports to the Audit Committee on any violation of the regulations and instructions in the company.

- The Compliance Manager monitors the company's compliance with all relevant laws, regulations, and instructions issued by the Insurance Authority or other relevant regulatory authorities and takes the necessary measures to improve the company's regulatory compliance level.

- Compliance Department Responsibilities
  - Obtaining all relevant regulations and instructions (and the subsequent amendments, or the regulations and instructions issued thereafter) related to operations.
  - Preparing comprehensive policies and procedures for compliance that include all regulations, instructions and practices applied in insurance activities, to be approved by the company's board of directors.
  - The Compliance Department annually reviews all the instructions included in the policies and procedures manuals applied in the company to ensure their conformity and compatibility with the requirements of all regulations and instructions issued by the regulatory authorities and that their application is adhered to.
  - Update the policies and procedures periodically to ensure the company's commitment to all the latest regulations and instructions related to all the company's departments.
  - Informing all the company's employees, through the senior management, of all compliance policies and instructions and any updates thereto.
  - Maintain the provision of information on a permanent and adequate basis.
  - Ensure that all policies and procedures approved in the company are compatible and consistent with all requirements in the regulations compliance program prepared by the Compliance Department, and the Department gives suggestions about changes to be made to such policies and procedures to achieve compliance in accordance with the regulations compliance guide.
  - Reviewing and approving all the company's current and new products to ensure that they meet the regulatory requirements.
  - Cooperating with all company departments, external auditors and the Insurance Authority regarding the regulations and instructions included in the relevant reports, and ensuring that the necessary corrective actions are taken.
  - Designing and setting up a system for preparing internal reports on compliance and self-assessment of the risks of non-compliance.

- Duties of the Compliance Function
  - A link between the company and the supervisory authority
    - When any circular or any new regulation or amendments to a previous regulation is issued by any supervisory authority, the Compliance Department shall circulate to all company departments to be applied and followed up on that.

  - Assisting senior management in implementing the commitment
    - The Compliance Department supervises the implementation of the tasks of the compliance function, and its responsibilities are summarized in applying the compliance program to the company's departments.

  - Organization
    - The work of the Compliance department related to the organization can be done by employees in the company's various departments and its external branches. In turn, the Compliance Department supervises the work of these employees through a system approved by the board of directors or the authority authorized by it.

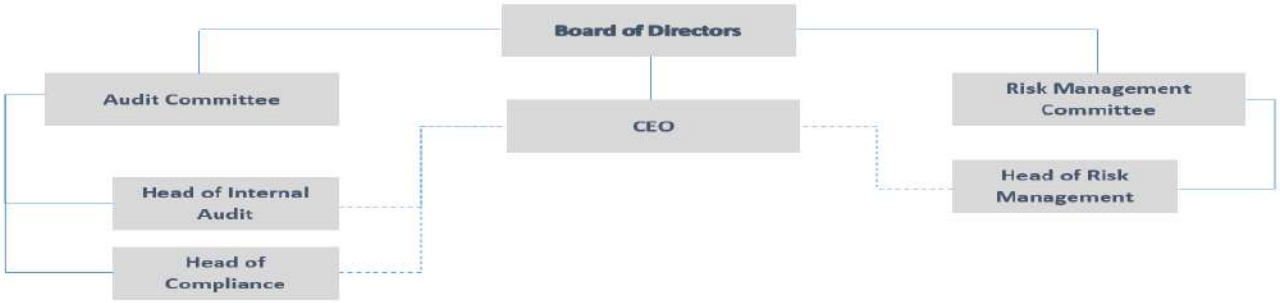
- Counseling
  - The Compliance Department shall provide advice to the senior management regarding compliance regulations, rules and standards, and this includes informing them of the latest developments that are taking place. The advisory mission includes the close cooperation of the Compliance Department members with all the company's departments, and the Compliance Department provides advisory services in the field of compliance in the company. And act as a liaison with regard to all inquiries of his employees related to the commitment.

- Training
  - The compliance program is subject to immediate modification in the event that there are new issues, fundamental changes or updates that should be covered in the regulations and instructions. The program includes compliance requirements that they practice in their work tasks, including, but not limited to, instructions related to sales and marketing services, anti-money laundering and terrorist financing, and care Due diligence and reporting suspicious operations.

- Identifying the risks of non-compliance
  - The company's compliance department is responsible for identifying, documenting and evaluating non-compliance risks related to (systemic risk, reputational risk, strategic risk, or other).

- Reports
  - Periodic reports are submitted on a quarterly basis to the Audit Committee in relation to the Compliance Department's work.

- Compliance Department Structure
  - The Company's Compliance Department is an independent department linked to the Audit Committee and administratively reporting to the CEO.
  - The Compliance department submits its reports to the audit committee.
  - The Compliance Department consists of a Compliance Department Manager, a Compliance Officer, and an Anti-Money Laundering and Terrorist Financing Officer, and the company can appoint other employees according to business needs.



4.12 Appointed Actuary

- Duties and Responsibilities of the Appointed Actuary

The general duties and responsibilities of an appointed actuary include (but are not limited to) the following:

- Obtain all necessary information from the previous appointed actuary.
- Studying the general financial position of the company.
- Assessment of the company's capital adequacy.
- Assessing the company's ability to meet its future obligations.

- Pricing health and motor insurance products, with recommendations on the adequacy of premium rates for other general insurance categories of products.
- Determining the company's technical reserves and recommending them.
- Coordination with the manager in the risk management in the company to assess the impact of the material risks and to determine the appropriate mechanism to mitigate their impact.
- Assessing the adequacy of reinsurance arrangements and appropriate levels of risk retention and recommending the optimal retention level.
- Presenting recommendations to the Board of Directors regarding the company's investment policy, taking into account the nature and timing of obligations towards insurance policy holders and the availability of appropriate assets.
- Determining the surplus or deficit of the company in general.
- Preparing the appropriate reports according to the financial reporting forms required by the Insurance Authority .
- Reviewing the company's Underwriting Manuals.
- Advise on any other actuarial matters.

- How the appointed actuary works
  - The appointed actuary must ensure the clarity and comprehensiveness of the actuarial report he submits so that another experienced actuary can follow up on the report and reach a conclusion.
  - The appointed actuary shall take all reasonable steps to ensure the consistency, accuracy and completeness of the data used in the analysis.
  - The appointed actuary shall submit an annual report to the company's management, its board of directors and the Insurance Authority , and he shall follow the detailed instructions issued by the Insurance Authority from time to time regarding the contents of that report.
  - The actuarial report contains, at a minimum, the following:
    - Adequacy of technical provisions for general and health insurance.
    - Analysing the actual returns achieved by the company's investments during the fiscal year.
    - Expenses analysis, and the analysis of expenses must be sufficient to determine the insufficient reserves of premiums for all general and health insurance products, and full reserves must be allocated to all expenses, zakat and income tax incurred by the company, and investment expenses can be excluded only and treated as a decrease in returns.
    - The general financial position of the company.
    - Analysing the growth of the insurance portfolio.
    - Recommendations on the ongoing process of formulating, implementing, following up and modifying strategies related to assets and liabilities to achieve adequate alignment between assets and liabilities.
    - Negative and positive developments in the underwriting policy.

  - The appointed actuary performs a semi-annual review and submits a report to the company's management and its board of directors. The company's management must submit the report to the Insurance Authority, and the appointed actuary must follow the detailed instructions issued by the Insurance Authority from time to time regarding the contents of that report.
  - The actuarial report contains, at a minimum, the following:
    - Updated future forecasts for a period of three years, taking into account any plans to distribute the surplus and clarifying the adequacy of the solvency margin, and the forecasts should cover at least claims, insurance premiums, all the various expenses and investment returns.
    - Analysing the appropriate levels of risk retention and advising on them, and the Board of Directors shall take into account the advice provided by the appointed actuary when conducting the annual review of the company's reinsurance strategy document.
    - The adequacy of pricing the premium rates for products.
  - If the company offers health insurance products, the appointed actuary must submit an annual quotation to the company's management, its board of directors and the Insurance Authority in accordance with the statutory dates. The actuary is bound by the detailed instructions issued by the Insurance Authority from time to time regarding the contents of the pricing report.
  - If the company offers Motor insurance products, the appointed actuary must submit an annual pricing to the company's management, its board of directors and the Insurance Authority in accordance with the

regular dates, and the actuary is bound by the detailed instructions issued by the Insurance Authority from time to time regarding the contents of the pricing report.

- Appointment and termination of actuarial work
  - The Insurance Authority 's prior no-objection to the appointment of the appointed actuary must be obtained.
  - The work of the appointed actuary with the company shall be terminated in the following cases:
    - Resignation of the appointed actuary or termination of his service in the event that he is an employee of the company, and in the event of termination of his service, the Insurance Authority must be notified of the reasons for this.
    - In the event that he was an external actuary, his contract shall expire unless it is renewed with the approval of the company and the appointed actuary.
    - Cancellation of the contract during its validity period, either by the company or by the appointed actuary. In both cases, the Insurance Authority must be notified of the cancellation and its reasons.
    - If The Insurance Authority asked the company to replace the appointed actuary if it was found that he is not suitable to carry out the responsibilities entrusted to him.

  - The company must notify the Insurance Authority of the end of the work of the appointed actuary within (5) working days, and it must appoint or contract with a replacement actuary within a period not exceeding (60) days, including vacations, from the date of the end of the work of the previous appointed actuary.

4.13 Actuarial Management

Duties and Responsibilities of the Actuarial Management
The general duties and responsibilities of the Actuarial Management include (but are not limited to) the following:

a. Adhere to the requirements of ~~SAMA~~ Insurance Authority regarding:
1. The principles and liabilities of insurance contracts.
2. Technical prices.
3. Monitoring the adequacy of insurance premiums.
4. loss history / experience studies
5. Capital adequacy.
6. Reinsurance.
7. Quantitative aspects of risk management.
8. Supporting the actuarial work in the company.

b. Manage and review all reports and requirements related to the actuarial aspects.
c. Provide observations and recommendations to the Company management on the findings related to the actuarial studies and work.
d. Providing technical support regarding the adequacy of technical provisions.
e. Providing technical support regarding price adequacy.
f. Ensure full compliance with actuarial regulatory requirements.
g. The appointed actuary and the manager of Actuarial Management must communicate with the Board, senior management, and internal and external auditors of the Company, and the actuarial management activities include overseeing the provision of training and professional development for actuarial management.

Rights of Shareholders

5

5. Rights of Shareholders

5. 1 General Rights of Shareholders

A Shareholder shall be entitled to all rights attached to the share, in particular:

- The right to obtain his/her portion of the net profits which are to be distributed in cash or through the issuance of shares;
- To be briefed on the minutes of the General Assembly.
- The right to a share of the company's assets upon liquidation;
- The right to attend the General or Special Shareholders Assemblies regardless of their shares;
- The right to participate in deliberations and vote on resolutions in person, through modern technologies or in absentia by proxies;
- The right to dispose of his/her shares in accordance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations.
- The right to enquire and request viewing the books and documents of the Company, including the data and information related to the activities of the Company and its operational and investment strategy without prejudice to the interests of the Company or breach of the Companies Law and the Capital Market Law and their implementing regulations;
- The right to monitor the performance of the Company and the activities of the Board.
- The right to hold Board members accountable, to file liability lawsuits against them and appeal for nullification of the resolutions of the General and Special Shareholders Assemblies in accordance with the conditions and restrictions provided in the Companies Law and the bylaws of the Company;
- Pre-emptive rights to subscribe for new shares issued in exchange for cash unless otherwise specified in the Company's bylaws or when the Extraordinary General Assembly suspends the pre-emptive rights are per Article (129) of the Companies Law.
- The right to record his/her name in the Company's shareholders register;
- To request to view a copy of the Company's Articles of Association and bylaws unless the Company publishes them on its website.
- The right to nominate and elect the Board members
- The priority of subscription to new shares issued in respect of the cash shares, unless otherwise provided in the articles of association.
- The right to participate in, and to be sufficiently informed on, decisions concerning fundamental Company changes such as: 1) amendments to the Articles of Association or similar governing documents of the company; 2) the authorisation of additional shares; and 3) extraordinary transactions, including the transfer of all or substantially all assets, that in effect result in the sale of the company.
- The right to participate effectively and vote in General Assembly meetings and to be informed of the rules, including voting procedures that govern General Assembly meetings:

- Shareholders will be furnished with sufficient and timely information concerning the date, location and agenda of general meetings at least Twenty-one days prior to the date of the meeting, as well as full and timely information regarding the issues to be decided at the meeting.

- Shareholders will have the opportunity to ask questions to the Board, including questions relating to the annual external audit, to place items on the agenda of general meetings, and to propose resolutions, subject to reasonable limitations.

- The right to discuss matters listed in the agenda of the General Assembly and ask questions to the Board members and the auditor.

- The right to participate in key corporate governance decisions, such as the nomination and election of Board members and external auditors;

- The right to allow shareholders to make their views on the remuneration policy for Board members and key executives and the equity component of compensation schemes for Board members and employees that will be subject to shareholder approval.

- The shareholders representing at least (5%) of the capital may request the competent judicial authority to order the audit of the company if they have any doubts regarding the acts of the company Board members or auditor (According to the laws and conditions regulating this)

5. 2 General Assembly of Shareholders:

The Ordinary General assembly shall convene in accordance with the situations and circumstances stated in the Companies Law and its Implementing Regulations and the Company's bylaws. The Ordinary General Assembly shall convene at least once per year within the six months following the end of the Company's financial year.

The General and Special Shareholders' assemblies shall convene upon an invitation from the Board in accordance with the situations stated in the Companies Law and Its Implementing Regulations and the Company's bylaws. The Board shall invite the Ordinary General assembly to convene upon the request of the external auditor, the Audit Committee or a number of shareholders holding shares equal to at least (10%) of the voting shares of the Company. The external auditor may invite the assembly to convene if the Board does not invite the assembly within thirty days from the date of the external auditor's request.

The invitation to the General Assembly meeting shall be published on the website of the Exchange, the Company's website at least Twenty-one days prior to the date set for the meeting. The Company may invite the General and Special Shareholders' Assemblies to convene using methods of contemporary technologies. However, extending the invitation on the said date to all shareholders through registered letters to the addresses registered in the shareholders' register, or by an announcement using means of technology may suffice. A copy of the invitation and the meeting agenda shall be sent to Commercial Register and CMA within the period set for publishing. The Authority may add any items it deems appropriate to the agenda of the General Assembly.

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 within a period between publishing the announcement (Twenty-one days prior to the meeting) and the date of convening the General Assembly meeting, provided that the Company shall announce this through the market's website and the company's website .

The Board shall separate each of the matters listed in the agenda of the General Assembly meeting as an independent item, and not combine significantly different matters under one item, and not combine the businesses and contracts in which Board members have a direct or indirect interest under one item, for the purpose of obtaining the shareholders' vote for the item as a whole.

The method used to provide information to the shareholders shall be clear and detailed and shall include a list of the Company's information that the shareholders may obtain. This information shall be made available to all shareholders of the same class.

The shareholders shall be allowed through the Company's website and the Exchange's website, when the invitation for the convention of the General Assembly is published, to obtain the information related to the items of the General Assembly's agenda, particularly the reports of the Board and the external auditor, the financial statements and the Audit Committee's Report in order to enable them to make an informed decision in this regard. The Company shall update this information in case the General Assembly's agenda was amended.

Shareholders shall be granted the opportunity to effectively participate and vote in the General Assembly meetings. The meetings of the General Assemblies of shareholders may be convened and shareholders may participate in their deliberations and vote on their resolutions using methods of contemporary technologies pursuant to the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies.

The Board shall work on facilitating the participation of the largest number of shareholders in the meetings of the General Assembly, including choosing the appropriate place and time of such meeting.

The Company shall ensure recording the details of the shareholders who desire to attend at the Company's head office prior to the specified time for convening the assembly or through the means specified by the company in the invitation or on its website. The general assembly of the company may be held in any city within the Kingdom or through modern technology., unless the Company's bylaw state other means.

The subscription to and acquisition of shares implies that the shareholder accepts the company Articles of Association and to be bound by the resolutions issued by the shareholders' assemblies under the provisions of the Law and the company Articles of Association, whether he is present or absence and whether he voted for or against such resolutions.

No shareholder may intervene in the operations of the Board or the work of the Executive Management of the Company unless he/she is a member of its Board or its management team; or unless his/her intervention is through the Ordinary General Assembly according to its powers or within the limits and situations permitted by the Board.

Without prejudice to the rights of third parties, every resolution issued by the Shareholders' Assembly in breach of the provisions of the Law and the company Articles of Association shall be deemed void.

Any shareholder who objects to the breaching resolution in the Shareholders' Assembly which issued the resolution or was absent from such meeting for an acceptable excuse, may request the invalidation of such resolution.

The judgment of invalidation shall result in deeming the resolution void towards all the shareholders. The invalidation action may not be claimed after Ninety days from the date of issuance of the said resolution. To file the lawsuit referred to in this Article, the plaintiff must be a shareholder in the company upon filing the lawsuit and throughout its proceedings.

5. 3 Ordinary General Assembly:

The Ordinary General meeting shall be in charge of the affairs related to the company (except for the affairs related to the Extraordinary General meeting). Such assembly shall meet at least once every year during the six months following the end of the company financial year. Other Ordinary General meetings may be called for whenever necessary.

The shareholders' general meetings shall be headed by the Board Chairman, the Vice Chairman in case of the latter's absence or by the member appointed by the Board for such purpose in case of absence of the Chairman and Vice Chairman.

MoC and CMA may delegate one or more representatives to act as a supervisor to attend the general meeting of the companies to ensure the compliance with the applicable laws and regulations.

The Ordinary General meeting shall not be valid unless attended by a number of shareholders representing at least the quarter of the company's Voting Shares unless the company Articles of Association provides for a higher percentage not exceeding the capital half.

If the quorum required for the Ordinary General Meeting is not available, a second meeting shall be called to be held within thirty days following the date of the previous meeting and it may also be held after one hour of the first meeting. If first invitation allows so, the invitations will be as provided by the company Articles of Association. In all cases, the second meeting shall be valid regardless of the number of the voting shares represented therein.

The Ordinary General meeting shall elect the Board members for a period of no more than Four years, and may be re-elected thereafter unless otherwise provided for in the Company's bylaws.

The company Articles of Association shall specify the way of expiration or termination of the Board members.

The ordinary general assembly may, however, remove some or all board members. Subject to any controls set by the Capital Market Authority. In such case, the ordinary general assembly shall elect a new board of directors or a replacement for removed members, as the case may be, in accordance with the provisions of the companies Law and its implementing regulations.

Upon the request of the competent authority, the Ordinary General meeting may be called to meet in the following cases:

- If the period set for the meeting, once a year during the six months following the end of the financial year, is elapsed without the General Assembly meeting.
- If the number of the Board members becomes less than three members.
- If breaches of the provisions of the Law or the company Articles of Association are found or if there is fault in the company management.
- If the Board fails to invite the General Assembly to meet within fifteen days from the request of the auditor, the Audit Committee or a number of shareholders representing at least (%10) of the Voting shares

A number of the shareholders representing at least (10%) of the voting shares may submit a request to the competent authority to call the Ordinary General meeting to meet if any of these cases are available.

The competent authority shall call the Assembly to meet within thirty days from the date of submission of the shareholders' request. The invitation must be accompanied by the meeting agenda and the items requested to be approved by the shareholders.

The Ordinary General Assembly shall have competencies in the affairs of the Company, and particularly the following:

- Appointing and dismissing Board members;
- Permitting a Board member to have direct or indirect interest in the business and contracts that are executed for the Company's account, in compliance with the provisions of the Companies Law and Its Implementing Regulations;
- Permitting a Board member to take part in any activities that may lead to competition with the Company, or competition in any of its activities, in compliance with the provisions of the Companies Law and its Implementing Regulations;
- Monitoring the compliance of the Board members with the provisions of the Companies Law and Its Implementing Regulations and other relevant laws and the Company's bylaws; inspecting any damage that may occur as a result of their violation of such provisions or mismanagement of the affairs of the Company; determine the liability resulting therefrom and undertaking the procedures it deems proper in this regard pursuant to the Companies Law and Its Implementing Regulations;
- Review and Discuss the Company's financial statement;
- Review and Discuss the Board report;
- Deciding on the proposals of the Board with respect to the method of distributing the net profits;
- Appointing the external auditors of the company, specifying their remunerations, reappointing them, replacing them and approving their reports;
- Looking into the violations and errors committed by the external auditors of the Company when performing their duties and any difficulties, reported by the Company's external auditors, regarding their empowerment by the Company's Board or Management to review the books, records and other documents, statements and clarifications required to perform their duties, and respond to that as it deems appropriate in this regard;
- Using the Company's consensual reserve, if such has not been set aside for a specific purpose, provided that using such reserve shall be based on a proposal submitted by the Board and used in ways that benefit the Company or the shareholders;
- Forming the Company's and determining their uses;
- Setting aside amounts from the Company's net profits to set up social organizations for the benefit of the Company's employees or to assist any such existing establishments in accordance with Article (123) of the Companies Law;
- Approving the sale of more than (50%) of the assets of the Company, whether in one or several transactions within a period of 12 months from the date of the first selling transaction. In case selling these assets includes what falls within the powers of the Extraordinary General Assembly, the approval of the Extraordinary General Assembly is required.

5. 4 Extraordinary General Meeting:

The Extraordinary General meeting shall be in charge of the amendment of the Company Articles of Association and bylaws except what is related to the following:

- Deprivation or amendment of the Shareholder's basic rights he's entitled to as a partner, particularly the following:
    - Obtaining a share of the profits decided to be distributed whether in cash or by issue of free shares for the Shareholders not working in the company or its associates;
    - Obtaining a share in the company assets on liquidation;
    - Attending all the meetings of the shareholders' general or special meetings, participating in their deliberations and voting on their resolutions;
    - Disposal of his shares under the provisions of the Law;
    - Requesting the access to the company books and documents, control of the Board work, filing the liability actions against the Board members and challenging the resolutions of the shareholders' general or special meetings;
- Amendments that may increase the shareholders' financial obligations unless all the shareholders so agree;

The Extraordinary General Assembly shall have the following Competencies:

- Increasing the Company's share capital in accordance with the situations provided by the Companies Law and Its Implementing Regulations.
- Decreasing the Company's share capital if it exceeds the Company's needs or in the event the Company incurs financial losses, in accordance with the situations provided by the Companies Law and Its Implementing Regulations.
- Resolving to form a consensual reserve for the Company as provided for in its bylaws to be set aside for a specific purpose, and the disposal thereof.
- Resolving to maintain or liquidate the Company before the end of the term specified in its bylaws.
- Approving the Company's purchase of its shares.
- Issuing preferred shares or approving their buying, or converting ordinary shares into preferred shares or converting preferred shares into ordinary shares as per the Company's bylaws and the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies.
- Issuing debt instruments or financing deeds convertible into shares, and stating the maximum number of shares that may be issued against these instruments or deeds.
- Allocate Shares that are issued upon the capital increase or part of them for the employees of the Company, and its affiliates or some of them, or any of them; and
- Suspending pre-emptive rights of shareholders in subscribing for the capital increase in exchange for cash or giving priority to non-shareholders in cases as deemed in the interest of the Company if so is provided for in the Company's bylaws.

In additions to the functions assigned thereto, the Extraordinary General meeting may issue resolutions in the affairs within the jurisdiction of the Ordinary General meeting subject to the same terms and conditions applicable to the Ordinary General meeting.

If the resolution of the Ordinary General meeting would modify the rights of a class of shareholders, such resolution shall not have effect unless approved by those shareholders having voting rights and attending a shareholders' meeting subject to the conditions applicable to the Extraordinary General meeting.

The Extraordinary General meeting shall not be valid unless attended by shareholders representing at least half of Gulf Union Al Ahlia Cooperative Insurance Company's Voting Shares unless the company Articles of Association provides for a higher percentage subject to a maximum of two thirds.

If quorum is not attained, then a second meeting must be held within thirty days from the date of the first meeting.

The second meeting may, however be held one hour after first meeting if the company by-laws permit it and first meeting notice expressly states so.

The second meeting is valid if attended by shareholders representing at least quarter of Gulf Union Al Ahlia Cooperative Insurance Company's Voting Shares.

If quorum is not attained at the second meeting, then a notice for a third meeting must be issued, and be held after 21 days at least from the invitation.

The third meeting is valid regardless of the number of shares represented, provided the meeting is approved by the competent authority. .

The resolutions of the Extraordinary General meeting shall be passed by the majority of two thirds of the shares represented in the meeting unless the resolution is related to the increase or decrease of capital, extension of the company term, its dissolution before its term set in the Articles of Association or its merger with another company, then the resolution shall not be valid unless with the majority of three quarters of the shares represented in the meeting.

The Board of Directors shall publish the resolutions of the Extraordinary General meeting if they contain an amendment of the company's Articles of Association, and as prescribed by the Regulations, within 15 days from their issuance date.

5. 5 Facilitation of Shareholders Exercise of Rights and Access to Information

Gulf Union Al Ahlia Cooperative Insurance Company's Articles of Association and by-laws specify the procedures and precautions that are necessary for the shareholders' exercise of all their lawful rights.

All information which enable shareholders to properly exercise their rights will be made available and such information shall be comprehensive and accurate; it must be provided and updated regularly and within the prescribed times; the company will use the most effective means in communicating with shareholders. No discrepancy is to be exercised with respect to shareholders in relation to providing information.

5. 6 Dividends Rights of Shareholders

The Board of Directors lay down a clear policy regarding dividends, in a manner that may realize the interests of shareholders and those of the company as per the Company's bylaw. The company Articles of Association shall set the percentage of the net profits to be distributed to the shareholders after assignment of the statutory and other reserves. Shareholders are to be informed of that policy during the General Assembly and reference thereto is to be made in the report of the Board of Directors.

The shareholder shall be entitled to its share of the profits in accordance with the resolution of the general assembly issued in this regard. The resolution shall indicate the entitlement date and distribution date. The entitlement to profits shall be for the shareholders registered in the registers of shareholders at the end of the day specified for entitlement. The company shall notify Capital Market Authority without delay of any decisions for the distribution of profits or recommending same. The profits to be distributed among shareholders shall be paid in the place and on the date determined by the board of directors in accordance with the instructions issued by the competent authority subject to the prior written approval of the Insurance Authority

Code of Conduct and Business Ethics

6

6. Code of Conduct and Business Ethics

6. 1 Purpose

This Code of Business Conduct and Ethics (the "Code") contains the policies that relate to the legal and ethical standards of conduct that the Directors, executive management/officers and employees of Gulf Union Al Ahlia Cooperative Insurance Company (the "Company") are expected to comply with while carrying out their duties and responsibilities on behalf of the Company.

This Code is intended to focus the Board of Directors (the "Board") and management on areas of ethical risk, provide guidance to personnel to help them recognize and deal with ethical issues, provide mechanisms to report unethical conduct, and help to foster a culture of honesty and accountability.

The principles of conduct and business ethics set out in this document are designed to ensure that the performance of the employees of **Gulf Union Al Ahlia** is within a system of ethical values and principles that promotes job discipline, integrity, transparency, objectivity, efficiency and effectiveness in the conduct of employees of **Gulf Union Al Ahlia** in the performance of their duties.

No code or policy can anticipate every situation that may arise. The Company expects each Board member, executive officer and employee to act with honesty and integrity, to exercise independent professional judgment and to deter wrongdoing in the conduct of all duties and responsibilities on behalf of the Company.

6. 2 Compliance with Laws, Rules and Regulations

Adherence to the regulations, instructions and policies is one of the most important bases and factors of success of the company and maintain its reputation and credibility, it a must that Board Members, Executives and employees are keen to know and adhere to the rules , regulations ,instructions and policies in force related to the work and tasks assigned to them and apply them without any violation or negligence, and not to conduct any dealings on behalf of the company name which may violate regulations, rules, instructions or policies relating to the company.

Board members, senior managers and employees should comply with the laws, rules and regulations applicable to the Company.
Board members, senior managers and employees should conduct themselves with the highest levels of integrity and honesty, adhering to the standards and guidelines of professional conduct.

6. 3 Compliance with the Code

The Company's Board members, senior managers and employees have a responsibility to understand and follow the Code. In addition, all Board members, senior managers, employees are expected to perform their work with honesty and integrity in any areas not specifically addressed by the Code.

These principles which is approved by board of directors of the company, shall apply to all of its employees.

These principles define the minimum code of conduct and all managers within the company have a responsibility to enable their employees to review and acknowledgement these principles and attach them to the employee's file with the competent department and ensure that they are aware of them. They are also responsible for determining whether more detailed instructions or procedures are required within their department to comply with these principles.

A violation of the Code may result in appropriate disciplinary action including the possible termination from employment with the Company, without additional warning. The Code sets out general principles to guide Board members, senior managers and employees in making ethical decisions, and they cannot and are not intended to address every specific situation. As such, nothing in the Code prohibits or restricts the Company from taking any disciplinary action on any matters pertaining to employee conduct,

whether or not they are expressly discussed in this document. The Board of Directors of Gulf Union Al Ahlia Cooperative Insurance Company is responsible for the final interpretation of the Code.

6. 4 Definitions

a- Business ethics: A set of ethical standards, rules and ethics that an employee must have in his profession towards his work, his fellow employees and towards society as a whole.

b- Company's staff: Board members and committees, executives, employees (officials and contractors), consultants, and employees working through a third party.

c- Stakeholders: Anyone who has an interest with the company, such as shareholders, creditors, customers, suppliers and any third party.

d- Professional conduct: Performing the job duties honestly, impartially and objectively in accordance with best practices, continuously working to achieve the objectives of the company, and that the practices are within the limits of the powers vested, and perform work without negligence and without violating regulations and instructions, and not for the purpose of harming the public interest or to achieve self-interest.

e- Internal information : Any information or data or figures or statistics, whether verbal or written or electronic , obtained or reviewed by its employees by virtue of his work or his belonging to the company and which is not available to others.

f- Confidential information, data or documents: Any information or documents that are not publicly available concerning business, administrative and financial arrangements, or the financial position of the company..

g- Conflict of interest: A situation in which the objectivity and independence of any of its employees in the performance of his functions is affected by a confirmed material or moral personal interest that is likely to concern him or one of his acquaintances, or when his performance is influenced by direct or indirect personal considerations by his knowledge of the information relating to the decision.

h- Personal Interest: The personal benefit that can be achieved for any of its employees by virtue of the nature of his work or his position and the powers granted to him.

i- Disclosure: reporting by the employee to the competent department in the company on the cases identified by the company as requiring disclosure in accordance with the disclosure policy prepared by the company.

j- Statutory accountability: holding a person accountable for acts committed by him in violation of the regulations in force, and in such a way as to harm others or the interests of the company.

~~6.~~ 46. 5 Conflict of Interest

All Board members, senior managers and employees should avoid conflicts of interest between themselves and the Company. A "conflict of interest" can occur when the private interest of a Board member, executive officer or employee interferes in any way – or even appears to interfere – with the interests of the Company as a whole. A conflict situation can arise when a Board member, executive officer or employee takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest also arise when a Board member, executive officer or employee, or a member of his or her immediate family, receives improper personal benefits as a result of his or her position in the Company.

To protect Gulf Union Al Ahlia Cooperative Insurance company and its stakeholders, all of its employees are responsible for identifying any potential or actual conflict of interest that could adversely affect the company and/or stakeholders, and in cases where a conflict of interest cannot be prevented, the company manages conflicts of interest through a set of controls, policies and procedures

Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company should be disclosed promptly to the Board Chairman and the Chairperson of the Audit Committee of the Board. Similarly, all senior managers and employees shall report any conflict of interest to their direct supervisors.

~~6.~~ 56. 6 Gifts

No gift should be accepted from a supplier, vendor, contractor or customer unless the gift has insubstantial value and a refusal to accept it would be discourteous or otherwise harmful to the Company. All gifts offered having a value over SR ~~150~~ 1,000 must be approved before they are accepted. As such, all senior managers and employees shall report any gifts offered to their direct supervisors. Similarly, all Board members shall report any gift offered to the Chairman of the Audit Committee. In all cases, all gifts should be reported without regard to value.

In the context of relationships gifts and hospitality are offered / accepted, all company employees should exercise caution and apply sound judgment when presenting or accepting gifts from or to stakeholders, to protect the integrity of both the employee and the company in accordance with the policy of gifts and hospitality.

As carefulness for the principle of professionalism, an assessment of whether the gift or hospitality is reasonable, appropriate and justified taking into account the value, nature and timing of the gift / hospitality and the intended intentions. The staff of the company shall observe the following:

a- Not to accept any gift, invitation, service or anything of material or moral value whether it is for him or a relative of a person, or an organization that has a relationship or seeks to have a relationship with the company, so that it can have a direct or indirect impact on objectivity of company employees in carrying out job tasks, or may affect their decisions or may compel them to commit to something in return for accepting it.

b- Statutory accountability shall be imposed on anyone found guilty of participating, assisting or violating the regulations relating to the request or acceptance of gifts and invitations. This is equal for its present and previous employees.

c- If the rejection of the gift would cause offense to the company, or if the refund is not practicable, or provided to the staff of the company on visits and official events or when receiving official guests, which requires the rules of courtesies and protocols of visits and occasions acceptance of the gift may be accepted provided that:

1- They shall not be in cash in any way, or in the form of loans, shares or financial derivatives

2- The gift and its value should be what is customary to provide, depending on the occasion on which it was presented and its nature such as armor, but not limited to.

3- If the gift is a reduction or a waiver of fees, it must relate to an invitation to attend a conference or meeting that enhances knowledge and reflects positively on the business of the company and does not result in a conflict of interest.

4- The gift must not be related to the position of the recipient of the gift in the company or provided as a result of work in the company.

5- The gift holder shall not have a private or public interest, which is requested from the company or one of its employees.

d- An employee may accept a prize from other entities that the company deals with as a result of an achievement in the light of the following:

1- The prize should be awarded as part of a declared and recognized program whereby it is awarded on a regular basis.

2- The winners are selected according to the stated criteria.

3- Obtain the prior approval of the company thereof .

e- The gift recipient shall present a written disclosure directly to compliance department after receiving the gift in disclosure form in the following cases :

1- If the gift has value and has a price whereby it can be sold.

2- If the gift is perishable and exceeds SR(1000).

f- The employees of the company shall be prohibited from giving gifts, grants and invitations to those who have a personal business relationship with the company, unless provided by the competent department in accordance with the policies adopted by the company in this regard.

g- It is forbidden to accept or request gifts and grants that have the potential to damage the reputation of the company.

~~6.6~~6. 7 Entertainment

Acceptance of normal business entertainment such as lunch, dinner, an event, and the like, generally is appropriate if it is of a reasonable nature and is in the course of a meeting or another occasion, the purpose of which is to hold bona fide business discussions or to foster better business relations. All senior managers and employees are to report any such entertainment (in advance, if practical) to their direct supervisors. Similarly, all Board members shall report any entertainment offered to the Board Chairman and the Chairman of the Audit Committee.

~~6.7~~6. 8 Outside Activities

All Board members, senior managers and employees are prohibited from engaging in any "freelance" or "moonlighting" activity or employment that adversely affects the quality or quantity of work performed; competes with the Company's activities; implies sponsorship or support by the Company of the outside employment or organization; or adversely affects the Company's reputation; or makes use of or interferes with the Company's time, facilities, resources or supplies.

~~6.8~~6. 9 Interests in Other Businesses

It is a potential conflict of interest for all workers or their spouses or any (jointly referred to as "family members") to directly or indirectly have a financial interest (e.g., as an investor, lender or Board members) in a competitor, or in a customer or supplier with whom that employee or his or her subordinates deal in the course of his or her job with the Company. Accordingly, all senior managers and employees must promptly disclose any such interests to their direct supervisor. Similarly, all Board members must promptly disclose any such interests to the Board Chairman and Chairperson of the Audit Committee. In addition, all senior managers and employees must disclose to his or her direct supervisor any employment or consulting relationship that a family member has with a competitor, or with a customer or supplier with whom the individual deals with. Similarly, Board members must disclose the same to the Board Chairman and Chairperson of the Audit Committee.

~~6.9~~6. 10 Corporate Opportunities

Board members, senior managers and employees have a duty to advance the Company's legitimate interests when the opportunity to do so arises. They are, therefore, prohibited from:

- Taking for themselves, personally, opportunities that are discovered through the use of corporate property, information or position;
- Using corporate property, information or position for personal gain; and
- Competing with the Company.

~~6. 10~~6. 11 Nepotism Disclosure

The Company does not prohibit the employment of relatives, and it does not wish to become involved in consensual relationships between co-workers. However, precautions must be taken to ensure that individuals are not and do not appear to be improperly influenced by the existence of close personal relationships. In particular, Board members, senior managers and employees may not directly supervise or otherwise participate in decisions regarding the hiring, retention, promotion or compensation of other employees with whom they have a close personal relationship. The Company construes "close personal relationships" as relationships between immediate family members, spouses, fiancés, children, grandchildren, siblings, parents, grandparents, aunts, uncles, nieces, nephews, and their respective spouses and any other relationships that reasonably might be perceived as potentially compromising on employee's ability to make independent, unbiased decisions on behalf of the Company.

~~6. 11~~6. 12 Employee Relations

It is the Company's policy that all Board members, senior managers and employees, regardless of level, should strive to comply and meet the following objectives:

- To have the highest ethical standards through transparency, integrity, honesty and good morals in all dealings with each other and with stakeholders
- Abstain from any violation of the honor of the job and dignity, whether inside or outside the workplace or outside the working hours, refrain from any actions or practices that violate public morals, traditions or customs, and refrain from engaging in political matters or religious or sectarian beliefs of others or Incitement against or any form of racism
- Not to hinder the workflow or strike or incite them.
- Performing work accurately and objectively in a way that serves the interest of the work, and upgrading work skills through continuous education and training.
- Maintain the reputation of the company by not harming it by publishing information, statements or comments of its own through the use of various media or communication or by any means or method whatever.
- Maintain working time (official office hours or overtime or official tasks) to perform and complete work tasks.
- Maintaining professional secrets related to work and not disclosing any information that may result in a damage to the interest of the company, whether during the period of work or after leaving work.
- Be aware of the regulations and their application without any violation or neglect.
- Commitment to uniforms and public morals in accordance with the regulations of the Kingdom of Saudi Arabia during the official working hours, raining courses and all events and participations in which the employee represents the company.
- Prior approval should be obtained in the event of the publication of information, statements or comments related thereto through the use of various media or communication or any other means whatever.
- Optimal and permitted use of the IT infrastructure and technical resources owned by the company in a manner that does not conflict with the workflow.
- Respect each employee, worker and representative of customers, suppliers and contractors as an individual, showing courtesy and consideration and fostering personal dignity.
- Make a commitment to and demonstrate equal treatment of all employees, workers, customers, suppliers and contractors without regard to race, colour, gender, religion, age, national origin, citizenship status or disability.
- Provide a workplace free of harassment on the basis of race, colour, gender, religion, age, national origin, citizenship status or disability.
- Afford employees a reasonable opportunity, consistent with the needs of the Company, for training to become better skilled in their jobs.
- Encourage promotion from within, consistent with the needs of the Company, whenever qualified employees are available.
- Ensure that each manager knows personally every employee two levels directly below them to allow employees an avenue to voice opinions to management other than their direct management.

- Treat any suggestions by external consultants brought in to enhance our processes as opportunities to improve skills and not as criticism.
- Provide and maintain a safe, healthy and orderly workplace.
- Assure uniformly fair compensation and benefit practices that will attract, reward and retain quality employees.

~~6. 12~~6. 13 Safety

The Company is committed to providing a safe workplace for all employees. In addition, there are laws and regulations that impose responsibility on the Company to safeguard against safety and health hazards. For those reasons, Board members, senior managers and employees and other persons who are present at the Company's facilities are required to follow all safety instructions and procedures that the Company adopts. If senior managers and employees have any questions about possible health and safety hazards at any Company facility, they should bring those questions to the attention of their supervisor as soon as possible. Similarly, Board members should bring those questions to the Board Chairman.

~~6. 13~~6. 14 Confidential Information

Board members, senior managers and employees should maintain the confidentiality of information entrusted to them by the Company or its customers, except when disclosure is authorized or legally mandated. “Confidential information” includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed.

Information is an important asset for the company's business. Also, its maintenance is deemed as an important element for its success and continuity and all information related to the stakeholders with the company or its employees is deemed as its property. The company prepares a set of controls and procedures for the destruction of unused or damaged documents and devices.

The company classifies the information in terms of confidentiality according to the following :

a- General Information

Information within the public domain that is freely available to the public through one of the authorized company channels.

b- internal Information

Information not to be disclosed to persons outside the company.

c- Confidential Information

All non-public information related to the company or its employees or stakeholders. Employees of the company familiar with this information must protect it and may only be disclosed to its other employees on a need basis. Unauthorized disclosure of confidential information may result in legal consequences of lawsuits, statutory penalties or damage to reputation. Examples of confidential information include: private information, company strategies, competitively sensitive information, trade secrets, specifications, stakeholder lists or research data. Unauthorized access to this information must be denied.

d- Top confidential information

Information that is entrusted to some company employees and which would have a significant impact on the company, its employees or stakeholders if disclosed without permission. The information should be available to employees only as required by the business authorized by the company. Employees must abide by the information security policy, especially those related to dealing with different types of information, and it is strictly forbidden to access information that is highly confidential except for authorized employees.

Classification of confidentiality

a- Confidentiality of stakeholder information

It is the duty and responsibility of the company to protect the confidentiality of stakeholder information. The company's employees are entrusted with important information of stakeholders and this information is important to maintain the company's ability to provide quality products and services. This information includes, but not limited to, personal data, products, services, accounts, transaction balances, private information relating to mergers, acquisitions, and status of securities, as well as related requests or plans to increase capital, according to the strictest confidentiality standards of information stakeholder information must be treated with the utmost confidentiality, and the obligation to maintain the confidentiality of information must continue even after the end of the work / service of the staff of the company, It is prohibited to share stakeholder information with anyone who does not have access to it from within or outside the company.

b- Confidentiality of proprietary information

While working at the company, its employees may provide or develop / access information, ideas, innovations, systems, intellectual property, technologies, policies, procedures, computer operations, equipment, operating, processes , results, profitability forecasts, business plans, strategies, programs, personnel information, reports, studies, records, statements, lists, stakeholder information, trade secrets and other Information relating to the company, its stakeholders, potential stakeholders, its products or services, or any other parties of the company that are not publicly available. original, copy, electronic, stored, written or any other type.

As a condition of employment/service, the company's employees acknowledge that the proprietary information is the property of the company alone and give up any rights or interests to them, as it is the duty of the staff of the company to maintain proprietary information. The employees of the company may not use this information for business other than the company business as well It is prohibited to make unauthorized use of proprietary information. Employees of the company shall not record any communications involving proprietary information through the use of electronic devices or personal recording devices, including mobile phone cameras. Here and not to use , divulge or disclose to any unauthorized third party during the period of their work/ service and thereafter. Employees of the company should be careful not to publish or destroy all proprietary information in their possession including those stored in their personal devices and properties such as (electronic devices, PC's).

c- Confidentiality of internal information

Company staff may sometimes be entrusted with internal information that is material. The possession of such kind of information is permitted but it is not permitted to misuse them.

The definition of "material internal information" is broad. Internal information is "material" if there is a high probability that an adult will consider it important information to create an investment/business decision or whether the spread of such information will affect the price of the company's securities in the market. Internal information may also be considered material if it relates to the future or to potential or foreseeable events, or if it is material only if it is combined with information that is publicly available and all information is considered "internal" unless it is disclosed and the time has elapsed to accommodate it. Examples include the adequate disclosure of information that it provides to securities markets and regulators (such as Tadawul and the Capital Market Authority) or issued in a press release or through meetings with employees of the media and the public. No employee of the company may discuss internal information or pass it on to any other employee unless the exchange of such information serves the purposes of the company. Employees of a company shall not trade directly or indirectly, through a power of attorney or arrange a trading transaction in which one of the parties is a person relates to an employee of the company by a family, business, contractual relationship or arranges for his agent or another person acting on his behalf in shares or securities to one of the listed companies or gives recommendations to do so based on

internal information See them by virtue of their work / service in the company. Company employees are not allowed to invest or make business decisions (unrelated to the business of the company) based on information they have obtained from the company. Any such action would be considered illegal and punishable by law. If any employee of the company believes that he has access to internal information, he may not trade securities on the basis of such information, except after consulting the Compliance Department. In case of trading or possessing securities before joining the company, the competent department should be informed.

d- Sharing of confidential information based on need

The Company employees should not disclose confidential information to other employees or to supervisory and control authorities, external lawyers and / or consultants, except after obtaining the required approvals according to the following cases:

☐ If the recipient has a legitimate need for such information and is licensed to obtain it and is related to the responsibilities of his work in accordance with the governing instructions.

☐ No harm will result from disclosure of this information.

The Company employees should not give any information about the company to third parties unless they have the authority to do so and there may be an exception to disclose certain information if disclosure is normal when performing company activities such as solvency inquiries and/or if requested Information by a supervisory or regulatory body or if disclosure is in the best interest of the company and its stakeholders. However, this exemption will only apply after obtaining the approval of the designated officials of the company.

1- General periodic announcements imposed by regulators.

2- If the competent authorities request information for the purpose of the investigation

Regulatory and supervisory inquiries should be referred to the Compliance Department. No employee is entitled to respond to any regulatory / supervisory inquiry or provide these entities with any information required except through the Compliance Department or if they are authorized to do so.

Duties of company employees

The Company employees are obliged to protect confidential information. In addition to the detailed requirements contained in the information security policy prepared by the company, as minimum the employees must adhere to the following :

☐ Compliance with the information security policy, procedures, regulations and instructions related to confidentiality.

☐ Not having access to stakeholder or proprietary information that is considered “non-public information” for purposes not relevant to their work,

☐ Not to seek confidential information that is not required by their work,

☐ Not to provide any unauthorized person from inside or outside the company with confidential information or facilitate access thereto.

☐ The authorized persons shall be given the information according to the required limits,

☐ Stakeholder information, proprietary information or other confidential information is kept in a way that only authorized employees can access

☐ Do not leave any confidential information in accessible places such as offices or shared places

☐ Use confidential envelopes, postal services or e-mail when exchanging confidential information within the company

☐ Not to take any copies of any document or text unrelated to their work before obtaining the director's approval

☐ Not to enter lockers, fortified rooms or other restricted areas unless they are authorized to do so or if it is related to business requirements,

☐ Keep documents that are currently working on just above the office and other documents should be kept in the drawers and preferably kept in locked places

☐ Turn off all devices and lock drawers when you leave the office,

☐ Destroy all documents that no longer need to be kept and contain sensitive or confidential information. Transactions and other documents are placed in a file inside locked cabinets.

☐ Not to disclose any confidential information about the company to any person, including its employees who are not authorized to know this information or employees who do not need such information,

☐ Take precautionary measures to avoid unauthorized disclosure of confidential information,

☐ Not discuss sensitive or confidential information in public places such as elevators, walkways and public transport,

☐ Maintain the confidentiality of company information during their period of work/service and after the end of that period and not to share another person that information or collect, record or publish at any time for any reason, except after obtaining the written approval of the authorized department within the company,

☐ Not to enter the buliding of the company outside the working hours only after obtaining the approval of the direct manager and HR Department .

☐ Understand and acknowledge that any intellectual property developed for the company or created through the use of the resources of the company is the sole property of the company,

☐ Maintaining the confidentiality of fortified room numbers, access codes to technical systems and all other secret numbers,

☐ Prevent the disclosure of confidential information, intentionally or unintentionally,

☐ Adherence to obtain the prior approval of the authorized official to copy or possess any document or text outside the company building to complete work outside the headquarters of the institution,

The concerned authority of Information security should be reported in the event that a an employee of the company receives confidential information that he does not need. In addition to the above duties, the employees are responsible for the following security obligations:

1- Compliance with the legal requirements and other contractual requirements applied to their job.

2- Maintain job ID's , confidential numbers of the technical regulations of the company systems taking into account changing them periodically. Employees of the company are responsible for any work performed under their job ID's. Information security policies should be followed to prevent misuse of the job ID's.

3- Not to tamper with the security protection of the technological systems of the company.

4- Take the necessary steps to protect company information stored in computers.

5- Compliance with additional security measures to prevent inadvertent disclosure of confidential information to employees who own laptop computers or who have remote access to the company's systems or who are authorized to use any other portable devices to perform the business of the company.

~~6. 14~~6. 15 Fair Dealing

Board members, senior managers and employees should endeavour to deal fairly with the Company's customers, suppliers, competitors and employees. None should take advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

6. 16 Interaction with stakeholders

Stakeholders have great importance in Gulf Union Al Ahlia Cooperative Insurance company and must be treated in a manner that achieves transparency, integrity and cooperation to the highest professional standards. The policy of the stakeholders prepared by the company determines the general principles and guidelines for their relations with them through :

1- Ambition: The company to be the most trusted and best partner and of best experience for stakeholders making the business easy and fast.
2- Engagement: The responsibility of the company should be a constructive partner for stakeholders by providing clear and honest advice and providing the necessary information about products and services to make sound decisions.
3- Response: The company gives importance to stakeholders' complaints and observations and manage them promptly, effectively and equitably in accordance with applicable regulations and rules in order to achieve the highest professional standards.
4- Strengthening the principle of trust: that the company provides clear, understandable, accurate and up-to-date information to stakeholders within the framework of mutual trust in all its services and operations, and the timely and full performance of stakeholder services where time is an important component of the company.

~~6. 15~~6. 17 Corruption and Bribery

Bribery is one of the greatest crimes and most impact on the corruption of societies, and the company to condemn corruption and bribery in all its forms, and never allow corruption and bribery in any dealings or interaction with stakeholders, and the company is committed to alert and educate its employees on the crime and seriousness of bribery and corruption and its negative damage at the level of Company and community level as a whole

Bribery occurs when anyone offers, solicits, gives, receives or accepts anything of value in exchange for favourable treatment by a Company, government authority or official. It also occurs when a Company secures an unfair advantage over its competitors through secret and corrupt dealings with prospective customers. Bribery is illegal, and any Company employee who elicits, participates in or condones a bribe, kickback, or other unlawful payment or attempts to participate in any such activity, will be subject to strict disciplinary action, up to and including termination. The Company also reserves the right to refer such matters to public authorities for possible criminal prosecution.

Duties and responsibilities of employees to achieve this

- Inform the competent directors or departments of the company in case of suspicion of corruption or bribery

- Not to accept favouritism or intermediary in the performance of work tasks and responsibilities, which may adversely affect the confidence of customers with the company
- Not to resort to any form of moral or administrative corruption and the use of suspicious or illegal means to accomplish work.
- Not to abuse the functional authority and abuse of influence and to inform the competent departments of the company when there is a case of abuse or exploitation.

6. 18 Anti-money laundering, counter-terrorist financing and suspicious transactions

Money Laundering and Terrorist Financing are prohibited activities in the Kingdom of Saudi Arabia under the Anti-Money Laundering Law and the Anti-Terrorism Crimes and Financing Regulations and its implementing regulations. Since the effects of those committed crimes do not only affect the company but also affect society and the State. Company Board and employees must combat financial crimes, including money laundering and terrorist financing, and be aware of any unusual or suspicious activities and report them to Compliance and Anti-Money Laundering Department in accordance with statutory requirements.

It is the responsibility of company's staff to implement the instructions related to AML/CFT, such as reporting suspicious operations and activities and not alerting or hinting to the reported person or any other person that he has been reported. It is the responsibility of the staff of the company to apply the instructions related to combating money laundering and terrorist financing, including the reporting of suspicious operations and activities and not alerting or hinting to the person or any other person that he has been reported. In the event that the communication is found to be invalid, the informant of these instructions and suspicious activities shall not be liable to the informant when reporting in good faith. Suspicious instructions and activities have no liability to the notified when reporting in good faith.

The company not assign its employees to the tasks of AML/CFT until after they enrolled in specialized and accredited courses related to AML/CFT in addition to providing the necessary awareness to all its employees in all matters related to AML/CFT in all appropriate ways such as training courses and brochures...etc

Duties and responsibilities of financial institution employees to achieve this:

- Commitment to the implementation of the Anti-Money Laundering and Anti-Terrorism Financing Regulations and IA Regulations.
- The performance of the employee's duties, with honesty, integrity and professional accuracy.
- Not to engage in any criminal activities, money laundering or terrorist financing transactions.
- The relevant department shall immediately notify the compliance department for combating money laundering and terrorist financing in the company, which in turn informs (As Applicable) the General Directorate of Financial Investigations of all suspicious transactions made by stakeholders or its employees.
- Not alerting or hinting to stakeholders, affiliates or others that their activities are under investigation by the company or have been or will be reported to the competent authorities.

~~6. 16~~6. 19 Protection and Proper Use of Company Assets

Board members, senior managers and employees should protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. As such, the Company's assets are to be used only for the legitimate business purposes of the Company and its subsidiaries and only by authorized employees or their designees. This includes both tangible and intangible assets. Some examples of tangible assets include Company vehicles and office equipment such as phones, copiers, computers, furniture, and supplies.

The Company's email system should be restricted primarily to Company business. Highly confidential information should be handled appropriately. Files containing sensitive business data should be appropriately password protected. The Company reserves the right at any time to monitor and inspect, without notice, all electronic communications data and information transmitted on the network and

electronic files located on personal computers owned by the Company or computers on the premises used in Company business.

Third party software is provided as a productivity tool for employees to perform their job functions. Employees may be liable as individuals for illegal software use. To the extent permitted under applicable laws, employees, contractors and temporary employees shall assign to the Company any invention, work of authorship, composition or other form of intellectual property created during the period of employment.

~~6. 17~~6. 20 Advertising and Promotional Activities

False, misleading or deceptive advertising and related activities in the promotion and sale of products sold or offered by the Company is prohibited. In addition, fair and accurate advertising and sales practices are critically important in preserving the Company's goodwill and reputation with its customers and the general public. Therefore, all advertising claims and other representations to customers and potential customers must be truthful and have a reasonable basis. In addition, all advertising claims, whether made in catalogues, brochures, leaflets, posters, newspapers, magazines or other print as well as non-print media, must be substantiated before publication or dissemination.

~~6. 18~~6. 21 Accurate Record Keeping and Reporting

Board members, senior managers and employees should accurately reflect the transactions of the Company in its books, records, accounts and reports and should maintain an adequate system of internal controls and disclosure controls to promote compliance with the laws, rules and regulations applicable to the Company. Falsification of any Company record is prohibited. All reports, documents or communications authorized or legally mandated for disclosure to the public should be full, fair, accurate, timely and understandable.

The company shall retain all minutes, documents, reports and other papers required to be maintained in the company's head office for at least ten years as per these Regulations. This shall include the Board report and Audit Committee report. Without prejudice to this period, a company, in case of any lawsuit (filed or threatened to be filed) or ongoing claim or any investigation relating to those minutes, documents, reports and other papers, shall maintain them until the end of the ongoing lawsuit, claim or investigation.

~~6. 19~~6. 22 Influence on the Conduct of Audit

Board members, senior managers and employees must not take any action to fraudulently influence, coerce, manipulate or mislead any auditor performing an audit or review of the Company's financial statements. The types of conduct that may constitute improper influence include:

- Offering or paying bribes or other financial incentives, including offering future employment or contracts for non-audit services.
- Providing an auditor with inaccurate or misleading information or advice, including legal analysis.
- Threatening to cancel or cancelling existing non-audit or audit engagements if an auditor objects to the Company's accounting.
- Seeking to have a partner removed from an audit engagement because he objects to the Company's accounting.
- Blackmailing and making physical threats.

~~6. 20~~6. 23 The Environment

The Company recognizes that its businesses have an impact on the environment. The Company is committed to ensuring that this impact is reduced where practicable. To satisfy this commitment, the Company seeks to ensure that the resources and materials used by our businesses are sustainable, are

capable of being recycled and are used effectively with the minimum of waste; that where practicable, we utilize technologies, materials and processes which do not have an adverse impact on the environment and, where such impact is unavoidable, it is minimized; and that our suppliers and contractors have the same objectives.

~~6. 21~~6. 24 Government Contracting

The laws, rules and regulations applicable to contracting with government entities are complex and may impose different and special requirements on the Company. Failure to comply with these requirements may be a criminal offence. Board members, senior managers and employees should comply with these requirements and questions regarding compliance should be referred to appropriate personnel or outside counsel as necessary.

~~6. 22~~6. 25 Reporting of Illegal or Unethical Behaviour

Board members, senior managers and employees should promote ethical behaviour and should encourage employees to talk to supervisors, managers or other appropriate personnel when in doubt about the best course of action in a particular situation. All Board members, senior managers and employees should report violations of laws, rules, regulations or this Code to their appropriate supervisor and/or to the Board Chairman and Chairperson of the Audit Committee. Violations will be investigated and action will be taken by the appropriate personnel or the Board as necessary. The Company will not allow retaliation for reports made in good faith.

The employee must report cases of fraud or attempted fraud and any loss of amounts or commercial papers or any possible violations of the regulations, rules, instructions and policies of the company. In addition to reporting any unusual transactions, the employee believes that, in his view, they do not correspond to the financial situation of the stakeholders through the different reporting lines provided by the company. The informant of violations shall be dealt with in strict confidential and the company ensures proper protection for the employee reporting the violations in good faith. Nor does the company tolerate any form of reprisals against the whistleblower.

The company accountable its employees who deliberately disregard the reporting of any acts or dealings contrary to the relevant regulations, rules, instructions and policies.

~~6. 23~~6. 26 Corporate Governance and Accountability

The Company is committed to high standards of corporate governance. The Board is accountable to shareholders and others for the Company's activities and is responsible for the effectiveness of corporate governance practices within the Company. The Board of Directors believe the Company complies with all of the recommendations contained in all applicable regulations.

~~6. 24~~6. 27 Publication, Amendments and Waiver

This Code shall be made available on the Company's website. Moreover, any amendments to or waiver of this Code shall be made only by the Board. If an amendment to or waiver of this Code is made or granted, appropriate disclosure will be made as required by applicable laws and stock exchange regulations.

~~6. 25~~6. 28 Enforcing the Code

It is the responsibility of the Board and management to enforce the Code onto all levels of employees. The following are enforcement mechanisms that can be used to help emphasize the distribution and awareness of the code throughout the workforce. These are not limited to:

- Employment contracts to new and existing employees must include a full copy of the Code.
- Introduce the Code into training course with required assessment tests. This can be done online, and be an interactive way for new and existing employees to train and/ or re-train themselves on the Company's Code.
- Include a preface at the beginning of the Code from the Chairman emphasizing the importance for following it by all Board members, executive officers and employees of the company.

- Periodical messages from the Chairman, Audit Committee Chair, and Senior Management to all Board members, senior managers and employees reminding them of the Code's existence, implications and any updated sections put forth. This can be in the form of newsletters, emails, bulletins in common areas and if applicable in the company's magazine.

- Board members, senior managers and employees must sign the most current Code on a yearly basis. A copy of this is to be kept for records.

- An electronic copy of the Code should be present on the company's website, accessible to all Board members, senior managers and employees and the general public.

- Periodic update of the Code is necessary to keep up-to-date with the specific industry's regulations, governing laws of the country and/or change of Board's directions.

- Consequences of breaching the Code must be clear and concise, avoiding misconceptions and erroneous beliefs.

- Take full measures when there is a breach of the Code. Consequences taken should be as defined by HR policies, and there should be no exceptions. Board members, senior managers and employees should be aware of this to understand the seriousness.

- Create Code of Conduct "Champions". These are employees who have been trained and have extensive knowledge on the matter. Furthermore, these "Champions" can give workshops and seminars to all employees in the company.

- Periodic workshops of the Code, where Board members, senior managers and employees join in group discussion and are presented with case studies.

- A copy of the Code should be placed in a common area in the office that is always accessible and/or an area that is in the daily path of employees; for easy access and viewing.

- Provide translated versions of the Code through all channels listed in this document, in all the languages spoken at the office and country the firm is located in. It could be presented in a small yet attractive booklet, which can be easily carried around and viewed.

- Enforce the Code with all Business Associates/Partners, both domestically and internationally.

- Conduct periodic compliance audits by the internal audit department to ensure all personnel are complying with the Code.

The company may use further mechanisms to ensure compliance with code as it deems appropriate.

Consequences of failure to adhere with the principles of conduct and business ethics

Gulf Union Al Ahlia is verify the application of the code of conduct and business ethics, monitor and control any violations thereof and inflict penalties for violating them in accordance with the relevant regulations and instructions, As the company deems appropriate. and according to the regulation of work and penalties for of the company.

Disclosure and Transparency

7

7. Disclosure and Transparency

7. 1 Purpose

The purpose of Disclosure and Transparency policy is to ensure that the Board of Directors will guarantee that timely and accurate disclosure is made on all material matters regarding the Company, including the financial situation, performance and governance of the Company. This policy shall be reviewed periodically and their compliance with the best practices and the provisions of the Capital Market Law and its implementing rules shall be verified.

7. 2 Presumption of Disclosure

This Policy Commits Gulf Union Al Ahlia Cooperative Insurance Company to the principle of maximum disclosure. This means that company executives will approach information creation, management and disclosure issues with the presumption that disclosure will be allowed, unless the release of information would be genuinely likely to cause harm to one of the key interests listed below and there is no overriding public interest reason in favour of disclosure.

Gulf Union Al Ahlia Cooperative Insurance Company is committed to ensuring that information which if released could harm the company. To this end, in accordance with this policy executives should withhold information in the following situations:

- Where disclosure would be reasonably likely to cause serious prejudice to the effective development or delivery of products and services.
- Where disclosure would constitute a breach of legal professional privilege or any other fiduciary relationship recognized by statute.
- Where disclosure would endanger the health or safety of any natural person.
- Where disclosure would seriously prejudice the legitimate commercial or competitive position of Gulf Union Al Ahlia Cooperative Insurance Company or a third party or cause unfair gain or loss to any person or the information was obtained in confidence from a third party and it contains a trade secret protected by law.
- Where disclosure would constitute an unreasonable invasion of privacy of a person or where the information is about a Gulf Union Al Ahlia Cooperative Insurance Company executive but has no relation whatsoever to their official position or duties.

7. 3 Clear fair and not misleading disclosure

All disclosures made by Gulf Union Al Ahlia Cooperative Insurance Company to the public must be clear, fair and not misleading. The Company's website shall include all information required to be disclosed and any details or other information that may be published through other disclosure methods.

The Board shall make available to the shareholder complete, clear, accurate and non-misleading information to enable him/her to properly exercise his/her rights. Such information shall be provided at the proper times and shall be updated regularly.

The method used to provide information to the shareholders shall be clear and detailed and shall include a list of the Company's information that the shareholders may obtain. This information shall be made available to all shareholders of the same class.

The Company shall use the most effective methods in communicating with shareholders and shall not discriminate among shareholders in respect of providing information.

Reporting rules shall be established and shall describe the information required to be disclosed and the method of its classification in terms of its nature, and the frequency of its disclosure;

Disclosures to the public of any information or material developments required must be made at least two hours before the start of the trading period.

7. 4 Material developments disclosure obligation

Gulf Union Al Ahlia Cooperative Insurance Company shall not announce any anticipated actions that require Insurance Authority's prior approval or non-objection, before obtaining the actual approval or non-objection, taking in consideration all related laws and regulations.

Gulf Union Al Ahlia Cooperative Insurance Company must notify the CMA and the public without delay of any material developments in its sphere of activity which are not public knowledge and which may have an effect on the assets and liabilities or financial position or on the general course of business of Gulf Union Al Ahlia or its subsidiaries and which may:

- Lead to movements in the price of the listed securities; or
- Significantly affect Gulf Union Al Ahlia Cooperative Insurance Company's ability to meet its commitments in respect of debt instruments.

Gulf Union Al Ahlia Cooperative Insurance Company must assess whether any investor would be likely to consider information about the development in making his investment decisions.

Material developments referred above which Gulf Union Al Ahlia Cooperative Insurance Company must disclose include, but are not limited to, the following:

- Any transaction to purchase or sell an asset at a price equal to or greater than 10% of the net assets of Gulf Union Al Ahlia Cooperative Insurance Company. GULF UNION AL AHLIA's disclosure must contain the following information (where applicable):
  - Transaction details, conditions, parties' involved and funding method.
  - Description of the business subject of the transaction.
  - Three years financial information of the asset subject of the transaction.
  - Transaction reasons and expected effects on Gulf Union Al Ahlia Cooperative Insurance Company and its operations.
  - Statement on the use of proceeds.
- Any debt outside Gulf Union Al Ahlia Cooperative Insurance Company's ordinary course of business, of a value equal to or greater than 10% of GULF UNION AL AHLIA's net assets;
- Any losses equal to or greater than 10% of Gulf Union Al Ahlia's net assets;
- Any significant change in Gulf Union Al Ahlia 's production environment or activity including but not limited to the availability of resources and the possibility of obtaining them;
- Any changes in the composition of the Board of Directors or CEO of Gulf Union Al Ahlia;
- Any significant legal proceedings where the value involved is equal to or greater than 5% of the net assets of Gulf Union Al Ahlia Cooperative Insurance Company;
- The increase or decrease in the net assets of GULF UNION AL AHLIA equal to or greater than 10%;

- The increase or decrease in the gross profit of GULF UNION AL AHLIA equal to or greater than 10%;

- The entering into, or the unexpected termination of, any contract with revenues equal to or greater than 5% of the gross revenues of Gulf Union Al Ahlia Cooperative Insurance Company;

- Any transaction between Gulf Union Al Ahlia Cooperative Insurance Company and a related party or any arrangement through which GULF UNION AL AHLIA and a related party invest in any project or asset or provide financing therefore; and

- Any interruption in the principal activities of Gulf Union Al Ahlia Cooperative Insurance Company or its subsidiaries.

7. 5 Disclosure of Financial Information

The financial year of the company shall consist of twelve months to be set in its Articles of Association. ~~As an exception, the first financial year may be set in not less than six months and not more than eighteen months from the date of the company incorporation in the commercial register~~ The company fiscal year shall commence from the first of the month of January, and expire by the end of December of each Gregorian year.

The interim and annual financial statements of Gulf Union Al Ahlia Cooperative Insurance Company must be approved by the Board members and signed by Board Chairman, CEO and Finance Manager prior to their issuance and circulation to shareholders and third parties.

The interim and annual financial statements and the Board of Director's report must be filed with the CMA immediately upon approval by the Board members.

Gulf Union Al Ahlia Cooperative Insurance Company shall announce, through the electronic applications that the CMA specifies, its interim and annual financial statements immediately upon approval by the Board members and such statements must not be published to the shareholders or third parties prior to their announcement in the Exchange.

Gulf Union Al Ahlia Cooperative Insurance Company must provide the CMA and announce to the shareholders its interim financial statements (which must be prepared and reviewed in accordance with the accounting standards issued by IFRS) as soon as they have been approved and within a period not exceeding the specified legal period after the end of the financial period included in such financial statements.

Gulf Union Al Ahlia Cooperative Insurance Company must provide the CMA and announce to the shareholders its annual financial statements (which must be prepared and audited in accordance with the accounting standards issued by IFRS) as soon as they have been approved and within a period not exceeding the specified legal period after the end of the annual financial period included in such financial statements. Gulf Union Al Ahlia Cooperative Insurance Company must provide the CMA and announce to the shareholders these annual financial statements not less than Twenty-one days calendar days before the date of convening GULF UNION AL AHLIA's Annual General Meeting.

7. 6 Disclosure in the General Assembly report

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, including but not limited to the following:

- Analytical review of the Company's financial performance during the last period

- Key decisions made and their impact on the Company's performance and

- position

- Assessment of the Company's strategy and financial position
- Names of any joint stock company(ies) in which a member of the Company's Board is a board member
- Any punishment, preventive restriction or penalty imposed on the company by any judiciary, supervisory or regulatory body
- Any punishment, preventive restriction or penalty imposed on any board member by any judiciary, supervisory or regulatory body if it is related to the company
- Assessment of potential risks and how such risks are being managed
- Projections of future performance

7. 7 Disclosure in the Board of Directors' report

Gulf Union Al Ahlia Cooperative Insurance Company must include within its annual financial statement a report issued by the Board of Directors including a review of the operations of GULF UNION AL AHLIA during the last financial year and of all relevant factors affecting GULF UNION AL AHLIA's business which an investor requires to assess the assets, liabilities and financial position of GULF UNION AL AHLIA.

- The Board shall make the financial statements and BOD annual report available to the auditor at least forty-five days prior to the date set for the General Assembly meeting.
- The company Board Chairman, CEO and finance manager must sign the documents and a copy of the financial statements and BoD annual report shall be kept at the company headquarters at the shareholders' disposition at least Twenty-one days prior to the date of the General Assembly meeting.
- The Board Chairman must provide the shareholders with the company financial statements, BoD report and the Auditor's report unless they are published in a daily newspaper distributed at the company headquarters.
- The classification of the previous years shall be considered in the classification of financial statements of every financial year.
- The principles of recognition of the assets and liabilities shall remain the same without prejudice to the generally accepted accounting standards.

The Board of Directors' report must contain, as a minimum, the following:

- Implemented and non-implemented provisions of the Corporate Governance regulations, and justifications therefor;
- Names, qualifications, dates of current term start and end, and experience of the Board members, committees members and Executive management;
- The Board shall include the names of other joint stock or non-joint stock companies inside and outside of the Kingdom in which the Board members act as members of their current or previous Board or Executive management; and other positions held within the company (if applicable)
- The composition and classification of the Board members as follows: Executive Board member, Non-Executive, or Independent members;
- Procedure taken to the Board to inform its members, Non-Executive Directors in particular, of the shareholders' suggestions and remarks on the Company and its performance.

- Brief summary of the duties and jurisdiction of the Board's main committees; including names of their members and the Chairman with the aggregate of their respective meetings dates of those meetings and the members' attendance details of each meeting;

- Where applicable, the means used by the Board to assess its performance, the performance of its committees and members and the external body which conducted the assessment and its relation with GULF UNION AL AHLIA;

- The Board's report shall include a comprehensive statement of all the remuneration, allowances and other benefits earned by the Board members and top executives during the financial year, and shall include:

  - The remuneration policy and the method by which remunerations of the Board and Executive Management are determined;

  - All the amounts paid to the Chairman, Board members and Executive management in their capacities as workers or executives, and whether these were in 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;

  - All the amounts paid to them for technical, administrative or consulting works.

  - The number of meetings of the Board held from the date of the last General Assembly meeting and the attendance record of each meeting.

  - An explanation of the relationship between remunerations granted and applicable remuneration policy, highlighting any significant deviation from such policy

  - Description of the necessary details with respect to the remunerations and compensations granted to each of the following, separately (divided into salaries, allowances, bonuses and any other components), in addition to a description of any performance-linked incentives available for members of Senior Management:

    - Board members;
    - The top five executives who have received the highest compensation and remuneration from the company. The CEO and CFO shall be included if not within the top five;
    - Members of committees.
  - The remuneration disclosures in the Board report shall be pursuant to the schedule in CMA Corporate Governance Regulations.

- Any fines imposed on the company by the Insurance Authority, CMA, other regulatory and/or judiciary bodies describing the reasons for non-compliance, the imposing authority and the measures undertaken to remedy and avoid such non-compliance in the future shall be included in the Board's report. This includes but is not limited to punishments, penalties or any preventive restrictions.

- Results of the annual audit and internal controls procedures of the company and the opinion of the Audit Committee with respect to the adequacy of GULF UNION AL AHLIA 's internal control system;

- The Audit Committee's recommendation on the need for appointing an internal auditor for GULF UNION AL AHLIA, if there is no internal auditor.

- The Audit committee's recommendation with conflict with Board resolution or those which the Board disregards relating to the appointment, dismissal, assessment or determining the remuneration of an external auditor, as well as justifications for those recommendations and reasons for disregarding them.

- A list of the dates of the General Assembly meetings held during the last fiscal year and the names of the Board members who attended them.

- A description of the principal activities of GULF UNION AL AHLIA. If two or more activities are described, a statement must be included giving for each activity the turnover and contribution to trading results attributable to it;

- A description of GULF UNION AL AHLIA's significant plans and decisions (including any restructuring, business expansion or discontinuance of operations of GULF UNION AL AHLIA), the future prospects of GULF UNION AL AHLIA's business and any risks facing the Company;

- Information on any risks facing the company (operational, financial or market related) and the policy of managing and monitoring these risks.

- A summary, in the form of a table or a chart, of the assets and liabilities of GULF UNION AL AHLIA and of GULF UNION AL AHLIA's business results for the last five financial years or from incorporation, whichever is shorter;

- A geographical analysis of GULF UNION AL AHLIA's gross revenues;

- An explanation for any material differences in the operating results of the previous year or any announced forecast made by GULF UNION AL AHLIA;

- Any inconsistency with the standards approved by the Saudi Organisations for Certified Public Accountant.

- An explanation for any departure from the accounting standards issued by IFRS;

- The name of each affiliate, its share capital, GULF UNION AL AHLIA's ownership percentage in it, its main business, its principal country of operation and its country of incorporation;

- The particulars of the issued shares and debt instruments of every affiliate company;

- A description of GULF UNION AL AHLIA's dividend policy;

- The method of distribution of profits.

- A description of any interest in a class of voting shares held by persons (other than GULF UNION AL AHLIA's Board of Directors, senior executives and their relatives) that have notified GULF UNION AL AHLIA of their holdings pursuant to Article 45 of Listing Rules, together with any change to such interests during the last financial year;

- A description of any interest, contractually based securities, and subscription rights of GULF UNION AL AHLIA's Board of Directors, senior executives and their relatives in the shares or debt instruments of GULF UNION AL AHLIA or any of its subsidiaries, together with any change to such interest or rights during the last financial year;

- Information relating to any borrowings of GULF UNION AL AHLIA (whether repayable on demand or otherwise), and a statement of the aggregate indebtedness of GULF UNION AL AHLIA and its subsidiaries together with any amounts paid by GULF UNION AL AHLIA as a repayment of loans during the year the amount of the principal debts, the creditor name, the

loan term and remaining amount. In case there are no loans outstanding for GULF UNION AL AHLIA, GULF UNION AL AHLIA must provide an appropriate statement;

- A description of the classes and numbers of any convertible debt instruments, any contractually based securities, warrants or similar rights issued or granted by GULF UNION AL AHLIA during the financial year, together with the consideration received by GULF UNION AL AHLIA in return;

- A description of any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by GULF UNION AL AHLIA;

- A description of any redemption or purchase or cancellation by GULF UNION AL AHLIA of any redeemable debt instruments and the value of such securities outstanding, distinguishing between those listed securities purchased by the company and its affiliates

- The number and the dates of meetings of the Board of Directors held during the last financial year and the attendance record of each meeting listing names of the attendees;

- Ownership in the Company (direct and indirect) by Board members and members of Senior Management, and any changes of their ownership over the last year as listed in the approved shareholders' register.

- Names of all Major Shareholders and their ownership in the company

- Numbers of company's requests of shareholders records, dates and reasons thereof.

- A description of any transaction between GULF UNION AL AHLIA and any related party including significant shareholders and members of the Board and Senior Management, that took place during the period, and how much transactions are or were approved ;

- Any potential cases of conflict of interest and how they were addressed

- Information relating to any business or contract to which GULF UNION AL AHLIA is a party and in which a Board member of GULF UNION AL AHLIA, the CEO, the CFO, senior executive or any person related to any of them is or was materially interested, or if there are no such contracts, GULF UNION AL AHLIA must submit an appropriate statement;

- A description of any arrangement or agreement under which a Board member or a senior executive of GULF UNION AL AHLIA has waived any salary or compensation;

- A description of any arrangement or agreement under which a shareholder of GULF UNION AL AHLIA has waived any rights to dividends;

- A statement of the value of any paid and outstanding statutory payment on account of any Zakat, taxes, fees or any other charges that have not been paid until the end of the annual financial period with a brief description and the reasons therefore;

- A statement as to the value of any investments made or any reserves set up for the benefit of the employees of GULF UNION AL AHLIA;

- Details of GULF UNION AL AHLIA's social contributions, if any;

- Declaration that:

    - Proper books of account have been maintained;

- The system of internal control is sound in design and has been effectively implemented; and
- There are no significant doubts concerning GULF UNION AL AHLIA's ability to continue as a going concern;

- If the external auditor's report containing reservations on the relevant annual financial statements is qualified, the Board of Directors report must include such qualifications, its reasons and any related information;
- If the Board members recommend that the external auditors should be changed before the elapse of the term it is appointed for, the report must contain a statement to that effect and the reasons for such recommendation;
- If any of the statements above cannot be made, the report must contain a statement clarifying the reasons therefore.

7. 8 Disclosure regarding corporate governance

The company shall disclose material information on corporate governance policies and procedures. Specifically, the company shall disclose the following:

- Division of authority between stakeholders, executive officers and Board members;
- Board nomination policies;
- Conflicts of interest;
- Number of Board meetings held annually;
- Corporate objectives other than stakeholder value maximization and their explanation; and
- Stakeholder voting system.

7. 9 Disclosure in the Audit Committee Report

The report of the audit shall include details of its performance of its competencies and duties stated in the Companies Law and Its Implementing Regulations, provided that the report contains its recommendations and opinion on the adequacy of the internal and financial control systems and risk management systems in the Company.

The Board shall make available sufficient copies of the Audit Committees' report at 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. Summary of the report shall be read at the General Assembly.

7. 10 Disclosure regarding the Annual General Meeting (AGM)

Date, place, and agenda of the General Assembly shall be specified and announced by a notice, at least Twenty-one days prior to the date the meeting; invitation for the meeting shall be published in the Exchange' website, the company's website

The Company may invite the General and Special Shareholders' Assemblies to convene using methods of contemporary technologies

7. 11 Disclosure regarding Corporate Social Responsibility Polices

The company shall disclose its corporate social responsibility policies and procedures related to employees, community and environment at least once a year, including:

- Disclosing the objectives of the Company's social responsibility to its employees and raising their awareness and knowledge of social responsibility;
- Disclosing plans for achieving social responsibility in the periodical reports on the activities of GULF UNION AL AHLIAGULF UNION AL AHLIA;
- Disclosing details of the company's social contributions, if any.

7. 12 Disclosure to the Regulatory Bodies

The Board shall disclose the following to the specified regulatory bodies:

- A termination of a Board member, with reasons to such a termination shall be promptly disclosed to the Authority, Exchange and Insurance Authority.
- Insurance Authority's written non-objection prior to the appointment of any Board member
- CMA must be notified within five working days from the appointment date of the Board member.
- A copy of the General Assembly meeting invitation and the meeting agenda shall be sent to CMA within Twenty-one days prior to the date set for the meeting.
- A copy of the company financial statements, Board report and the auditor's report must be sent to CMA at least Twenty-one days prior to the date of the General Assembly meeting.
- Within thirty days from the date of the General Assembly approval of the company financial statements, Board report, the auditor's report and the Audit Committee report, the Board of Directors shall deposit a copy of these documents to CMA.

7. 13 Notification related to substantial holdings in shares or convertible debt instruments

Where a person is subject to one or more of the following events, the person must notify GULF UNION AL AHLIA and the CMA Within a period not exceeding the third trading day following the implementation of the occurrence of the relevant event:

- Becoming the owner of, or interested in, 5% or more of any class of voting shares or convertible debt instrument of GULF UNION AL AHLIA;
- A Board member or senior executive of GULF UNION AL AHLIA becoming the owner of, or interested in, any rights in the shares or convertible debt instruments of GULF UNION AL AHLIA; and

For the purposes of calculating the total number of shares or convertible debt instruments in which a person is interested, that person will be deemed to be interested in any shares or convertible debt instruments owned by or controlled by any of the following persons:

- A relative of that person;
- A Company controlled by that person; or
- Any other persons with whom that person has agreed to act in concert to acquire interest in or exercise voting rights in the shares of GULF UNION AL AHLIA.

The notice referred above shall be in accordance with a form prepared by the CMA and must contain at least the following information:

- The names of the persons who own or have the right to dispose of the subject shares or convertible debt instruments;
- Details of the ownership process;
- Details of any loans or financial support for the ownership process that the person has received from any other persons; and
- The ownership objective.

In case of a change in the ownership or interest objective that was previously disclosed, the relevant person shall promptly notify GULF UNION AL AHLIA and the CMA of such change.

7. 14 Notification related to securities

GULF UNION AL AHLIA must notify the CMA without delay of any significant change in the holding or identity of those persons holding more than 5% of GULF UNION AL AHLIA's shares or convertible debt instruments.

- GULF UNION AL AHLIA must notify the CMA and the public without delay of the following information:
- Any proposed change in the capital of GULF UNION AL AHLIA;
- Any decision to declare, recommend to declare or pay dividends or to make any other distributions to the holders of its listed securities;
- Any decision not to declare, recommend not to declare or pay dividends which would otherwise have been expected to have been declared, recommended to declare or paid in the normal course of events;
- Any decision to call, repurchase, draw, redeem or propose to buy any of its securities and the total amount and value thereof;
- Any decision not to make payment in respect of debt instruments or convertible debt instruments; or
- Any change in the rights attaching to any class of listed shares or to the debt instruments convertible to such shares.

7. 15 Miscellaneous provisions

The Board shall regulate the disclosures of each of its members and the members of the Executive Management, observing the following:

- Maintaining a register for the disclosures of the Board members and the Executive Management and updating it regularly based on disclosures required as per the Companies Law, the Capital Market Law and their implementing regulations;
- Making such register available for review by the Company's shareholders free of charge.

GULF UNION AL AHLIA must notify the public promptly of:

- Any change in GULF UNION AL AHLIA's Articles of Association or the location of its principal office;
- Any change in its external auditors;

- The presentation of any winding-up petition, the making of any winding-up order or the appointment of a liquidator in respect of GULF UNION AL AHLIA, its holding Company or any of its subsidiaries under the companies law, or the commencement of any proceedings under the bankruptcy regulations;

- The passing of a resolution by GULF UNION AL AHLIA or its affiliates that it be dissolved or liquidated, or the occurrence of an event or termination of a period of time which would require GULF UNION AL AHLIA to be put into liquidation or dissolution;

- The making of any judgment, decision, order or declaration by a court or tribunal of competent jurisdiction, whether at first instance or on appeal, which may adversely affect GULF UNION AL AHLIA's utilization of any portion of its assets which in aggregate value represents a value in excess of 5% of the net assets of GULF UNION AL AHLIA; or

- The call for convening a General Assembly and its agenda.

- Date, place, and agenda of the General Assembly shall be specified and announced by a notice, at least Twenty-one days prior to the date the meeting.

- Invitation for the meeting shall be published in the Exchange' website, the Company's website. Modern high tech means shall be used in communicating with shareholders.

- The General Assembly may authorize the Board of Directors to set the amount of bond loans and conditions. The Assembly resolution to issue bonds will be implemented only after the loan is registered in the Commercial Register and published in the Official Gazette.

7. 16 Language of announcements, notifications and publications

All announcements, notifications and publications must be in Arabic and GULF UNION AL AHLIA may translate them to English, as the regulatory requirements.

7. 17 Provision of documents to the CMA

GULF UNION AL AHLIA must send copies to the CMA of the circulars sent to shareholders and all documents relating to acquisitions, mergers and offers, notices of meetings, reports, announcements or other similar documents, promptly after they are issued.

7. 18 Policy Review

The Audit Committee will, at least annually, conduct a review of this policy and their compliance with the best practices and the provisions of the applicable laws, and present its observations and recommend changes (if any) to the Board of Directors for their review and approval.

7. 19 Responsible officer

The CEO shall be responsible for overseeing the interpretation and implementation of this policy.

Conflict of Interest Policy

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8. Conflict of Interest Policy

8. 1 Purpose

The purpose of this section is to outline the policies that shall prohibit conflicts of interest within the Board of GULF UNION AL AHLIA. This policy aims to help GULF UNION AL AHLIA's Board of Directors to appropriately manage conflicts in accordance with legal requirement and the goals of accountability and transparency in GULF UNION AL AHLIA's operations. This policy shall include the following:

- Inform Board members, Substantial Shareholders, Senior Executives and other employees of the Company of the importance of avoiding situations that may lead to a conflict between their interests and the interests of the Company, and dealing with them in accordance with the provisions of the Companies Law and Its Implementing Regulations.
- Provide examples of conflicts of interest situations that are relevant to the nature of the Company's activity.
- Clear procedures for disclosing conflicts of interest and obtaining authorization or the requisite approval prior to commencing the activities that may lead to conflicts of interest.
- The obligation to constantly disclose situations that may lead to conflicts of interest or upon the occurrence of such conflicts.
- The obligation to abstain from voting or taking part in decision making when there is conflicts of interest.
- Clear procedures when the Company contracts or enters into a transaction with a Related Party, this shall include notifying the Authority and the public without any delay of 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.
- Procedures to be taken by the Board when discovering that such policy is violated.

8. 2 Overview

Conflicts of Interest exist in organisations where a person's private interests interfere in any way with the overall interests of the organisation.

GULF UNION AL AHLIA acknowledges and respects the fact that its Board of Directors have their own individual interests and have the right to engage in various activities provided that the activities do not in any possible way lead to a situation that conflict with the overall interests of GULF UNION AL AHLIA.

Furthermore, conflicts of interests may be determined by the following situations:

- Use of one's position in the company, or of information, or of business opportunities acquired during one's work, to one's undue benefit or to the undue benefit of third parties;
- The performing of any type of work for suppliers, sub-suppliers and competitors by employees and/or their relatives.

A conflict of interest can arise when an individual takes actions or has interests that may make it difficult to perform his or her work for the Company objectively and effectively. Conflicts of interest may also arise when an individual, or members of his or her family, receive improper personal benefits as a result of his or her position in the Company. Loans to, or guarantees of obligations of, individuals and their family members may create conflicts of interest. It is almost always a conflict of interest for an individual to work simultaneously for a competitor, customer or supplier.

8. 3 GULF UNION AL AHLIA Policies on Conflicts of Interest

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/she 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/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.

All Board members shall:

- A Board member shall perform his/her duties with honesty and integrity, and prioritise the interests of the Company over personal interest, and not use his/her position to achieve personal interests.

- A Board member shall avoid situations of conflicts of interest and notify the Board of situations of conflict which may affect his/her neutrality when looking into matters presented before the Board.

- Protect the confidentiality of the information related to the Company and its activities, and not disclose any of such information to any person.

- A Board member may not take part in any business that might compete with GULF UNION AL AHLIA in any branch of its businesses otherwise the company may claim indemnification before the competent judicial authority unless such member obtains a prior authorization for this purpose from the Ordinary General meeting to be renewed annually.

- A member of the Board of Directors may not have any interest, whether directly or indirectly, in the transactions or contracts made for the account of the company, except with an authorization from the Ordinary General meeting, to be renewed annually.

- Shareholders may not act as a shareholder, manager or Board member in any competing company nor to hold shares or stocks with influencing percentage in a company doing the same business.

- Members of the Board shall 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, Insurance Authority, and their implementing regulations.

- Members of the Board shall notify the Board fully and immediately of his/her 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, Insurance Authority and their implementing regulations.

- All conflicts of interest(s) shall be disclosed in Board meetings where the disclosure shall be entered into the minutes of the meeting. Furthermore, conflicts of interests can be disclosed and submitted to the Audit Committee of GULF UNION AL AHLIA through a Conflict of Interest Disclosure Form.

- Prior to Board or committee action on a Contract or Transaction involving a Conflict of Interest, a Board member or committee member having a Conflict of Interest and who is in attendance at the

meeting shall disclose all facts material to the Conflict of Interest. Such disclosure shall be reflected in the minutes of the meeting. If other Board members are aware that a Board member has a conflict of interest, relevant facts should be disclosed by the Board member or by the interested person himself if invited to the Board meeting as a guest for purposes of disclosure.

- A Board member or committee member who plans not to attend a meeting at which he has reasons to believe that the Board or committee will act on a matter in which the person has a Conflict of Interest shall disclose to the chair of the meeting all facts material to the Conflict of Interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.

- A person who has a Conflict of Interest shall not participate in or be permitted to hear the Boards or committee's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter, either in or outside the meeting.

- A person who has a Conflict of Interest with respect to a contract or transaction that will be voted on at a meeting shall not be counted in determining the presence of a quorum for purposes of the vote.

- In the event it is not entirely clear that a Conflict of Interest exists, the individual with the potential conflict shall disclose the circumstances to the Audit Committee, who shall determine whether full Board discussion is warranted or whether there exists a Conflict of Interest that is subject to this.

- The Board shall notify the Ordinary General meeting on the transactions and contracts in which a Board member or Senior Management or their related parties may have a direct or indirect interest, and the notice shall be accompanied by a report by the company external auditor.

- The Board members may not participate in the voting on the Assembly resolutions related to their release from the company management or related to their direct or indirect interests therein.

- If the Board member fails to disclose any direct or indirect interest he has in the Company, or any similar business entities, the Company may request the competent judicial authority to invalidate the contract and oblige the member to refund any profit or benefits earned as a result of such interest.

Competing with the Company:

Without prejudice to Article (71) of the Companies Law, 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:

- Notifying the Board of the competing businesses he/she desires to engage in and recording such notification in the minutes of the Board meeting.
- The conflicted member shall abstain from voting on the related decision in the Board meeting and General Assemblies.
- The Board informing the Ordinary General Assembly, once convened, of the competing businesses that the member of the Board is engaged in.
- Obtaining an authorisation of the Ordinary General Assembly of the Company for the member to engage in the competing business, provided that such authorisation shall be renewed annually.

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:

- The Board members' establishing a company or a sole proprietorship or the ownership of a controlling percentage of shares or stakes in a Company or any other entity engages in business activities that are similar to the activities of the Company or its group.
- Accepting 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.
- The Board member's acting as an overt or covert commercial agent for another company or entity competing with the Company or its group.

Rejecting the Renewal of Authorisation

- If the General Assembly rejects renewing the authorisation granted pursuant to Articles (27) and (71) of the Companies Law and Article (44) of Corporate Governance Regulations, the member of the Board shall resign within a period specified by the General Assembly; otherwise, his/her membership in the Board shall be deemed terminated, unless he/she decides to withdraw from such contract, transaction or competing venture or regularise his/her situation in accordance with the Companies Law and its Implementing Regulations prior to the end of the period set by the General Assembly.

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 a conflicts of interest.

Approved Procedures and Measures for Identifying and Managing Conflicts of Interest

In insurance companies, managing conflicts of interest is a vital component in maintaining integrity and transparency. Below is a set of approved procedures and measures for identifying and addressing conflicts of interest:

1- Periodic Disclosure of Interests - Require employees, especially those in sensitive positions, to regularly complete disclosure forms regarding any potential personal or family-related conflicts of interest.

2- Training for Employees and Board Members - Organize regular workshops or awareness sessions, or send awareness messages to raise understanding of the concept of conflicts of interest, the importance of disclosure, and the need for compliance.

3- Regular Internal Review - Assign the Board Secretariat to review records and decisions regularly in order to detect any potential indicators of conflicts of interest.

4- Case Evaluation Committee - The Audit Committee is responsible for reviewing suspicious cases and providing appropriate recommendations.

5- Prohibition from Decision-Making in Conflict Situations - Prohibit any employee or board member from participating in business decisions where they have a personal interest.

~~1-~~ 6- Confidential Reporting - Provide safe and confidential channels for reporting any suspected conflict of interest without fear of retaliation.

Taking into consideration what is stated in the relevant laws and regulations and what is stated in the Implementing regulations of the Companies Law

Stakeholders' Relations

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9. Stakeholders' Relations

9.1 Purpose

The purpose of this section is to outline the policies that shall govern and provide guidelines for issues related to Stakeholder Relations within the Board of GULF UNION AL AHLIA.

9.2 Stakeholders' Relations: Overview

Stakeholders are individuals or groups of individuals that have a direct or indirect stake in an organisation who can affect or be affected by the organisation's actions, objectives and policies. Key stakeholders in an organisation include shareholders, executive management, employees, customers, creditors, banks, suppliers, local community and government. The table below shows these groups of stakeholders and their main interests and influences over an organization.

Table 1: Stakeholders' Interest

Stakeholder	Main Interests	Power and Influence
Shareholders	Profit growth	Voting in AGM
Banks and other lenders	Interest and principal to be repaid, credit rating	Can withdraw banking facilities or affect credit rating.
Directors and managers	Salary, Job satisfaction, status	Make decisions, have detailed information
Employees	Salaries & wages, job security, job satisfaction & motivation	Staff turnover, service quality
Suppliers	Long term contracts, prompt payment	Pricing, quality, product availability
Customers	Reliable quality, value for money, customer service	Revenue, Continued business relationship, word of mouth
Community	Environment, local jobs	Indirect via government
Government	Operate legally, jobs	Regulations

Organisations that invest time in ensuring healthy relations with their stakeholders are bound to enjoy more success and reap benefits compared to those organisations who do not recognize that building trust and support of stakeholders is an important component of the their success and long-term vision.

Good stakeholder relations can help organisations in various ways such as:

- Strengthen loyalty;
- Enable good decision making;
- Identifying problems/issues;
- Help resolve issues;
- Support shared learning.

9.3 Policies related to Stakeholder Relations

9.3.1 Overview

The Board of GULF UNION AL AHLIA is committed to the highest ethical standards as the company desires its stakeholders to have strong faith and commitment towards it. Trust and strong commitment is key for GULF UNION AL AHLIA in order to build a healthy relationship with its stakeholders.

9.3.2 Shareholders

GULF UNION AL AHLIA is committed to creating sustainable shareholders value and aims to provide prolific financial returns and act in the best interests of its shareholders.

9.3.3 Customers & Suppliers

GULF UNION AL AHLIA is committed to providing end products of superior quality, excellent services and value-adding solutions. GULF UNION AL AHLIA seeks to deal with customers and suppliers in a straightforward and honest manner. GULF UNION AL AHLIA seeks to build and maintain good relations with both its customers and suppliers and shall ensure the confidentiality of information related to them is protected.

9.3.4 Employees

GULF UNION AL AHLIA is committed to treating people with dignity and providing equal employment opportunities for all employees in its employment practices, including recruiting, compensation, professional development and promotion.

The Board of Directors of GULF UNION AL AHLIA believe in, providing safe and healthy working conditions, respecting human rights and respecting employees' rights.

The Board of Directors of GULF UNION AL AHLIA expects its employees to speak out when they see ethical lapses. The Company does not want others to ask its employees to do anything wrong and, likewise, shall not ask anyone else to do anything wrong.

9.3.5 Community

GULF UNION AL AHLIA committed to contributing to the overall quality of life wherever it operates and to use resources responsibly to preserve the environment. The Board of Directors wants communities to count on the company's help in civic, charitable and other community activities.

Furthermore, in order to develop successful stakeholder relations, GULF UNION AL AHLIA shall follow the following principles:

- Those affected by GULF UNION AL AHLIA's business have a right to be informed about the company's activities, participate in a transparent stakeholder engagement process and be involved in issues and opportunities that affect them.
- Stakeholders shall be provided with timely and accurate information about our business and GULF UNION AL AHLIA will take into account the needs and concerns of stakeholders when making decisions on the company's behalf.
- GULF UNION AL AHLIA shall keenly seek out feedback from its stakeholders on its business decisions.
- GULF UNION AL AHLIA shall encourage stakeholders to define the manner in which they wish to be consulted, and shall strive to remain flexible and responsive to stakeholder preferences.
- GULF UNION AL AHLIA respects the values and culture of each stakeholder. When disagreement with stakeholders occurs and cannot be resolved, the Company employees shall always demonstrate respect for the diversity of views presented and try to resolve issues as quickly as possible.

9.4 Stakeholders Relations

A stakeholder to the Company is a person, group, organization, or system who affects or can be affected by the Company's actions.

A useful way to manage stakeholder relations is to establish and disclose a written code of conduct, one part of which guides the Company's compliance with legal and other obligations to legitimate stakeholders.

In the event where a stakeholder's right(s) is (are) violated, the Audit Committee shall ensure that corrective action is taken or recommended in order to adequately resolve the issue.

The Board will be responsible for setting the tone and culture of the Company and overseeing the compliance with the code including the management of stakeholder requirements. The Code of Conduct should address the Company's legal obligations as well as provide an avenue for employees to alert management and the Board of potential misconduct without fear of retribution. Stakeholders whose interests are relevant for legal, contractual or commercial considerations include:

- Employees.
- Customers.
- Creditors.
- Institutional investors.
- Financiers/bankers.

9.4.1 Employees

Board members generally do not owe a legal fiduciary duty to employees, but the Board must be aware of:

- The importance of employee support and commitment to enable the Company to achieve its objectives.
- The specific obligations imposed by other legislation including occupational health and safety laws.

9.4.2 Customers

Without the customers there is no business. This evidences their importance to the Company and the Board. Understanding and responding to the needs or concerns of customers should not be left solely to management. It requires Board attention. Boards should take an active interest in how the Company handles and resolves customer complaints. Pertinent statistics and key emerging issues outlined in customer complaints should be reported to the Board on a periodic basis.

9.4.3 Creditors

The Board's positive duty to creditors has been widely discussed and confirmed in case law and should be a particular focus for the Board in times of financial difficulty.

9.4.4 Institutional Investors

Investors base decisions on the information they receive, most of which comes from the companies themselves. It is therefore, important to understand and respond appropriately to the needs and expectations of the shareholders as a group and to recognize that it is the institutional investors and shareholder advocacy groups that will be most vocal in their demands.

The Company needs to ensure that it balances the expectations and demands of institutional investors against the interests of shareholders as a whole, and to ensure that there is fair, equitable and consistent treatment of all shareholders.

9.4.5 *Financiers and Bankers*

Careful attention must be paid to the Company's obligations to its banks and financial institutions. Many lenders will have covenants in place that require the Company to adhere to predetermined ratios and other requirements in order to satisfy financing arrangements.

Board members need to have a clear understanding of these requirements and ensure that Management is appropriately monitoring the Company's position to ensure these covenants are not breached and penalties or other consequences are not triggered. In addition, care should be taken to establish open communication with the Company's financiers, engaging them in dialogue on a periodic basis and responding positively to their information needs and requests. Positive relations with the Company's financiers are important when facilities need to be extended, reviewed or revised.

9.4.6 *The Wider Community*

Environmental and trade practices law and public expectations require companies to be socially responsible in their operations and dealings with the community. These are not fiduciary duties but are significant legal and moral obligations that need to be considered as part of the Company's decision-making processes and in the conduct of its business activities. Failure to understand and respond appropriately to relevant issues may have adverse financial, reputational or other consequences for the Company.

9.5 Mechanisms to resolve disputes and complaints of stakeholders

The Board shall, based upon a proposal from the Audit Committee, develop the necessary policies and procedures to be followed by Stakeholders when submitting complaints or reporting any violations, taking the following into consideration:

- Facilitating the method by which Stakeholders (including Company employees) report to the Board conducts and practices of the Executive Management's that violate applicable laws, regulations and rules or raising doubts as to the financial statements or the internal audit controls or others, whether such conducts or practices are against them or not, and conducting the necessary investigation in that regard.
- Maintaining the confidentiality of reporting procedures ;
- Appointing an employee to receive and address complaints or reports sent by Stakeholders;
- Dedicating a telephone number or an email address for receiving complaints;
- Providing the necessary protection to the Stakeholders.

In the event where a complaint or dispute may arise between the stakeholder and the company, the stakeholder should fellow the procedures stated on the whistle Blowing policy to inform the company, or through the competent regulatory authorities.

9.6 Shareholders Suggestions

Shareholders can, through the General Assembly, the CEO, the Secretary of the Board of Directors, or any of the company's official channels, submit their suggestions and remarks regarding the company and its performance, and the Board of Directors must inform its members and take the necessary action regarding them.

Confidentiality Policy

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10. Confidentiality Policy

10.1 Purpose

This policy is to ensure that the Board of Directors (the "Board") is aware of the Company's commitment to high standards in the treatment of all confidential information. The policy is intended to help the Company's Board appropriately manage confidentiality, while in use to fulfil the objectives of the organization, in accordance with legal requirements and accountability standards.

10.2 Trading undisclosed information

GULF UNION AL AHLIA, its Board members, officers and committee members shall comply with securities laws and regulations relating to material undisclosed information.

These laws and regulations prohibit Board members, officers and committee members from purchasing or selling securities such as common stock of a company when they have undisclosed material information (often called "inside information") about that company. In general, those having such knowledge are prohibited from making any new investments in the company or selling its securities until after two full trading days following a public announcement of the information.

The securities laws also prohibit insiders from giving tips to others based on such undisclosed material information. Such tips might include passing along the undisclosed information or making a recommendation to buy or sell the securities of the company.

Board members, officers and committee members of GULF UNION AL AHLIA may from time to time become aware of material non-public information about other public companies with which GULF UNION AL AHLIA has business dealings. Examples are plans to award a major purchasing contract to a company, plans to acquire an equity interest in a developing enterprise, or undisclosed information about a business partner's revenues and profits. In such instances, Board members, officers and committee members of GULF UNION AL AHLIAGULF UNION AL AHLIA are similarly prohibited by law and by this policy from trading in the securities of this other company until after two full trading days following a public announcement. Tipping others is also prohibited.

The prohibitions set forth above generally reflect the requirements of law as well as the Company's policy. A breach of this policy will quite likely constitute a serious legal violation as well.

10.3 Maintaining Confidentiality

All GULF UNION AL AHLIA Board of Directors, officers and committee members shall refrain from discussing internal Company matters or developments with anyone outside of the Company, except as required in the performance of regular duties.

Serious problems could be caused for the Company by unauthorized disclosure of internal information about the Company (or confidential information about the Company's shareholders, affiliates, and business partners), whether or not related to the purchase or sale of equity or other securities.

In general, GULF UNION AL AHLIA group purchasing contracts contain confidentiality provisions that prohibit external disclosure of prices and terms. In some other instances that will be disclosed to the Board, GULF UNION AL AHLIA may enter into confidentiality agreements for purposes of negotiating a strategic business relationship or other business transaction. Board members, officers and committee members of the Company are bound by such confidentiality provisions.

Inquiries that come to Board members, officers and committee members from the financial media, investment analysts, or others in the financial community should be handled with care to assure disclosure requirements are met and that proprietary information is not publicized. In general, such inquiries should be referred to the Company's Chief Executive Officer or Chief Financial Officer, investors' relations and shareholders' relations officer who will support Board members, officers, or other spokespersons in providing appropriate responses.

10.4 Publications, Amendments and Waiver

Any amendments to or waiver of this policy shall be made only by the Audit Committee.

Board of Directors Charter

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11. Board of Directors Charter

11.1 Purpose

The Board of Directors (the "Board") of GULF UNION AL AHLIA (the “Company”) is elected by the Company's Shareholders to supervise the management of the business and affairs of the Company. The prime responsibility of GULF UNION AL AHLIA’s Board is to ensure the viability of the Company and to ensure that it is managed in the interest of the Shareholders as a whole while taking into account the interests of other stakeholders. The Board sets policy for GULF UNION AL AHLIA and advises the CEO and executive officers who manage GULF UNION AL AHLIA’s business and affairs.

11.2 Board Responsibilities

The business of GULF UNION AL AHLIA is conducted by its employees, managers and executive officers, under the direction of the CEO and the oversight of the Board, to enhance the long-term value of the Company for its shareholders. The Board is elected by shareholders to oversee and counsel management.

The company is bound by all acts of its Board of Directors, even if such acts fall outside the limits of the Board’s competence, except if the beneficiary of such acts is acting in bad faith or knew that such acts were outside the limits of the Board’s competence. The responsibilities of the Board of Directors shall be undertaken within the confines of the authorities set forth in the company’s Articles of Association and by-laws.

The following functions are the common recurring activities of the Board in carrying out its oversight responsibility. These functions are set forth as a guide with the understanding that the Board may diverge from this guide as appropriate given the circumstances.

- The Board must choose a Non-Executive Director as Chairman of the Board, and also the Board may select a nonexecutive member as Vice-Chairman (after obtaining "no-objection" from Insurance Authority).
- Without prejudice to the competences of the General Assembly, the company’s Board of Directors shall by operation of law have the widest authority to administer and manage a company’s operation, except for any authorities expressly excluded in the applicable local laws and regulations.
- The Board of Directors must carry out its duties in a responsible manner, in good faith and with due diligence. Its decisions should be based on sufficient information from the executive management, or from any other reliable source.
- The Board represents all shareholders; it shall perform its duties of care and loyalty in managing the Company’s affairs and undertake all actions in the general interest of the Company and develop it and maximize its value.
- The Board is responsible for the Company’s business even if it delegates some of its powers to committees, individuals or other third parties. In any case, the Board may not issue a general or an open-ended delegation.
- The Board of Directors shall determine the powers to be delegated to the executive management and the procedures for taking any action and the validity of such delegation. It shall also determine matters reserved for decision by the Board of Directors. The executive management shall submit to the Board of Directors periodic reports on the exercise of the delegated powers.

- The Board of Directors shall set forth specific and explicit policies, standards and procedures for membership in the Board, without prejudice to the mandatory provisions of the applicable regulations, and implementing them following approval by the General Assembly.

- The Board of Directors shall develop, review, approve and monitor the company's comprehensive strategy, long-term strategic objectives and business plans of management.

- The Board of Directors shall review and approve major corporate transactions including significant capital allocations and expenditures.

- The Board of Directors shall determine the most appropriate capital structure for the Company, its strategies and financial objectives, and approving all kinds of estimated budgets.

- The Board of Directors shall review and approve the organisational and human resources structures of the Company on a periodic basis.

- The Board of Directors shall ensure that the financial and human resources required for achieving the objectives and main plans of the Company are available.

- The Board of Directors shall review the effectiveness of the Company's internal control procedures on an annual basis.

- The Board shall ensure that the financial control and risk management systems are sound.

- The Board of Directors shall assess the major risks facing the Company and the steps taken by management to monitor and control such risks.

- Shall ensure the implementation of appropriate control procedures for risk assessment and management by generally forecasting the risks that the Company may encounter and creating an environment which is aware of the culture of risk management at the Company level and disclosing such risks transparently to the Stakeholders and parties related to the Company.

- The Board of Directors shall recommend Director nominees for election by shareholders.

- The Board of Directors shall select, develop and evaluate potential candidates for executive officer positions, including the CEO, and oversee the development of executive officers succession plans.

- The Board of Directors shall determine the compensation of the CEO, approve the compensation of the executive officers, and approve and monitor any incentive-compensation plans and equity-based plans.

- If the company articles of association do not contain the provisions on the functions of the Chairman, Vice Chairman and CEO and their remuneration as well as the Board members remuneration, the Board of Directors shall be in charge of the distribution of functions and setting its remuneration.

- The Board of Directors shall appoint a Secretary from 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.

- The Board of Directors shall specify the types of remunerations granted to the Company's employees, such as fixed remunerations, remunerations linked to performance and remunerations in the form of shares without prejudice to the applicable laws and regulations

- Board of Directors shall develop a written policy regarding conflicts of interest for each member of the Board of Directors, Executive Management, and shareholders, the basis for

dealing with them, and the measurement standards upon which it is based as a basis for conflicts of interest or the company's competition, in a manner that does not violate any regulations related to conflicts of interest.

- Description of transactions with related parties, including significant Shareholders and members of the Board and Senior Management, that took place during the period, and how much transactions are or were approved

- The Board of Directors shall oversee the integrity of GULF UNION AL AHLIA financial statements, compliance with legal and regulatory requirements, the performance, qualifications and independence of the external auditor, and the performance of GULF UNION AL AHLIA internal audit function.

- The Board of Directors shall prepare the Company's interim and annual financial statements and approve them before publishing them.

- The Board of Directors shall prepare the Board report and approve it before publishing it.

- The Board of Directors shall assess the adequacy of GULF UNION AL AHLIA Code of Business Conduct and Ethics to promote compliance with applicable laws and regulations.

- The Board of Directors shall evaluate the overall performance and effectiveness of the Board and decide on matters of corporate governance.

- The Board of Directors shall ensure that a procedure is laid down for orienting the new Board members of the company's business and, in particular, the financial and legal aspects, in addition to their training, where necessary.

- The Board of Directors shall ensure that specialised committees are formed pursuant to resolutions that shall specify the term, powers and responsibilities of such committees as well as the manner used by the Board to monitor such committees. Such resolutions shall also specify the names of the members and their duties, rights and obligations and shall evaluate the performance and activities of these committees and their members;

- The Board of Directors shall develop a written policy that regulates the relationship with Stakeholders;

- The Board of Directors shall set policies and procedures to ensure the Company's compliance with the laws and regulations in regards to the disclosure of material information to shareholders and Stakeholders, and ensuring the compliance of the Executive Management with these policies and procedures;

- The Board of Directors shall ensure the accuracy and integrity of the data and information which must be disclosed pursuant to the applicable policies and systems in respect of disclosure and transparency;

- The Board of Directors shall develop effective communication channels allowing shareholders to continuously and periodically review the various aspects of the Company's businesses as well as any material developments;

- The Board of Directors shall ensure that sufficient information about the company is made available to all members of the Board of Directors, generally, and, in particular, to the non-executive members, to enable them to discharge their duties and responsibilities in an effective manner.

- The Board of Directors shall supervise the management of the Company's finances, its cash flows as well as its financial and credit relationships with third parties;

- The Board of Directors shall provide recommendations to the Extraordinary General Assembly as to what it deems appropriate regarding the following:
    - Increasing or decreasing the share capital of the Company; and
    - Dissolving the Company before the end of its term as specified in its bylaws or deciding the continuity of the Company.
- The Board of Directors shall provide recommendations to the Ordinary General Assembly as to what it deems appropriate regarding:
    - Using the consensual reserve of the Company, if such has been formed by the Extraordinary General Assembly and has not been allocated to a specific purpose;
    - Forming additional financial allocations or reserves for the Company; and
    - Method of distributing the net profits of the Company.

The Board of Directors may grant loans of any term, sell or mortgage the company assets, sell or mortgage the company premises, or release the company debtors from their liabilities; unless the Board powers in this regard are restricted in the company Articles of Association or by a resolution to be issued by the Ordinary General Meeting. Taking into account the provisions of Article 75 of the Companies Law

The company shall not grant cash loan whatsoever to any of its Board members or render guarantee in respect of any loan entered into by a Board member with third parties, excluding banks and other fiduciary companies.

The Board can, by a majority vote of all Board members, dismiss its elected Chairman at any time.

- the duties of the Board shall include the following:
    - Providing strategic guidance to the Company, including setting objectives and formulating strategic plans
    - Supervising the implementation of strategic plans and major transactions
    - Approving key policies and procedures and regularly reviewing and updating them
    - Establishing and monitoring the Company's internal control system and ensuring its adequacy and effectiveness
    - Establishing and monitoring a risk management system, where risks are assessed, managed, and monitored on a continuous basis
    - 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
    - Supervising Senior Management and monitoring the Company’s performance against the performance objectives set by the Board
    - Ensuring the integrity of the Company's accounting and financial reporting system and the appropriateness of its disclosure process
    - Ensuring that the interests of the policyholders are being protected at all times
    - Promoting higher standards of corporate governance and ensuring compliance with applicable laws and regulations at all times

11.3 Directors Qualifications

Directors shall be individuals of high integrity and superior ability who are focused on enhancing long-term shareholder value. Directors shall organize its activities and allocate sufficient time to perform the duties and responsibilities assigned to it, including preparing for Board and committees meetings and

ensuring the coordination, recording and retaining of the minutes of its meetings, and should be committed to serve on the Board for an extended period of time.

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 prioritise their interests over his/her personal interests and shall comply with all laws, regulations, and rules issued by Insurance Authority at all times.. 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/she 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 in these Regulations.

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

Directors may serve on other Boards of public/non-public companies provided they are able to perform responsibly all of their Director duties and responsibilities (compliance with Article 17-c of CMA rules should be considered which says "A member of the Board of Directors shall not act as a member of the Board of Directors of more than five listed joint stock companies at the same time"). Every shareholder may nominate himself or any other person(s) for the Board membership within the percentage of his share in the capital. The Nomination and Remuneration Committee of the Board shall have the responsibility to identify individuals qualified to become Directors and to recommend to the Board the nominees to stand for election as Directors at the annual meeting of shareholders.

Accumulative voting shall be used when nominating Directors. This method of voting allows shareholders voting rights equivalent to the number of shares they own. This can be used to vote for electing Directors. The shareholders may use all their shares on one nominee or divide them between their selected nominees without any duplication of the votes. This shall ease the voting rights for minority shareholders, increasing their chances to vote for their chosen representatives on the Board. The Nomination and Remuneration Committee may consider individuals proposed by shareholders and management at its discretion.

The Audit Committee shall assist the Board in determining on an annual basis the compliance of each Director with the Company's code of business conduct and ethics and the independence of each Director as may be required under all applicable regulation.

Directors shall not have a limit on the number of terms served or a mandatory retirement age. The tenure of Directors will be determined by the Board at its discretion upon the recommendations of the Nomination and Remuneration Committee of the Board.

Developing the necessary mechanisms for Board members and the Executive Management to continuously enroll in training programmes and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.

11.4 Director Responsibilities

The basic responsibility of the Directors of the Board is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging that responsibility, Directors shall be entitled to rely on the honesty and integrity of the Company's senior executives and their outside advisors and auditors.

The Directors shall also be entitled to have the Company purchase reasonable Directors' and officers' liability insurance on their behalf, to the benefits of indemnification to the fullest extent permitted by law and the Company's organizational documents and any indemnification agreements, and to exculpation as provided the Company's organizational documents.

Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Directors are also expected to allocate sufficient time to fulfil his/her responsibilities and preparing for the Board and its committees meetings and effectively participating therein, including raising relevant questions and carrying discussions with the Senior Executives. They shall study and analyze all information related to the matters looked into by the Board before expressing an opinion on the same. The Directors shall also enable other Board members to express their opinions freely, and encouraging 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.

Information and data that is important to the Directors' understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the Directors two weeks prior to the meeting, and Directors should review these materials in advance of the relevant meeting.

A Director may resign provided that such resignation shall be applied for at the right time otherwise the member shall be responsible before the company for all the damages resulting from the dismissal.

11.5 Responsibility of Members of the Board of Directors

1- Members of the board of directors shall be jointly responsible for compensating the company, shareholders or third parties for the damage arising out from a wrongful act, negligence, or omission in the performance of their duties or their violation of the provisions of cooperative companies control law and its implementing regulations and other relevant regulations and instructions and the companies law and the company's by law. Each condition requires otherwise shall be void. The responsibility shall lie with all members of the board of directors if the error occurs due to a decision taken by them unanimously. The decisions issued by a majority of opinions, the objecting members shall not be responsible for whenever they record their objection in the meeting minutes. Absence from the meeting at which the decision is issued shall not be a reason for relieving from responsibility unless it is established that the member is not aware of the decision or able to object thereto after being aware thereof.

2- The company may initiate a derivative action against the board members for any damage incurred by the company resulting from the violation of the companies Law or the company's articles of incorporation or articles of association or from a wrongful act, negligence, or omission in the performance of their duties. The decision to initiate the action and to designate a representative on behalf of the company to pursue such action shall be made by the general assembly. If the company is under liquidation, the liquidator shall initiate the action. If any liquidation proceedings are initiated against the company under the Bankruptcy Law, the action shall be initiated by its legal representative.

3- The approval of the ordinary general assembly to release the members of the board of directors shall not prevent filing the responsibility case.

4- A single partner or shareholder, or more, representing 5% of the company's capital, may initiate a derivative action on behalf of the company if such action is not initiated by the company, provided the action serves the interests of the company and is based on valid grounds, and the plaintiff is acting in good faith and is a partner or shareholder in the company at the time of initiating the action.

5- To initiate the action referred to in item (4) of this Article, the company's board members, as the case may be, shall be notified of the intent to initiate the action at least 14 days prior to the initiation date.

6- A shareholder may initiate a private right of action against the board members if the wrongful act attributed thereto results in a damage personally affecting him

7- The competent judicial authority may, at the request of a shareholder, order the company to pay the expenses he incurred in the initiation of a derivative action, regardless of its outcome, if he initiates the action in good faith and such action is in the interest of the company.

8- Except for the cases of fraud and forgery the responsibility case shall not be heard after lapse of five (5) years from the expiration date of the fiscal year in which the wrongful act occurs or three (3) years from the membership expiration of the member of the board of directors concerned, whichever is later.

9- The company's manager or a board member shall be deemed to have fulfilled his duty in a decision he made or voted on in good faith if he:

a) has no personal interest in the subject matter of the decision;

b) understands and is familiar with the subject matter of the decision to an extent he deems reasonable according to the circumstances of the decision; and

c) believes firmly and rationally that the decision serves the company's interests.

The burden of proving otherwise shall rest with the plaintiff. For the purposes of this Article, a decision shall refer to an action or omission relating to the company's business.

11.6 Board Structure and Operations

The Board are appointed by the shareholders and shall be comprised of no less than five and not more than eleven Directors, the majority of which are non-executive, and the number of Independent directors shall not be less than two members or one –third of the Board, whichever is greater.

Without prejudice to the provisions of the Company's bylaws, the Board appoints a Chairman, a Vice Chairman and may appoint a managing director of its members. The term of the Board Chairman, Vice Chairman, CEO and the secretary who is a Board member shall not exceed their term of membership in the Board, and they may be re-elected unless otherwise provided in the company Articles of Association.

GULF UNION AL AHLIA shall notify the Authorities of the names of the Board members and description of their memberships within five business days from the commencement date of the Board term or from the date of their appointment, whichever is shorter, as well as any changes that may affect their membership within five business days from the occurrence of such changes.

GULF UNION AL AHLIA' bylaws shall specify the manner by which membership of the Board may be terminated. At all times, the Ordinary General Assembly may dismiss all or any of the Board members, even if the Company's bylaws provides for otherwise, without prejudice to the dismissed member's right for compensation if the dismissal was on an unacceptable reason or at inappropriate time The General Assembly may also, per a recommendation of the Board, terminate the membership of the member who missed three consecutive meetings without a legitimate excuse.

Upon the termination of the membership of a Board member by any termination method, the Company shall promptly notify the Authorities and the Exchange and shall specify the reasons for such termination within five (5) business days from the date of which the member leaves.

If the chairman and members of the board of directors resign, they shall call for an ordinary general assembly meeting to elect a new board. The resignation shall not take effect until a new board is elected, provided that the period of such continuation of the resigned Board does not exceed (120) days from the date of such resignation. And the Board shall undertake all necessary procedures to elect a new replacement Board before the expiry of the period specified

A board member may resign pursuant to a written notice submitted to the chairman of the board of directors. If the chairman of the board resigns, the notice shall be submitted to the board members and the board's secretary. In both cases, the resignation shall take effect from the date specified in the notice.

If the position of a board member of a joint-stock company becomes vacant due to his death or resignation, and if the minimum number of members required for the validity of board meetings as stipulated in this Law or the company's articles of association is not affected by such vacancy, the board may appoint a qualified person with relevant expertise to provisionally fill the vacancy. The appointment shall be reported to the Commercial Register, and to the CMA if the company is listed in the capital market, within 15 days from the date of such appointment, and it shall be submitted to the ordinary general assembly in its first meeting. The appointed member shall complete the term of his predecessor.

If the number of board members falls below the minimum number required for the validity of board meetings as stipulated in this Law or the company's articles of association, the remaining members shall call for an ordinary general assembly meeting within 60 days to elect the required number of members.

If a member of the Board resigns and has comments on the performance of the Company, he/she shall submit a written statement explaining such comments to the chairman of the Board and such statement shall be presented to the Board members.

Notwithstanding the foregoing membership requirements, no action of the Board shall be invalid by reason of any such requirement not being met at the time such action is taken.

One of the Directors shall serve as the Chairman of the Board, and this position may not be combined with any other executive position at the company, including the positions of the managing director, the Chief Executive Officer, or the general manager, even if the Company's bylaws provided for otherwise.. Also, the Chairman of the Board shall not be a member of the Audit Committee. He may be a member of other Board Committees, provided that he is not the Chairman of the Committees. Another one of the Directors shall serve as the Vice Chairman of the Board to fulfil the Chairman's role during the Chairman's absence. The Chairman and Vice Chairman of the Board shall be selected by the vote of the majority of the Directors.

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 to be determined by its Chairman, or upon the request of any one of its Directors. The agenda of each meeting will be prepared by the Chairman of the Board and whenever reasonably possible, circulated to each Director two weeks prior to the meeting date. The Chairman will preside, when present, at all meetings of the Board and if not the Vice Chairman will preside.

The board meeting shall be valid only if attended by at least half of the members on the condition that the number of the attendees shall not be less than at least three (3) members.

If the conditions required for holding the meeting of the board of directors are not met because the number of its members is below the minimum limit provided for in these articles, the remaining members shall convene the ordinary general assembly within sixty days to elect the required number of members.

A member of the board of directors may not appoint a representative to attend the meeting. Exception to that, the member of the board of directors may delegate another member.

The decision of the board shall be issued by a majority of the members present or represented therein. In case of a tied, the chairman shall provide the casting vote.

The board of directors may issue decisions in urgent matters be presentation them to members separately unless a member requests in writing the meeting of the board to deliberate thereon, it is permissible to request the approval of members of the Board of Directors on some matters by sending them via e-mail, while giving a specific time limit for a response with approval or rejection, with the

member's implicit approval being considered if the response is not received within the period specified in the e-mail sent to the members. Such decisions shall be presented to the board at its first following meeting.

A majority of the Directors present at any meeting at which a quorum is present may act on behalf of the Board. The Board will keep a written record of its meetings. The Board may meet by telephone or video conference and may take action by unanimous written consent.

If the members of the Board of Directors are less than three the remaining members must invite the Ordinary General meeting to meet within sixty days to elect the missing number of members.

Upon the Board recommendation, the General Assembly may terminate the membership of any member who fails to attend three successive meetings or five (5) separate meetings during his term of membership without acceptable reasons.

11.7 Board Committees

The Board of Directors appoint the Audit Committee from non-executive members whether Board members, shareholders or otherwise. The Board shall form a Nomination and Remuneration Committee, Executive Committee, Investment Committee, and Risk Committee.

The BoD Committees: Audit, Nomination and Remuneration, Executive, Risk, and Investment Committees assist the Board in discharging its oversight responsibilities.

Other committees may be established from time to time by the vote of the majority of the Board. The purpose and responsibilities of each committee are described in their respective committee charter, and obtains the necessary regulatory approvals before formation.

Members of the Committees shall meet the independence and experience requirements to the extent required under all applicable securities laws and stock exchange regulations and Insurance Authority Regulations.

Committee meetings are valid if attended by at least half 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.

No one other than the Committee members shall be entitled to be present at a meeting of Board Committees, but others may attend at the invitation of the Committee.

Board committee 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 and the Board Secretary.

11.8 Executive Sessions

Non-executive Board member may meet privately in regular executive sessions (at least once a year) without management participation during the year. "Non-executive" Board members are all those who are not Company executive officers, including such Board members who are not independent by virtue of a material relationship, former status or family membership, or for any other reason.

The Chairman or Vice Chairman shall preside such meeting, or The non-executive Board members may designate one among them as the presiding Board member to lead the non- executive sessions. The name of such lead non-executive Board member should be publicly disclosed to the extent required under any applicable securities laws and stock exchange regulations.

11.9 Access to Management and Independent Advisors

In discharging its oversight role, the Board is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the power to retain outside counsel, auditors or consultants, or incur other expenses for this purpose, which expenses the Company, shall pay.

The Board may also meet with the Company's investment bankers or financial analysts who follow the Company. The Board may require any officer or employee of the Company or any of its subsidiaries, the Company's outside legal counsel, and the Company's external auditors to meet with the Board or any committee of the Board.

The Board should use discretion to assure that such contact is not distracting to the business operations of the Company and that any written contact be copied to the CEO.

11.10 Director Compensation

The Nomination and Remuneration Committee of the Board shall have overall responsibility for the evaluation and recommendation on approval of the form and amount of Director Compensation in accordance with the Board of Directors' remuneration policy approved by the company's General Assembly. In discharging this responsibility, the Nomination and Remuneration Committee shall seek to attract, motivate, reward and retain Directors of high integrity and superior ability who are focused on enhancing long-term shareholder value.

For more details on the amount of remuneration, refer to the remuneration policy for members of the Board of Directors approved by the company's General Assembly

The Nomination and Remuneration Committee shall avoid Director compensation plans, policies or programs that exceed what is customary, that involve substantial charitable contributions by the Company to organizations with which a Director is affiliated, or that requires the Company to enter into consulting contracts with (or provides other indirect forms of compensation to) a Director or an organization with which the Director is affiliated.

11.11 Director Orientation and Continuing Education

The Nomination and Remuneration Committee of the Board shall maintain an orientation program for new Directors and organize continuing education programs for all Directors.

The orientation program for new Directors should build an understanding of the nature of the Company, its business and the markets in which it operates, build a link with the Company's people, and build an understanding of the Company's main relationships.

The orientation program shall include briefings by senior management to familiarize new Directors with the Company's strategic plans, financial statements, and key policies and practices, and may include visits to the Company's significant facilities.

All Directors are encouraged to participate in appropriate continuing education programs at the Company's expense to assist them in carrying out their duties and responsibilities.

11.12 Management Evaluation and Succession

The Nomination and Remuneration Committee shall also review and approve the decisions made by the CEO relating to the performance evaluation and annual compensation level of the executive officers of the Company. The Nomination and Remuneration Committee shall present a management performance evaluation and compensation report to the Board annually.

The Nomination and Remuneration Committee of the Board shall assist the Board in selecting, developing and evaluating potential candidates for executive officer positions, including the CEO, and oversee the development of executive officer succession plans.

The Nomination and Remuneration Committee shall request the recommendations and evaluations of the CEO with regard to potential successors for senior management positions. The Nomination and Remuneration Committee shall present a management succession planning report to the Board annually.

11.13 Annual Performance Evaluation

To assess its effectiveness, the Board should review what it has accomplished and whether it has fulfilled its responsibilities annually.

The Board shall develop, based on the proposal of the Nomination and Remuneration 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/her commitment to performing his/her duties and responsibilities, including attending the Board and its committees meetings and dedicating adequate time thereof.

There are several items that are taken into consideration when conducting the assessment, including, but not limited to:

- Attending board and committee meetings.
- Allocate sufficient time to review the documents attached and supporting the agenda items.
- Active participation in the discussion of the meeting agenda items.
- Accuracy in requesting information and asking inquiries.
- Impartiality in decision-making.
- Avoiding and/or avoiding conflicts of interest.
- Ensure the highest interest of the company.
- Compliance with the rules of governance and related laws.

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.

One way the Board can assess its self is by evaluating its activities against its charter. As the Board is reviewing itself as a whole, an exercise supervised by an outside facilitator is likely to be beneficial. They will not only be emotionally detached, but will approach the matter without bias or preconceptions. In addition, an outside view allows for different views to be discussed and considered.

At the end of the review process, the Board Chairman usually discusses the results of the evaluation with the Board. (Performance assessment templates are provided in the Appendix to this framework).

The process of the annual performance evaluation is the responsibility of the Board, however it could be delegated to the Nomination and Remuneration Committee.

11.14 Relations with Shareholders

The Board shall ensure communication between the Company and the shareholders based on the common understanding of the strategic objectives and interests of the Company. The Chairman of the Board along with the CEO should maintain sufficient contact with major shareholders to understand their issues and concerns and should ensure that the views of shareholders are communicated to the Board as a whole and discuss these opinions with them.

Non-management Directors should be offered the opportunity to attend meetings with major shareholders and should expect to attend them if requested by major shareholders. The senior independent Director should attend sufficient meetings with a range of major shareholders to listen to their views in order to help develop a balanced understanding of the issues and concerns of major shareholders. Nothing in this charter should be taken to override the general requirements of law to treat shareholders equally in access to information.

Board of Directors Manual

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12. Board of Directors Manual

12.1 Introduction

The role of the Board of Directors can be summarized as being to bring an independent and objective view to the Company's decisions and to oversee the performance and activities of management.

This manual is intended to assist GULF UNION AL AHLIA's Board members in assuming their responsibilities efficiently and to provide perspectives to the Board of Directors on improving their effectiveness in addressing these expectations. It describes areas we believe Board members should focus on.

Table 2: Board responsibilities

Performance	Compliance/legal conformance	Overall operations
• Ensuring the Company's long term viability and enhancing the financial position • Setting a comprehensive strategy for the Company, key business plans, policies, and mechanisms of the risk management and review and guide them. • Approving the business plan, budget and corporate policies • Setting performance indicators, and monitoring the implementation thereof and the overall performance of the Company. • Reviewing reports related to the performance of the Company. • Monitoring/assessing performance of the Company, the Board itself, management and major projects. • Overseeing the risk management framework and monitoring business risk. • Monitoring development of the industry and the operating environment. • Oversight of the Company, including its control and accountability system. • Overseeing the main capital expenditures of the Company and the acquisition or disposal of assets.	• Understanding and protecting the Company's financial position. • Requiring and monitoring legal and regulatory compliance including compliance with accounting standards, unfair trading legislation, occupational health and safety and environmental standards. • Approving annual financial reports, annual reports and other public documents/sensitive reports. • Ensuring an effective system of internal controls exists and is operating as expected.	• Establishing the Company's vision, mission and ethical standard • Delegating an appropriate level of authority to management • Demonstrating leadership • Assuming responsibility for the relationship with CEO including his appointment, succession, performance assessment, remuneration and dismissal • Overseeing aspects of the employment of the management team including remuneration, performance and succession planning • Recommending new Directors to shareholders. • Ensuring effective communications with shareholders and other stakeholders • Crisis management • Appointment of the key positions within the company such as the CFO and Board Secretary.

12.2 The Business Judgment Rule

The business judgment rule provides that, if as a Director, you make a decision in relation to the business operations of the Company and meet a number of specific requirements, then you will be taken to have discharged your duty to act with care and diligence. The specific requirements that must be met are that:

- You made the decision in good faith for a proper purpose.
- You do not have a material personal interest in the subject matter of decision.
- You have taken steps to inform yourself on the subject matter of the decision to the extent you reasonably believe to be appropriate.
- You reasonably believe the decision is in the best interests of the Company.

12.3 Roles and Responsibilities of the Board of Directors

The Board has the following duties and responsibilities:

12.3.1 Election and Supervision of Executive Management

The Board will have the power to elect or appoint all necessary officers; to fix their compensation; to prescribe their duties; to dismiss any appointee and generally to exercise supervision over the management of the Company.

The Board shall also determine the appropriate level of remunerations of the remaining members of the Executive Management.

The Board shall express opinions as to the appointment and dismissal of members of the Executive Management.

12.3.2 Identification and Management of Principle Risks

The Board will identify and review with management the principal business risks faced by the Company.

The Board will ensure the implementation of appropriate systems and take the necessary measures to manage these risks.

The Board may delegate one or more committees to receive Management's assessment and responses to these risks and make recommendations and reports to the Board.

12.3.3 Adoption of a Strategic Planning Process

Each fiscal year the Board will meet with Management regarding the strategic planning for the Company in which future trends, opportunities and risks are jointly identified.

The Board will provide proposals to develop the strategy of the Company. The Board will review and approve the overall business strategy for the Company, which is developed by Management.

12.3.4 Evaluation and Approval of Financial Decisions

The Board will review the financial and operating results of the Company. The Board will review, evaluate and approve major resource allocations and capital investments. The Board will review, evaluate and approve the Company's budget and forecasts.

12.3.5 Development of Corporate Governance Guidelines

The Board will develop the Company's overall approach to corporate governance and review periodically the Company's corporate objectives and policies relating to social responsibility.

12.3.6 Executive Management Evaluation and Succession

The Board shall monitor the performance of the Executive Management and the extent to which it has achieved the objectives and purposes of the Company.

The Board will conduct an annual review of the CEO's performance in order to ensure that the CEO is providing the best leadership for the Company in the long- and short-term.

The Board should create an annual report on succession planning. Upon the recommendation of the Nomination and Remuneration Committee, the entire Board will nominate and evaluate potential successors to the CEO. The CEO should at all times make available his recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

12.3.7 Oversight over the Executive Management

The Board shall form the Executive Management of the Company, regulate its operating procedures, monitor and oversee it and ensure that it performs the duties assigned to it, and to achieve this, the Board shall:

- Develop the necessary administrative and financial policies.
- Ensure that the Executive Management operates in accordance with the policies approved by the Board.
- Select and appoint the Chief Executive Officer of the Company, and oversee his/her work.
- Appoint the manager of the internal audit unit or department, or the internal auditor and dismiss him and determine his remuneration, if any.
- Convene periodic meetings with the Executive Management to explore the work progress and any obstacles and problems in connection therewith, and review and discuss the important information in respect of the Company's business.
- Develop standards for the performance of the Executive Management consistent with the objectives and strategy of the Company.
- Review and evaluate the performance of the Executive Management; and
- Develop succession plans for the management of the Company.

12.4 Role of the Chairman

It is the Chairman's responsibility to lead the Board and facilitate constructive contributions by all Directors to ensure the Board functions effectively as a whole in discharging its responsibilities in order to achieve the interests of the Company.

One of the core competencies of the Chairman is ensuring that the Board meetings are efficient and effective. This is facilitated by:

- Preparing an appropriate meeting agenda which allocates sufficient time for each agenda item, taking into consideration any matters raised by Board members or the external auditor and consult with the Board members and the Chief Executive Officer upon preparing the Board's agenda.
- Ensuring that complete, clear, accurate and non-misleading information is provided to all Board members in due course.
- Competent management of the information flows to the Board to support agenda items.

- Managing Board room discussions and ensuring conclusions/decisions are reached, are clearly understood by all Directors and are appropriately recorded.

- Convening periodic meetings with the Non-Executive Directors without the presence of Executive Management.

The Board Chairman shall represent the company before the courts, judicial authorities and third parties in accordance with the Companies Law and Its Implementing Regulations and the Company's bylaws. Upon a written resolution, the Chairman may delegate some of his powers to other Board members or committees or third parties to carry out certain acts. The Vice Chairman shall replace the Chairman in case of the latter's absence.

The Chairman will, at some instances, be called upon to speak publicly on behalf of the Company even though this role should fall principally on the CEO. Other responsibilities of the Chairman include being the spokesman for the Board which entails showing leadership in difficult situations.

In addition, the Chairman is the key link between Management and the Board, and shall encourage constructive relationships and effective participation within the Board and with the Executive Management, creating a culture that encourages constructive criticism. The relationship between the CEO and the Chairman is vital and, if it is to be effective, it must be based on co-operation, trust and mutual respect.

The CEO should be encouraged to use the Chairman as a sounding Board to discuss sensitive issues or matters of concern. If the working relationship is a good one, the CEO will also seek the benefit of the Chairman's experience and where the Chairman is an independent, non-executive Director, his more independent and objective view. In discussing issues with the CEO, the Chairman may determine that certain issues require elevation for discussion at a Board level.

The Board Chairman ensures that there are effective communication channels between the Board and the shareholders so that the shareholders may convey their opinions to the Board. The Chairman must provide the shareholders with the company financial statements, Board report and the auditor's report unless they are published using any means of Technology and must send a copy of such documents to MoC, CMA at least fifteen Twenty-one days prior to the date of the General Assembly meeting.

The Board shall notify the Ordinary General Assembly while convening of the businesses and contracts in which any Board member has direct or indirect interest, the notification shall include the information disclosed provided by the member to the Board as per the applicable laws and regulations. This notification shall be accompanied by a special report of the Company's external auditor.

The Chairman will also be required to manage the Annual General meeting and have a key role in the Company's relationship with any institutional investors.

12.5 Role of the CEO

The CEO is accountable to the Chairman and Board of Directors for the effective and efficient operation of the Company and for conformity with its Bylaws and Articles of Incorporation as well as with policies agreed upon by the Board. The Chairman of the Board may not be appointed as a CEO during the first year following the end of his service as the Chairman of the Board.

The Key elements of the CEO's position are:

- Develops and documents the Company's strategic direction. The Board will be constructively engaged in this process and be responsible for the review and approval of the plan.

- Informs the Board of market, technology, and regulatory issues and trends that may impact the Company's goals.

- Brings the Company to high and sustained standards of performance.

- Creates a work environment that attracts and retains talented people.
- Ensures that the Company deals with fairness, transparency and integrity.
- Provides any signatures required by law (such as certification of financials).
- With Board guidance, articulates the Company's position on important matters to the community, government, and regulatory agencies.
- Builds a positive image of the Company.
- Communicates regularly and effectively with all stakeholders.
- Develops for Board review and approval an annual operating plan and financial budget, and is held accountable for achieving these.
- Establishes strong working relationships with the Board of Directors.
- Staffs, trains and develops employees to meet the Company's short and long-term goals.
- Ensures that there is clarity of objectives and focus for all employees.
- Ensures that there are clear and appropriate standards of performance, and measurement of those standards.
- Develops and implements processes which will ensure the achievement of the Company's operational mission on time and within budget.
- Advises the Board about operational issues, and puts in place appropriate operational plans.

12.6 Role of Management

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.

The responsibilities of management are to:

- Recommend the strategic direction and translate the strategic plan into the operations of the business.
- Manage the Company’s human, physical and financial resources to achieve the Company’s objectives.
- Assume day to day responsibility for the Company’s conformance with relevant laws and regulations and its compliance framework.
- Develop, implement and manage the Company’s risk management and internal control frameworks.
- Develop, implement and update policies and procedures.
- Be alert to relevant trends in the industry and the Company’s operating environment.
- Provide information to the Board.
- Act as a conduit between the Board and the Company.

12.6.1 Competencies and Duties of the Executive Management

Without prejudice to the competencies entrusted to the Board pursuant to the provisions of the Companies Law and Its Implementing Regulations, the Executive Management shall be responsible for implementing the plans, policies, strategies and main objectives of the Company in order to achieve its purposes. The competencies and duties of the Executive Management shall include the following:

- Implementing the Company's internal policies and rules approved by the Board.
- Suggesting the Company's comprehensive strategy as well as the principal and interim business plans and the policies and mechanisms for investment, financing, risk management and emergency administrative circumstances management plans and implementing them.
- Proposing the most appropriate capital structure for the Company and its strategies and financial objectives.
- Proposing the main capital expenditures of the Company, acquiring, and disposing of assets.
- Proposing the organizational and human resources structures of the company and presenting them to the Board for approval.
- Implementing policies and procedures to ensure the Company's compliance with the laws and regulations and its obligation to disclose material information to shareholders and Stakeholders. Implementing policies and procedures to ensure the Company's compliance with the laws and regulations and its obligation to disclose material information to shareholders and Stakeholders. Implementing internal control systems and procedures, and generally overseeing them, which include:
    - Implementing the conflicts of interest policy.
    - Correctly applying the financial and accounting procedures, including the procedures relating to the preparation of financial reports.
    - Applying appropriate control systems for measuring and managing risks by generally forecasting the risks that the Company may encounter and creating an environment, which is aware of the culture of risk mitigation at the Company level, and transparently disclosing them to the Company's Board and other Stakeholders.
- Implementing the Company's Corporate Governance rules effectively, to the extent they do not conflict with the provisions of these Regulations, and proposing amendments thereto if needed.
- Implementing policies and procedures to ensure the Company's compliance with the laws and regulations and its obligation to disclose material information to shareholders and Stakeholders.
- Providing the Board with the information required to exercise its competencies and provide recommendations regarding the following:
    - Increasing or decreasing the share capital of the Company.
    - Dissolving the Company before the end of its term as specified in its bylaws or deciding the continuity of the Company.
    - Using the consensual reserve of the Company.
    - Forming additional reserves for the Company; and

- The method for distributing the net profits of the Company.

- Proposing the policy and types of remunerations granted to employees, such as fixed remunerations, remunerations linked to performance and remunerations in the form of shares.

- Preparing periodic financial and non-financial reports in respect of the progress achieved in the business of the Company in light of the strategic plans and objectives of the Company, and presenting such reports to the Board.

- Managing the daily business and activity of the Company, in addition to managing its resources in the most appropriate form in accordance with the objectives and strategies of the Company.

- Participating effectively in building and developing a culture of ethical values within the Company.

- Implementing internal control and risk management systems and ensuring that they are effective and efficient, and ensuring compliance with the level of risks approved by the Board.

- Proposing and developing internal policies related to the business of the Company, including specifying the duties, competencies and responsibilities assigned to the various organizational levels.

- Proposing a clear policy to delegate tasks to the Executive Management and the method for implementing such policy; and

- Proposing the powers to be delegated to the Executive Management, the procedures for decision making and the period of delegation, provided that it shall present periodic reports to the Board in respect of its exercise of such powers.

- The duties of the Senior Management shall include the following
  - Implementing the strategic plans of the Company
  - Managing the day-to-day activities
  - Setting procedures for identifying, measuring, mitigating and monitoring risks
  - Setting policies, procedures, and controls to ensure the adequacy and effectiveness of the internal control system
  - Record keeping and audit trails
  - Acting on the Board's instructions and reporting to the Board
  - Ensuring that regulatory and supervisory requirements are met to the highest extent possible

12.7 Relationship between Management and the Board

The relationship between Management and the Board is critical and must be supported by a clear segregation of responsibilities. Management must:

- Be accountable.

- Operate within delegated authorities.

- Have an appropriate level of skills and resources.

- Perform against the established KPIs to deliver the objectives of the Company.

But at all times, the Board must be in control.

12.8 Delegation of Authority

The Board shall approve and develop internal policies in respect of the Company's business, including specifying the duties, competencies and responsibilities assigned to the various organizational levels. Including a written and detailed policy that identifies the powers delegated to the Executive Management, a matrix stating these powers, means of implementation and the period of delegation. The Board may request the Executive Management to submit periodic reports in respect of its exercise of such delegated powers; and identifying the matters on which the Board reserves the power to decide.

As the Board is ultimately responsible for all the actions and decisions made by the Company, it must set in place specific policies to guide organizational behaviour, for example, code of conduct, risk management policies and remuneration policies. In achieving the aims of these policies, the Board needs to establish procedures and controls to implement the policies and be responsible for the assessment of efficiency and effectiveness of the policies and procedures. However, it is important to remember that such broad based policy development does not cross into Management's role in the day-to-day running of the business. To ensure that the line of responsibility between Board and Management is clearly delineated, the Board must develop policies in relation to delegations of authority.

In strict terms, the authority to enter into commitments or to take action on behalf of the Company vests in the Board. However, this is not consistent with the notion of an empowered responsible Management team and does not recognize the practicalities – it is clearly not possible and not appropriate for the Board to sign every cheque or approve every transaction. Delegations of authority are the mechanism to devolve the power to do these things to the CEO and to other senior personnel within the Company. However, the Board must recognize that delegating its authority does not allow it to abrogate the associated responsibility. To be effective, the instrument that gives effect to the delegations of authority must:

- Be written in simple language.
- Cover the range of activities in which the Company is engaged or expected to participate.
- Be appropriate to facilitate the smooth and efficient operation of the Company.
- Be targeted to appropriately empower management to make the operational decisions expected of them.
- Clearly state the maximum authority levels for each level of management for budgeted and unbudgeted expenditure.
- Be communicated to all personnel to ensure all staff are aware of their responsibilities.
- Be backed up by appropriate oversight, supervision and review to ensure the delegations are appropriate, up to date and are being complied with.
- Be reviewed on a regular basis to ensure the delegations continue to be appropriate.

The Board may clarify their responsibilities and those of management through a statement of matters reserved for the Board or a similar document. The role of the Board is to carry out the tasks it has reserved for itself and oversee management's performance of the tasks delegated to them. The statement of matters reserved for the Board and/or a statement of delegations of authority to Management could be made publicly available.

12.8.1 Delegation of Authority Documents

As with any policy, the nature and structure of the delegations will vary from Company to Company. What may be material to one Company, and require Board approval, may only require divisional approval in another Company. It is also important that the policy fits the agreed risk appetite of the Board. Typically, delegations will be expressed in both monetary and other terms and will cover authority to:

- Enter into strategic commitments.
- Incur costs associated with core business processes and the ordinary operations of the Company.
- Commit the Company to capital expenditure.
- Enter into contractual commitments, for example, leases and guarantees.
- Commit to the payment of bonuses.
- Make decisions on staffing matters including appointments, terminations, remuneration, promotions, bonuses, training and the use of contractors and temporary staff.
- Commence or conclude litigation.
- Undertake specific treasury related transactions.
- Authorize payments.

12.9 Composition and Organization of the Board

Effective Boards work together in the interests of the shareholders. An effective Board is not dominated by one member or factional group and it does not require members to be experts in all fields. An effective Board does not just happen. It requires care, effort, thought and analysis to identify and select the right team of people to help the Company with its current challenges and opportunities, to take the Company forward into the future and to work in partnership with executive officers, providing real oversight and value adding guidance.

12.9.1 Size of the Board

The number of Directors of the Company which shall constitute the whole Board shall not be less than five and not more than eleven. The majority of which are non-executive, and the number of Independent directors shall not be less than two members or one–third of the Board, whichever is greater.

The exact number of Directors within such range shall be fixed from time to time by resolution of the Ordinary General meeting.

12.9.2 Selection of Directors

Every shareholder may nominate himself or any other person(s) for the Board membership within the percentage of his share in the capital. Candidates will be reviewed and recommended to the entire Board for nomination as Directors by the Nomination and Remuneration Committee. The Board approves the final choice of candidates for nomination and election by vote of the Shareholders. Accumulative voting shall be used when nominating Directors. This method of voting allows shareholders voting rights equivalent to the number of shares they own. This can be used to vote for electing Directors. The shareholder may use all their shares on one nominee or divide them between their selected nominees without any duplication of the votes. This shall ease the voting rights for minority shareholders, increasing their chances to vote for their chosen representatives on the Board.

GULF UNION AL AHLIA's bylaws shall specify the manner by which membership of the Board may be terminated. At all times, the Ordinary General Assembly may dismiss all or any of the Board members, even if the Company's bylaws provides for otherwise, without prejudice to the dismissed member's right for compensation if the dismissal was on an unacceptable reason or at inappropriate time

If the chairman and members of the board of directors resign, they shall call for an ordinary general assembly meeting to elect a new board. The resignation shall not take effect until a new board is elected, provided that the period of such continuation of the resigned Board does not exceed (120) days from the

date of such resignation. And the Board shall undertake all necessary procedures to elect a new replacement Board before the expiry of the period specified

A board member may resign pursuant to a written notice submitted to the chairman of the board of directors. If the chairman of the board resigns, the notice shall be submitted to the board members and the board's secretary. In both cases, the resignation shall take effect from the date specified in the notice.

If the position of a board member of a joint-stock company becomes vacant due to his death or resignation, and if the minimum number of members required for the validity of board meetings as stipulated in this Law or the company's articles of association is not affected by such vacancy, the board may appoint a qualified person with relevant expertise to provisionally fill the vacancy. The appointment shall be reported to the Commercial Register, and to the CMA if the company is listed in the capital market, within 15 days from the date of such appointment, and it shall be submitted to the ordinary general assembly in its first meeting. The appointed member shall complete the term of his predecessor.

If the number of board members falls below the minimum number required for the validity of board meetings as stipulated in this Law or the company's articles of association, the remaining members shall call for an ordinary general assembly meeting within 60 days to elect the required number of members.

Following the Shareholder election of Directors, formal invitations to join the Board will be extended by the Chairman of the Board.

12.9.3 Directors Qualifications

Annually, the Board is responsible for reviewing the requisite skills and characteristics of Board members as well as the composition of the Board as a whole. This assessment will include members' qualification as independent, as well as consideration of diversity, age, skills, and experience in the context of the needs of the Board.

12.9.3.1 Independence of Directors

The purpose of identifying and appointing independent Directors is to ensure that the Board includes Directors who can effectively exercise their best judgment for the exclusive benefit of the Company, judgment that is not clouded by real or perceived conflicts of interest. An Independent Director shall be able to perform his/her duties, express his/her opinions and vote on decisions objectively with no bias in order to help the Board make correct decisions that contribute to achieving the interests of the Company. GULF UNION AL AHLIA expects that in each case where a Director is identified as "independent" the Board of Directors will affirmatively determine that such Director meets the requirements established by the Board and is otherwise free of material relations with the Company's management, controllers, or others that might reasonably be expected to interfere with the independent exercise of his/her best judgment for the exclusive interest of the Company. An indicative definition follows. In each case, the Company should consider changes tailored to those sorts of relationships that would impair a Director's independence, taking into account the circumstances of the particular Company.

As per CMA "Independent Director" is a member of the Board of Directors who enjoys complete independence. By way of example, the following shall constitute an infringement of such independence:

- He/she holds five percent or more of the shares of the Company or any other company within its group; or is a relative of who owns such percentage.
- He/she is a representative of a legal person that holds five percent or more of the shares of the Company or any company within its group.
- He/she is a relative of any Board member of the company or of any other company within that company's group.
- He/she is a relative of any of senior executives of the company or of any other company within that company's group.

- He/she is a Board member of any company within the group of the company which he is nominated to be a member of its Board.
- he/she, is an employee or used to be an employee, during the preceding two years, been an employee of the company, with an affiliate of the company or an affiliate of any company of its group, such as external auditors or main suppliers; or if he/she, during the preceding two years, had a controlling interest in any such party.
- He/she has a direct or indirect interest in the businesses and contracts executed for the Company's account.
- He/she receives financial consideration from the Company in addition to the remuneration for his/her membership of the Board or any of its committees.
- He/she engages in a business where he competes with the Company, or conducting businesses in any of the company's activities.
- He/she served for more than nine years, consecutive or inconsecutive, as a Board member of the Company

The Board shall annually evaluate the extent of the member's independence and ensure that there are no relationships or circumstances that affect or may affect his/her independence.

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

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

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

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

12.9.3.2 Directors Attributes

It is increasingly important that the Directors and particularly those serving on the Audit Committee have an appropriate knowledge and understanding of financial statements and other financial reports. Beyond this, it is beholden on the incumbent Directors to consider the skills of the current Board and to identify any additional skills or experience that are required. Typically, the Board may have a mix of Directors with skills in:

- Law.
- Finance, including accounting expertise.

- Marketing.
- Operations relevant to the Company's activities.
- Key industries in which the Company operates.
- Corporate Governance.
- Human Resources.
- Risk Management.
- Banking.

Below is a description of attributes that the Board should evaluate when considering candidates for nomination as Directors. The Board will review such characteristics at least annually and make any appropriate changes.

12.9.3.3 Personal Characteristics

- Integrity and Accountability: High ethical standards, integrity and strength of character in his or her personal and professional dealings and a willingness to act on and be accountable for his or her decisions.
- Competency: Academic qualifications and proper professional and personal skills as well as an appropriate level of training and practical experience related to the current and future businesses of the Company and the knowledge of management, economics, accounting, law or governance, as well as the desire to learn and receive training.
- Ability to guide: Technical, leadership, and administrative competencies as well as the ability to take prompt decisions, and understand technical requirements and developments related to the job. He or she shall also be able to provide strategic guidance and long-term planning and have a clear future vision
- Physical fitness: He or she shall not suffer from any health issue that may hinder him or her from performing duties and responsibilities.
- Informed Judgment: Demonstrate intelligence, wisdom and thoughtfulness in decision-making. Demonstrate a willingness to thoroughly discuss issues, ask questions, and express reservations,
- Financial Literacy: ability to read and understand balance sheets, income and cash flow statements. Understand financial ratios and other indices for evaluating Company performance.
- Mature Confidence: Assertive, responsible and supportive in dealing with others. Respect for others, openness to others' opinions and the willingness to listen.
- High Standards: History of achievements that reflect high standards for himself or herself and others.

12.9.3.4 Core Competencies

- Accounting and Finance: Experience in financial statements, accounting and corporate finance, especially with respect to trends in debt and equity markets. Familiarity with internal financial controls.

- Risk Management: Experience in assessing and controlling risks in the areas in which the Company conducts its business.

- Business Judgment: Record of making good business decisions and evidence that duties as a Director will be discharged in good faith and in a manner that is in the best interests of the Company.

- Management: Experience in corporate management. Understand management trends in general and in the areas in which the Company conducts its business.

- Crisis Response: Ability and time to perform during periods of both short-term and prolonged crisis.

- Industry/Technology: Unique experience and skills in an area in which the Company conducts its business, including science, manufacturing and technology relevant to the Company.

- International Markets: Experience in global markets, international issues and foreign business practices.

- Leadership: Understand and possess skills and have a history of motivating high-performing, talented managers. Leadership skills which enable him or her to delegate powers in order to enhance performance and apply best practices in effective management and compliance with professional ethics and values.

- Strategy and Vision: Skills and capacity to provide strategic insight and direction by encouraging innovations, conceptualizing key trends, evaluating strategic decisions, and challenging the Company to sharpen its vision.

12.9.3.5 Commitment to the Company

- Time and Effort: Willing to commit the time and energy necessary to satisfy the requirements of Board and Board Committee membership. Expected to attend and participate in all Board meetings and Board Committee meetings in which they are a member. A willingness to rigorously prepare prior to each meeting and actively participate in the meeting. Willingness to make himself or herself available to management upon request to provide advice and counsel.

- Awareness and Ongoing Education: Possess, or be willing to develop, a broad knowledge of both critical issues affecting the Company (including industry-, technology- and market-specific information), and Director's roles and responsibilities (including the general legal principles that guide Board members).

- Other Commitments: In light of other existing commitments, ability to perform adequately as a Director, including preparation for and attendance at Board meetings and a willingness to do so.

12.9.3.6 Team and Company Considerations

- Balancing the Board: Contributes talent, skills and experience that the Board needs as a team to supplement existing resources and provide talent for future needs.

- Diversity: Contributes to the Board in a way that can enhance perspective and experiences through diversity in gender, ethnic background, geographic origin, and professional experience (public, private, and non-profit sectors). Nomination of a candidate should not be based solely on these factors.

- Independence: Provides an objective point of view that is free of political complications. Is not and has not been an employee of the Company; has no immediate family members that are or have been employees of the Company; has not received from or provided significant compensation to the Company in the recent past; and does not have immediate family members who have received from or provided significant compensation to the Company in the recent past.

12.10 Director Remuneration

The level and composition of remuneration for non-executive Directors and executive officers should be sufficient and reasonable to attract and maintain talented individuals to fulfil those roles.

The company Articles of Association shall explain the way of remuneration of the Board members. Such remuneration may be a certain amount, an allowance for the attendance of sessions, in-kind benefits or certain percentage of the net profits. Two or more of these benefits may be combined.

A clear relationship between the Company's performance and executive remuneration also needs to be demonstrated. A remuneration policy should be designed in such a way that it provides an adequate incentive to motivate Directors and management to pursue the long-term growth and success of the Company, within an appropriate control framework.

To mitigate reputational and governance risk, it is important that the Company's remuneration policy be understood by all the Company's stakeholders and reflected in the articles of association. It is also important for the Company to clearly distinguish the structure of non-executive Directors' remuneration from that of executives.

If the remuneration is a certain percentage of the company profits, it may not exceed (10%) of the net profits after deduction of all the reserves decided by the General Assembly and after payment of (5%) dividends of the paid up capital to the shareholders.

The entitlement to such remuneration shall commensurate the number of sessions attended by the member. Any estimation made in breach of this provision shall be deemed void.

~~In all cases, the aggregate of the remuneration and cash or in-kind benefits earned by the Board member shall not exceed five hundred thousand riyals per year subject to the conditions set by the competent authority.~~

The approved remuneration policies for members of the Board of Directors determine the remuneration for members of the Board of Directors

12.10.1 Executive Directors' Remuneration

Executive remuneration packages should involve a balance between fixed and incentive pay. Fixed remuneration reflects the level of responsibility undertaken by the individual and the labour market conditions relative to the scale of the business. Performance-based remuneration, by way of short term and long term incentive plans, can be an effective tool in promoting the interests of the Company and stakeholders, when designed to provide rewards for materially improved Company performance.

Short term incentive plans commonly comprise cash based incentives delivered on an annual basis. Performance is usually assessed against a "scorecard" of financial and non-financial measures at an individual and Company level. Long term incentive plans commonly comprise cash or equity based incentives delivered over a three to five-year timeframe. Performance is generally assessed at the Company level against an appropriate peer group of companies, using relative (rather than absolute) measures.

Termination payments should be agreed in advance, including detailed provisions in case of early termination, with a clear articulation of performance expectations. Employment contracts should clearly define the individual's role, and the terms under which the role is accepted, to avoid ambiguity or conflict upon cessation of employment.

Nevertheless, the remuneration policies of the members of the Board of Directors, as well as their employment contracts, determine the remuneration of the Executive Board members

12.10.2 Non-Executive Directors' Remuneration

Non-executive Directors are normally remunerated by way of fees. It is considered good practice that non-executive Directors do not receive options or bonus payments, participate in schemes designed for the remuneration of executives or be provided with retirement benefits other than statutory superannuation as this could be perceived to impact on their independent status.

Nevertheless, the remuneration policies of the members of the Board of Directors, determine the remuneration of the Non-Executive Board members

12.11 Meeting of the Board

12.11.1 Board Meeting Frequency and Schedule

The Board will meet at least four times per year upon invitation from its Chairman or upon the request of one of its Directors in order to fulfil their duties and responsibilities as Directors and as dictated by the needs of the business.

It is expected that under normal circumstances Board meetings will be held four to six times per year, and special meetings will be called as necessary.

A schedule of locations of the regular meetings will be provided to the Directors well in advance. Directors are expected to attend Board meetings and meetings of the Committees, if any, on which they serve. Directors should spend the time necessary and meet as frequently as necessary to properly discharge their responsibilities.

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 meeting shall not be valid unless attended by half of the Board members whether in person or by proxy, provided that the number of attendees shall not be less than three, unless the Company's bylaws stated greater percentage or number.

12.11.2 Meeting Duration

The length of Board meetings should be sufficient to give appropriate attention to the issues at hand. Some companies hold fewer, but longer meetings. Board meetings can vary significantly in duration from Company to Company – anything from several hours to two days may be regarded as appropriate. The key is that the meeting should be long enough to cover the matters for attention in appropriate detail.

12.11.3 Meeting Agenda

The Chairman will establish the agenda for each Board meeting. At the beginning of the year the Chairman will establish a schedule of agenda subjects to be discussed during the year (to the degree this can be foreseen).

When preparing a specified agenda to be presented to the Board, the Chairman consults the other members of the Board to ensure the inclusion of important and key topics in the Board's agenda.

Each Director is free to suggest the inclusion of items on the agenda. Each Director is free to raise at any Board meeting subjects that are not on the agenda for that meeting. In establishing the meeting agendas, the Chairman should coordinate with the Board Secretary and CEO to determine which matters require

the Board's attention and/or decision. In seeking to have items added to the agenda, management may need to provide written reports or papers.

The agenda may need to allow for relevant presentations to the Board and where appropriate, management attendance to discuss a particular agenda item.

Each member of the Board is entitled to propose additional items to the agenda.

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.

12.11.4 Managing Boardroom Discussions

The Chairman needs to ensure:

- There is structured and open debate of issues.
- The Chairman facilitates the contributions of all members.
- All issues are given due and appropriate consideration.
- Discussions do not drag on unnecessarily.

The Chairman has to ensure there is balance. He must maintain control without dominating the debate. The Chairman typically allows the discussion of issues to proceed until the point of which a broad consensus has been achieved, or he is able to summaries an agreed-upon conclusion.

Where dissention exists and no conclusions appear to be forthcoming, the Chairman must decide whether:

- The Directors require additional information.
- There may be particular benefits in postponing a decision on a specific matter.
- Additional or external advice should be obtained.
- In situations where there are serious disagreements, the Chairman must manage this situation to its resolution.

12.11.5 Board Material Distribution

A detailed agenda and, to the extent feasible, supporting documents and proposed resolutions will be provided to the Directors two weeks prior to each Board meeting unless circumstance require convening an emergency meeting, the invitation accompanied with the agenda and necessary documents and information may be sent within a period less than this period .

Directors should review these materials in advance of the meeting. Directors having items to suggest for inclusion on the agenda for future Board meetings should advise the Chairman well in advance of such meetings.

If a Director has queries about any item on the agenda, he should submit these one week prior to the scheduled Board meeting.

Management should respond to queries from Board members before the scheduled Board meeting. Any management response should be distributed to all Board members.

12.11.6 Directors' Preparation

Preparation involves reading and analysing the Board papers provided prior to the meeting and taking appropriate steps to clarify any issues or papers that are not clear. Two weeks prior to the Board meeting, Directors should receive a package of Board papers to allow them to review and consider them and follow up on any pertinent items. The package received would typically include:

An agenda and the supporting papers including:

- The CEO's operational report – providing an overview of major events impacting the business since the last meeting.
- A financial performance report, focusing on KPIs and strategic performance.
- Minutes of the previous meeting.
- An action items list, noting responsible persons and dates for completion.
- Papers on specific issues for decision, discussion or information.

12.11.7 Management at Meetings

Management is expected to participate in Board meetings and will make presentations on their relative areas of responsibility to allow Directors to gain additional understanding and insight into the Company's businesses.

12.11.8 Minutes and Action Items

Minutes are the record of the issues discussed, decisions made and actions arising from the Board and committee meetings. As legal and regulatory requirements of Directors become more onerous, minutes are an important record to show that the Board has done what is required to discharge its duty of care.

Minutes should be clear, concise, well-structured and unambiguous. They should not contain superfluous information nor be a verbatim recording of the dialogue at the meeting. The minutes must clearly set out the decisions the Board or committees made during the course of the meeting and reflect the consensus nature of Board decisions.

It may also be useful for them to evidence the process the Board has worked through in reaching its decisions. This may include recording matters discussed, questions asked of management and any additional information requested or on which the Board relied which is not included in the Board papers. There may be circumstances that require the decision of the Board, where it is not practical to bring the Board together. In these circumstances, the use of circulating resolutions for Directors to sign may be appropriate.

Minutes will generally be prepared by the Board Secretary from notes taken during the meeting. A draft will be provided for the Chairman's review within one week of the meeting while discussions and decisions are still fresh in his mind. The Chairman will review the draft minutes and arrange for any appropriate amendments to be made.

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.

A revised draft of the minutes is then usually circulated to all Directors by the Board Secretary. This should be as soon as immediately after the Chairman's review, or at the most within one week of the Chairman signing them. Directors must make a careful review of the draft minutes to ensure they are happy with the record made and that any concerns they may have are raised before the minutes are approved.

The Board deliberations shall be signed by the meeting chairperson, the present Board members and the Secretary. Such minutes shall be kept in a book to be signed by the Board Chairman and Secretary.

The Board members shall be jointly liable to indemnify the company, the shareholder or the third parties against the damage resulting from their improper management of the company affairs or their breach of the provisions of the Law or the company Articles of Association. Any provision in breach of this provision shall be deemed void.

The Board members shall be held responsible if the fault is committed unanimously. However, the resolutions passed by the majority of members shall not be binding to the objecting members provided that they record such objection clearly in the meeting minutes.

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

The absence from the meeting in which such resolution is passed shall not constitute a reason for release of responsibility unless it is proved that the absent member was not aware of the resolution or could not object to the same after being aware thereof.

The Ordinary General meeting approval to release the Board member from the responsibility shall not prevent the Company of the responsibility action.

12.12 Board Committees

Committees allow Directors to give closer attention to important issues facing the Company than is possible for the full Board in a scheduled Board meeting. Committees are an effective way to distribute the work between the Directors and allow more detailed consideration of specific matters.

The Board shall form specialised committees as follows:

- As may be needed depending on the Company's circumstances in order to enable it to effectively perform its duties.
- 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.
- Each committee shall be responsible before the Board for its activities, this shall not relief the Board of its responsibility for such activities, duties and powers that it has delegated to such committee.
- The number of members of a committee shall not be less than three or more than five.
- The Chairmen or whom they delegate of each committee members, shall attend the General Assembly Meetings and answer any questions raised by the shareholders.
- The Company shall provide the Authorities with the names of the members and the types of their memberships in such Board's committees within five (5) days of their appointment, and shall notify the Authorities of any changes thereto within five (5) days of the date of such changes.

12.12.1 Committee Membership

A sufficient number of Non-Executive Directors shall be appointed to the Committees which perform duties that may involve a conflicts 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 prioritise them over their personal interests.

The Company shall take into consideration while forming the Nomination and Remuneration committees that their members are of Independent Directors. The Board may appoint Non-Executive Directors, provided that the chairmen of committees mentioned in this paragraph are of the Independent Directors.

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 the Nomination and Remuneration committee.

12.12.2 Committee Effectiveness

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 in pursuance to paragraph (b) of Article (20) of CMA regulations.

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 states the name of the expert and his relation to the Company or its Executive Management.

Regardless of the role of the Committees, there are several steps the Board can take to contribute to its effectiveness, including:

- Developing a formal, documented charter for each committee.
- Appointing an appropriate Chairman – usually an independent, non-executive Director.
- Appointing appropriate Directors to the Committee – typically the emphasis is on committee membership that is primarily/exclusively non-executive Directors and includes those Directors with the expertise most relevant to dealing with the issues at hand.
- Requiring regular feedback from committees to the Board.
- Ensuring the Committee has appropriate access to independent professional advice.
- Requiring absolute transparency on committee activities.
- Ensuring the Committee has appropriate administrative support.

The key issue is that any committees set up serve the Board's needs and are effective. Committees should not be established simply because a Board feels good governance requires it to have a number of committees.

12.12.3 Committee Meetings

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/her opinion or advice.

Committee meetings are valid if attended by at least Half 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.

Committee 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 organised 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.

12.13 Board Papers

There is no single approach to be applied to the preparation, form, style and content of Board papers. The requirements will vary from Company to Company and should be specific to the needs of the Board. However, there are a number of principles that are applicable to all companies to ensure the preparation of Board papers is efficient and the information is presented in an effective way so that it can be readily understood and addressed by the Board.

Board papers should be concise stand-alone documents that present the information the Board will require to fully understand the issues being raised and, where required, to make an appropriately informed decision. It is unlikely that Management papers can simply be "recycled" as Board papers. The information needs are quite different. Management papers may provide the basis for a Board paper, but the Board paper itself should be prepared with the Board's needs in mind, recognizing that non-executive Directors do not live with the business every day.

The purpose of each Board paper should be clearly stated. This is particularly important in assisting Directors to understand Management's requirements and to be appropriately prepared for Board meetings. This can be achieved by allocating each Board paper into one of three distinct categories:

- For information purposes – papers aimed at keeping the Board informed of matters, for example, relevant press clippings, financial information.
- For decision – matters put forward that require the Board's decision.
- For discussion and input – discussion of matters prior to final recommendations, for example, concept papers seeking the Board's input in the planning phase, rather than simply when a final decision is required.

12.13.1 Board Papers Guidelines

Formal guidelines for Board reporting, approved by the Board, are a simple means to ensure the Board's requirements are clearly understood. These guidelines will set out the form, presentation and content requirements for Board papers, together with administrative procedures in relation to time of submission and the process for review and approval.

The guidelines should also provide that the control over distribution of Board papers rests with the Board. This is particularly important when distribution is undertaken electronically.

The Board should ensure that these guidelines are communicated to all staff who may be responsible for the preparation of Board papers. It may also be appropriate to offer internal support to key personnel in the form of education or briefing programs and to distribute sample or template documents illustrative of the recommended style.

It is important that what is ultimately presented to the Board is concise and performance reports reflect relevant and approved KPIs and not superfluous information.

Presentation that contributes to the ease with which the information is understood and absorbed by the reader, is an important aspect of an effective Board paper. Presentation specifications might include requirements for:

- Papers to be concise, accurate and easy to read, using simple terms, with little or no technical jargon and a font size no less than 10pt.
- Papers to be carefully structured to provide all the required information in a succinct and logical manner.

- Bullet points, which reinforce a concise writing style, to be used in preference to long paragraphs.
- Using indicators tailored to the needs of the Company which are reported consistently month on month.
- Papers to include graphical and tabular analysis to summarize information, to facilitate understanding and to focus the reader's attention.
- Titles on any graphs to reflect the message illustrated in the graphical analysis.

12.14 Administrative Matters

12.14.1 Performance and Evaluation of the Board

The Board of Directors will conduct an annual evaluation to determine whether it and its committees are functioning effectively. The Board will receive comments from all Directors and complete an annual assessment of the Board's performance which will be discussed following the end of each fiscal year.

The assessment will focus on the Board's contribution to the Company and specifically focus on areas in which the Board or management believes that the Board could improve.

To assess and improve its effectiveness, the Board should periodically (for example, annually) review what it has accomplished and whether it has fulfilled its responsibilities through conducting annual self-assessment programs.

The Board can assess its self is by evaluating its activities against its charter. As the Board is reviewing itself as a whole, an exercise supervised by an outside facilitator is likely to be beneficial. They will not only be emotionally detached, but will approach the matter without bias or preconceptions. In addition, an outside view allows for different views to be discussed and considered. (Performance assessment templates are provided in the Appendix to this framework).

- 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/her commitment to performing his/her duties and responsibilities, including attending the Board and its committees meetings 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.

12.14.2 Board Confidentiality

Directors will maintain the absolute confidentiality of the deliberations and decisions of the Board of Directors and information received at meetings, except as may be specified by the Chairman or if the information is publicly disclosed by the Company. The Board of Directors deliberations shall be governed under the confidentiality policy in this framework.

The Board members may not disclose, except in the General Assembly meetings or to a third party, in pursuance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations., the company's secrets they had access to, and may not use the information became known to them, due to their membership, to their own benefit, or to the benefit of their relatives or third parties otherwise they may be dismissed and required to pay indemnification.

12.14.3 Board Interaction with Third Parties

Except where directed by the CEO or the Chief Financial Officer of the Company, communications on behalf of the Company with third parties must be made only by specifically designated representatives of the Company. If a Director receives any inquiry relating to the Company from third parties, including informal social contacts, he or she should decline to comment and ask them to call the Company's CEO.

12.15 Boardroom Conduct

The manner in which a Board operates will largely be determined by the Chairman and will reflect his or her personal style. Some Boardrooms are still particularly formal and all Directors wishing to participate in a discussion must first be recognized/acknowledged by the Chairman. However, there is a clear move towards a more informal approach where Directors are free to participate in discussions without first seeking the Chairman's permission.

Your participation in any Boardroom discussion must reflect the importance of your role and the usual social niceties:

- Each of your fellow Directors should be allowed an appropriate opportunity to speak, subject to the Chairman's overall control of the meeting.
- Your contributions should be concise, considered, informed and to the point.
- Emotive language, emotional conduct and personal attacks are inappropriate no matter how passionate you may be about the subject under discussion.

Discussion should be open and candid with appropriate time allowed to discuss issues of substance.

12.15.1 Decision Making

The Board may issue resolutions in the urgent matters by presenting them to the members individually unless a member requests in writing the meeting of the Board for deliberation. Such resolutions shall be presented to the Board in the first following meeting.

The traditional notion of the Board voting on each matter put to them is rarely used in Boardrooms today. The emphasis is on consensus decision making, which focuses on securing the agreement of the full Board. If you strongly disagree with a decision under this model, you may take the significant step of seeking to have your objection to the decision recorded in the minutes but this should not be viewed as a practice to be used, other than as a last resort.

In the same way, it is no longer necessary, unless specifically required by the Chairman, to have matters "moved" and "seconded" before a decision is made.

12.15.2 Managing a Potential Conflict of Interest

Subject to the provisions of legislation, the Company's own constitution and any other governing requirements that may be relevant, a Board is empowered to regulate its meetings and proceedings including the processes that will apply if there is a declared, actual or perceived conflict of interest. Conflicts of interest can arise where Directors have personal interests in any transactions, contracts or businesses with which the Company may be dealing and, which may impinge on his or her objectivity and independence. As a Director, you have specific responsibilities under Company Law and corporate governance regulations to declare any material personal interests in any matters that relate to the affairs of the Company as soon as possible, subject to a number of specific statutory exceptions.

It is usual that you will be asked, on a periodic basis, to provide the Company with a listing of your personal interests to facilitate the identification of possible conflicts of interest. Whether this is undertaken or not and whether your interests are material or not, you have an ongoing responsibility to ensure you fully understand the Board's expectations of your conduct in relation to conflicts of interest. As a minimum, it is likely that you will be required to:

- Alert the Company to any matters in which you have or may be perceived to have a conflict of interest.
- Exclude yourself from the decisions on any matter about which you have or have declared such a conflict.

All conflict of interest shall be governed under the conflict of interest policy in this framework.

As per CMA rule "A Board member shall not have any interest, whether directly or indirectly, in the transactions or contracts made for the account of the company, except without authorization from the Ordinary General Assembly, to be renewed annually."

12.15.3 Other Matters of Conduct

Directors must ensure that, at all times,

- Exercise independent judgment.
- Obtain enough information for you to be satisfied with the Board's conclusions on the matters put before you.
- Keep confidential any information you obtain as a result of your position as a Director observe "cabinet solidarity".
- Once a decision is reached recognize that your actions may reflect on the Company and your conduct must not be called into question.
- Adhere to all codes of ethics, codes of conduct and standards of behaviour that apply to employees or officers of the Company.

12.16 Code of Conduct and Business Ethics

A code of conduct is a formal expression of the Company's values and ethics. A code of conduct should:

- Guide Directors, senior executives and other members of staff as to the practices necessary to maintain confidence in the Company's integrity.
- Promote responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

- Ensure compliance with legal and other obligations to legitimate stakeholders.

The Company has adopted a Code of Conduct and ethics setting out required standards of behaviour, for the benefit of all Shareholders. (A copy of the code is included in this framework)

12.17 Director Orientation and Education

Management will provide new Directors with an initial orientation in order to familiarize them with their responsibilities, duties and rights as Directors and with the Company, the duties and competencies of the Board Committees and its strategic plans and objectives, its significant financial, accounting and risk management issues the financial and operational aspects of the Company's activities, its compliance programs, its Code of Conduct, its executive officers, and its independent auditors.

The Company shall also develop the necessary mechanisms for Board members and the Executive Management to continuously enrol in training programmes and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.

In order to facilitate the Directors' fulfilment of their responsibilities regarding continuing education and to enhance each Director's knowledge of the Company, the Company's business operations and the latest developments in corporate governance, it is appropriate for management to provide Directors with the following:

- Material that contains information pertaining to the Company's industry and comparisons of the Company with its major competitors.
- Periodic visits to operating units, locations, normally as part of regularly scheduled Board meetings.
- A legal review for the Board, at least annually, of the status of major litigation and corporate governance matters.

12.18 Outside Advisers

The Board has the power to engage experts or advisors, including independent legal counsel, as deemed appropriate by the Board, without consulting or obtaining the approval of any executive officer of the Company.

The Company will provide for appropriate funding, as determined by the Board, for payment of compensation to any such counsel, experts or advisors retained by the Board.

12.19 Conducting the Annual General Meeting (AGM)

The Board's principal responsibility is to the shareholders of the Company. The Annual General meeting (AGM) provides the forum for the Board to meet with the shareholders to discuss the performance of the Company and attend to a range of matters for which the specific approval of the shareholders is required. It is the shareholders who provide capital, so it is important that they have this forum to discuss Company performance and related matters.

The AGM shall be chaired by the chairman, Vice Chairman (if the chairman is absent) or whom is delegated by the Board of directors of its members (when the chairman and his deputy are absent).

The Chairman of the Shareholders' Assembly shall commit to grant the shareholders the opportunity to effectively participate and vote in the meetings of the General Assembly, and avoid any procedure that may prevent their attendance to the assemblies or the exercise of the voting right. Shareholders shall be informed of the rules governing such meetings and the voting procedures.

Shareholders are also entitled to discuss matters listed in the agenda of the General Assembly and raise relevant questions to the Board members and to the external auditor. The Board or the external auditor

shall answer the questions raised by shareholders to the extent that does not jeopardise the Company's interest.

12.20 Preparing for the AGM

One of the key elements to a successfully run AGM is the time spent in preparation. Careful preparation is required to get the right messages across, particularly in potentially difficult situations.

You should define and address the corporate objectives for the meeting. What is it that the shareholders need to know? What do you want the meeting to achieve? Your objective may be something as simple as conveying a clear vision for the Company that any shareholder would be able to repeat in one sentence or providing a non-technical explanation of the Company's performance so each shareholder understands the factors reflected in the year's operating results.

The Chairman's address should identify the successes and make concessions where appropriate. The CEO is also likely to address the AGM and to offer some comment on the financial and operating performance of the Company since the last AGM. Discussions should represent a balanced account of the Company's performance and not gloss over problems. The CEO and Chairman should ensure that their speeches are coordinated, consistent and do not unnecessarily overlap each other.

Pre-empting the likely questions and developing appropriate responses in advance is an effective approach to ensure the Board and particularly the Chairman, will be able to respond in an informed manner to any shareholder questions.

The Board should ensure it is fully briefed by management on any shareholder issues that may have been raised since the last AGM and that they are firmly across the details of any major issues affecting or likely to affect the Company. In addition, you should ensure that any shareholder issues raised at the last AGM have been appropriately addressed.

Each Director standing for election or re-election should consider how they plan to introduce themselves, what they want the shareholders to know about their skills and competencies and their capacity to contribute to the Company in the future. For each Director standing for election, a CV will be given to every shareholder in advance to get acquainted with the Director's qualifications standing for election.

Being prepared for any eventualities is vital to a successful AGM. It may be appropriate to rehearse presentations and the answers to questions to ensure the Board shows itself to be capable and competent in what can be quite stressful circumstances. You should also ensure you are fully briefed on the format and conduct of the meeting, the key strategies to facilitate the smooth running of the AGM and when and on what you may personally be required to speak.

The Chairmen of each of the Board committees, or whom they delegate, shall attend the AGM and answer any questions raised by the shareholders.

It is a legal requirement for the external auditor to attend the AGM to respond to any questions raised by the shareholders regarding the conduct of the audit, or the preparation and content of the audit report. The Chairman of the Company should allow a reasonable opportunity for members to ask the auditor questions concerning the conduct of the audit of the preparation and content of the audit report.

The Board of Directors shall prepare for every financial year of the company a balance sheet, a profit and loss statement, and a report on the company's operations and financial position and on the method which it proposes for the distribution of net profits, the Board shall make such documents available to the auditor at least forty-five days prior to the date set for the holding of the Annual General meeting. The said documents shall be signed by the Chairman of the Board of Directors, and copies thereof shall be placed at the disposal of shareholders at the head office of the company at least Twenty-one days prior to the date set for such general meeting.

The Board Chairman must provide the shareholders with the company financial statements, Board report and the auditor's report, unless they are published using any Technology means and must send a copy of such documents to the General Administration for Companies at the MoC and CMA at least Twenty-one days prior to the date of the General Assembly meeting.

Prior to the AGM, a notice of meeting will be sent to all shareholders (AGMs shall be published on the website of the Exchange, the company website, at least Twenty-one days prior to the date set for the meeting. The Company may invite the AGM and other shareholder meetings to convene using methods of contemporary technologies. The notice shall contain an agenda (of the meeting). When preparing the General Assembly's agenda, the Board shall take into consideration the matters that the shareholders wish to list; shareholders holding no less than (10%) of the Company's shares are entitled to add one or more items to the agenda upon its preparation. A copy of both the notice and the agenda shall be sent to the General Administration for Companies to MoC within the period specified for publication), which may add any items it deems appropriate to the agenda of the AGM. The Board shall separate each of the matters listed in the agenda of the General Assembly meeting as an independent item, and not combine significantly different matters under one item, and not combine the businesses and contracts in which Board members have a direct or indirect interest under one item, for the purpose of obtaining the shareholders' vote for the item as a whole.

The shareholders shall be allowed through the Company's website and the Exchange's website, when the invitation for the convention of the General Assembly is published, to obtain the information related to the items of the General Assembly's agenda, particularly the reports of the Board and the external auditor, the financial statements and the Audit Committee's Report in order to enable them to make an informed decision in this regard. The Company shall update this information in case the General Assembly's agenda was amended.

The notice should disclose all logistical matters the shareholder will need to know, the matters on which shareholders are being asked to vote and details of proxy arrangements. Procedures and relevant checklists should be in place to ensure that the Company's constitution, the requirements of the Company Law and other relevant requirements regarding AGMs are complied with. Appropriate arrangements need to be put in place to ensure the formalities are addressed for all resolutions passed and arrangements exist for a poll to be conducted if required. A running sheet/agenda for the meeting is useful to ensure, as far as possible, the meeting tracks to a predetermined schedule. In order to add one or more item(s) to the agenda, shareholders holding 10% or more of GULF UNION AL AHLIA's shares may contact the Company's Board Secretary with their recommended items for inclusion on to the agenda (of the meeting).

12.20.1 Post AGM Arrangements

After the meeting, there will be a number of tasks to be completed. The Board Secretary will need to prepare minutes of the meeting, ensuring they are an appropriate and comprehensive reflection of the content of any discussion.

Minutes shall be issued for the Assembly meeting including the number of present or represented shareholders and the number of the votes they own, whether for their account or by proxy as well as the number of votes, the number of decided votes and the resolutions passed, the number of approving or rejecting votes and a detailed conclusion of the discussions held in the meeting. The minutes shall be regularly noted after every meeting in a record to be signed by the Assembly Chairman, secretary and vote collector.

Shareholders shall be granted access to the minutes of the General Assembly meeting; and the Company shall provide the Authority with a copy of such minutes within (10) days of the date of any such meeting.

The company should provide CMA with a copy of those minutes within Ten days of the convening date of any such meeting, and the company immediately informs the Exchange of the results of the General Assembly.

Any items taken on notice at the AGM will need to be addressed and commitments made need to be honoured (for example, investigating a particular issue as a result of a shareholder's question).

Any other post AGM obligations on the Company should also be addressed. The Board and management may also find it useful to have a de-brief session to discuss what went well, what did not and what can be improved in the future. This kind of discussion will assist in planning for the next AGM.

12.21 The Board Secretary

A Board Secretary is the chief administrative officer of the Company, responsible along with the Directors, for certain tasks. The key responsibility for the Board Secretary is to ensure that the Board has the proper advice and resources for discharging its fiduciary duty, and to ensure that the records of the Board's actions reflect that the Board has done so. The Board Secretary follows up with executive management the implementations of Board resolutions. In addition, the Board Secretary helps to ensure that the governing bodies adhere to all relevant regulatory requirements and ensures that the Board members comply with the procedures approved by the Board. Accordingly, the Board Secretary coordinates among the Board members, and often acts as an adviser to Directors and senior executives on regulatory requirements, listing rules, and legislation related to corporate governance. Providing advice on corporate governance issues is an increasingly important role for Board Secretaries. The Board Secretary plays an important role in the development of, compliance with, and periodic review of the company's governance policies and practices. They ought to be quite vocal in encouraging Boards to perform frequent corporate governance reviews and to issue written statements of corporate governance principles. The Board Secretary is usually the executive to assist Directors in these efforts, providing information on the practices of other companies, and helping the Board to tailor corporate governance principles and practices to fit the Board's needs and expectations of investors.

12.21.1 Roles and Responsibilities of the Board Secretary

To fulfil his responsibilities and duties, as the chief administrative officer of the Company, the Board Secretary shall:

12.21.1.1 With respect to supporting the Board of Directors

Most of the Board Secretary's time will be spent supporting the Board of Directors. His duties in this area include:

12.21.1.1.1 Organizing Board Meetings

The Board Secretary is responsible for organizing Board meetings. Although Board meetings are ultimately the responsibility of the Chairman, the Board Secretary handles all administrative and organizational matters such as:

- Prepare Board calendar of meetings.
- Helping the Chairman to prepare the agenda.
- Developing presentations on substantive and procedural issues under discussion.
- Preparing model briefs for Boardroom discussions.
- The Board Secretary should give advance notice of Board meetings within sufficient time prior to the date specified for the meeting to all Directors.
- Distribute voting ballots to Directors.
- Collect completed the written opinions of Directors who are not physically present at the meeting.
- Forward the written opinions to the Chairman.
- Retaining the reports submitted to the Board and the reports prepared by it.

- Providing 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.

In addition, the Board Secretary should help ensure that procedures for Board meetings are followed. Along with the Chairman, the Board Secretary is required to draft the minutes of Board meetings, 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 recording the decisions of the Board and voting results and retaining them in a special and organised register, and including the names of the attendees and any reservations they expressed. Such minutes shall be signed by all attending members. The Board Secretary should also brief newly elected Directors on:

- The corporate procedures that regulate the operations of the Board.
- The organizational structure and officers of the Company.
- The Company's internal documents.
- The decisions of the Annual General meeting (AGM) and the Board that are in effect.
- The availability of information required by Directors for the proper discharge of their duties.

12.21.1.1.2 Providing the Board with Access to Information

The Board Secretary plays a key role in assisting Directors in obtaining the information they need for sound decision-making. The Board Secretary provides Directors with timely and full access to:

- The minutes of Board meetings.
- Decisions approved by the CEO.
- Documents from the CEO.
- The minutes of meetings and reports prepared by the External Auditor.
- Financial documents.

12.21.1.1.3 Providing Legal Assistance to Directors on Governance Issues

The Board Secretary should assist Directors with interpreting legal and regulatory acts related to corporate governance, including listing rules, corporate governance codes, and international regulations and developments. This also holds true for procedural issues regulated in the charter, by-laws, and/or other internal documents relating to preparing and conducting the AGM and Board meetings, and on information disclosure. The Board Secretary should not, however, render legal advice that falls outside the scope of his duties.

The Board Secretary should directly notify the Chairman of any possible violations of corporate procedures, if and when he becomes aware of such violations. Such violations may include, among others:

- Alleged illegal acts or omissions of Board Secretaries or other corporate employees in fulfilling their legal duties and obligations.
- Violations of procedures regulating the organization of the AGM, Board meetings, the disclosure of information and protection of shareholder rights.

12.21.1.2 With Respect to Developing Corporate Governance Policies and Procedures

The Board Secretary is ideally suited to help the Company and its Board develop a system of corporate governance. More specifically, the Board Secretary can play an important role in the development of, compliance with, and periodic review of the Company's governance policies and practices. In developing an explicit and clearly stated plan to improve the Company's corporate governance policies and practices, the Board Secretary lays the groundwork for reforms in this area. Perhaps more importantly, he can demonstrate the Company's commitment to corporate governance by monitoring compliance with these policies, and informing the Board of any breaches. Finally, by reviewing the Company's policies on a regular basis (by keeping abreast of the latest developments in corporate governance, changes in the legal and regulatory framework, and global leading practices) the Board Secretary ensures that the Company's governance standards remain high and up-to-date.

12.21.1.3 With Respect to Protecting Shareholders Rights

12.21.1.3.1 Organizing the Annual General Meeting (AGM)

The Board Secretary plays an important role in organizing the AGM. Some of functions that he performs in this regard are:

- Notifies shareholders of the AGM.
- Ensures that the list of shareholders of record is prepared.
- Answers procedural questions during the AGM and resolves disputes related to preparing and conducting the AGM.
- Communicates the report on the results of the AGM to shareholders.
- Ensures that minutes on the voting results and the AGM minutes are kept.
- Ensures compliance with the procedures of registration for the AGM.
- Collects voting ballots and transfers them to the counting commission.
- Distributes materials (documents) for and during the AGM.

12.21.1.3.2 Assisting in Enforcing Shareholder Rights

The Board Secretary:

- Ensures that the Company takes proper notice of all duly submitted shareholder petitions.
- Channels all duly submitted shareholder inquiries to the appropriate governing bodies and departments of the Company.

12.21.1.3.3 Liaising Between Shareholders during Control Transactions

The Board Secretary acts as a liaison between the controlling shareholder(s) in a buyout of common shares and the other shareholders of the Company during a control transaction. The Board Secretary does this by ensuring that the mandatory offer is distributed to all shareholders.

12.21.1.4 With Regard to Providing for Information Disclosure and Transparency

The Board Secretary plays an important role in helping the Board and CEO fulfil their respective obligations to disclose material information on a timely basis to the Company's shareholders and financial markets. The Board Secretary's roles in relation to information disclosure include:

- Regulating the disclosure register of the Board members and the Executive Management and updating it regularly.

- Ensures that the Company operates in compliance with procedures for the maintenance and disclosure of information about the Company.
- Guarantees the safekeeping of corporate documentation.
- Certifies copies of documents before they are given to shareholders.
- Ensures unrestricted access for all shareholders to information in accordance with the all relevant laws.

12.21.2 The Qualifications of a Board Secretary

A full-time staff member, exclusively dedicated to this task, can best fulfil the functions of the Board Secretary. When selecting a Board Secretary, the Board should look for an individual with the highest qualifications and skills. The Board will need to assess the candidate's education, work experience, professional qualities, and skills. A detailed job description is the responsibility of the Board, and needs to be developed in conjunction with the contract. The core qualifications for Board Secretaries are:

- Holds a bachelor degree in law, finance, accounting or administration or their equivalent, and has relevant practical experience of not less than three years or has relevant practical experience of not less than five years.
- Has presence and good communication skills.
- Understands corporate and securities law.
- Mediates and achieves consensus.
- Understands the Company's business.
- Is detail-oriented, flexible and creative.
- Knows how to overcome bureaucratic thinking in the Company.
- Reads signals on the horizon and provides early warning to management.
- Is intuitive and sensitive to what the Chairman and Directors are thinking.

12.21.3 The Independence of the Board Secretary

To act in the interests of the Company and its shareholders at all times, the Board Secretary must be shielded from undue influence from management and other parties. The Board Secretary should thus be accountable to and controlled by the Board. He should not be an affiliated person of the Company or its officers, e.g. a family member of the CEO or business partners of the Company. The Board Secretary may not be dismissed except pursuant to a decision of the Board.

Table 3 Functions and qualifications of the Board Secretary

Qualifications and skills of the Board Secretary	The functions of the Board Secretary in relation to the Board	The functions of the Board Secretary in relation to the AGM
• Understands corporate and securities law • Mediates and achieves consensus • Understands the Company's business • Is detail-oriented, flexible and creative • Knows how to overcome bureaucratic thinking in the Company • Reads signals on the horizon and provides early warning to management • Is intuitive and sensitive to what the Chairman and Directors are thinking • Has presence and good communication skills	• Resolves organizational matters for Board meetings • Explains the procedural requirements of laws, the charter and by-laws of the Company within the scope of its authority • Conducts induction trainings for newly elected Directors • Assists Directors in accessing information and familiarizes them with corporate documentation • Takes the minutes of Board meetings • Ensures compliance with the procedure for conducting meetings • Communicates to and collects voting ballots from Directors and collects written opinions of Directors • Notifies all Directors of Board meetings	• Notifies shareholders of the AGM • Ensures that the list of shareholders of record are prepared • Answers procedural questions during the AGM and resolves disputes related to preparing and conducting the AGM • Communicates the report on the results of the AGM to shareholders • Ensures that minutes on the voting results and the AGM minutes are kept • Ensures compliance with the procedures for the AGM • Collects voting ballots and transfers them to the counting commission • Distributes materials (documents) for and during the AGM • Provides copies of AGM minutes to shareholders as per CMA

12.22 Publication, Review and Revision of the Manual

The Board will from time to time review and revise the Manual in such manner as the Board sees fit. Moreover, the Board shall make the Manual available on the Company's website.

Audit Committee Charter

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13. Audit Committee Charter

About the Company

Gulf Union Al Ahlia Cooperative Insurance Company is a Saudi public joint stock company whose license was approved by Ministerial Resolution No. (233) dated 16 Ramadan 1427 AH corresponding to October 9, 2006 AD and by Royal Decree No. (M/60) dated 9/18/1427 AH (corresponding to October 9, 2006 AD) October 11, 2006 AD (and was established by Ministerial Resolution No. 196/Q on 7/22/1428 corresponding to 05/08/2007)
The company obtained a license to practice insurance activity No. (TMN/09/20079), dated 29/08/1428 AH, issued by the Insurance Authority in the following branches (general insurance - medical insurance - protection and savings insurance)

The company is under the supervision and control of the Insurance Authority

Introduction

Gulf Union Al Ahlia Cooperative Insurance Company aims to establish the best Governance standards and practices and apply the company's corporate governance rules.
In compliance with the relevant laws, regulations and instructions, the company has established the Audit committee charter, which contains the controls regulating the work of the Audit committee, the role and responsibilities of the committee, the rules and controls for its formation, the selection of committee members, its meetings, and the rewards of its members in accordance with the relevant laws and regulations.

1- Purpose

The purpose of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of (GUAI) Gulf Union Al Ahlia Cooperative Insurance Co. (the "Company") is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to:

- The Company's auditing, accounting and financial reporting processes generally.
- The Company's systems of internal controls regarding finance, accounting, legal compliance and ethical behaviour.
- The Company's financial statements and other financial information provided by the Company to its shareholders, the public and others.
- The Company's compliance with legal and regulatory requirements.
- The performance of the Company's internal audit department and external auditors.

Consistent with these functions, the Committee will encourage continuous improvement of, and foster adherence to, the Company's policies, procedures and practices at all levels. The Audit Committee shall be in charge of controlling the company businesses. For this purpose, the Audit Committee may access the company records and documents and may request any explanation or statement from the Board members or the Executive Management. The Committee may also ask the Board to invite the General Assembly of the company to meet if the Board prevents it from discharging its duties or if the company incurs gross damages or losses.

In performing its duties, the Committee will maintain effective working relationships with the Board of Directors, management, and the internal and external auditors. To perform his role effectively, each

Committee member will obtain an understanding of the detailed responsibilities of Committee membership as well as the Company's business, operations, and risks.

Although the Committee has the powers and responsibilities set forth in this charter, the role of the Committee is oversight. The members of the Committee are not full-time employees of the Company and may or may not be accountants or auditors by profession and, in any event, do not serve in such capacity. However, one of its member should be specialised in finance and accounting. Consequently, it is not the duty of the Committee to conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with all applicable rules and regulations. These are the responsibilities of management and the external auditors.

2- Committee formation, Structure and selection of its members

Committee Formation

- The Audit Committee shall be formed by a decision of the Board of Directors after obtaining the Insurance Authority's non-objection.
- The Audit Committee shall be composed of no less than three (3) and no more than five (5) members.
- The Audit Committee members should be independent and the majority of members shall be from outside of the Board. The committee should include at least one independent Board member and that no executive Board members may be part of the committee.

Members Appointment

- The Audit Committee shall be formed by a decision of the Board of Directors, The Audit Committee members should be independent and the majority of members shall be from outside of the Board. The committee should include at least one independent Board member, provided that obtaining Insurance Authority's prior no-objection on the nomination/appointment

Chairman Selection

1- The Audit Committee shall be formed by a decision of the Board of Directors, The company's board of directors appoint one of the audit committee members as its chairman, , provided that obtaining Insurance Authority's prior no-objection on the nomination/appointment of the Chairman of the committee
2- The Chairman of the Board shall not be a member or Chairman of the Audit Committee.
3- 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.
4- The Chairman of the Audit Committee of the Board shall not have a relationship with Senior Management of the company that could affect his independence.

Rules for selecting committee members

There are a set of rules that the board of directors must take into account when selecting members of the Audit committee, and whoever is appointed as a member of the Audit committee is required to meet the following throughout the term of his membership in the committee:

1- The Audit Committee Member must be independent
2- 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.
3- The Audit Committee members shall not include the Company's executives, employees, or consultants. 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:
    - 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.
4- 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.
5- No Audit Committee Member shall simultaneously serve on the audit committees of more than four (4) public companies.
6- The member of the Audit Committee must have an appropriate academic qualification and knowledge of the nature of the company's business.
7- That the member must have a good reputation and good conduct.
8- To refrain from engaging in any activity that may be in conflict with the interest of the company, or in competition with its business, or that may harm his ability to carry out his duties and responsibilities objectively.
9- To allocate an appropriate time to perform the tasks entrusted to him to perform as a member of the committee.
10- The member should have the appropriate technical, financial or administrative expertise.

3- Membership term, mechanisms for appointing and relieving committee members, and vacant positions

1- The Board of Directors shall appoint the Audit Committee's Chairman and members for a three-year term. The Board of Directors may renew the term of the Audit Committee or a member thereof for another three-year term for one time only.
The Board of Directors may appoint new Audit Committee members in case of electing a new Board of Directors after obtaining Insurance Authority's written non-objection.

2- Insurance 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 the Audit Committee Regulation in Insurance and/or Reinsurance Companies, the Supervision of Cooperative Insurance Companies Control Law and its Implementing Regulation and any

relevant Regulations or Instructions, and take actions it deems appropriate against the Company and the persons concerned.

3- The Board of Directors, after obtaining Insurance Authority's written non-objection, may dismiss an Audit Committee member if he or she ceases to satisfy membership terms or violates the provisions of the Audit Committee Regulation in Insurance and/or Reinsurance Companies, the Supervision of Cooperative Insurance Companies Control Law and its Implementing Regulation or any relevant Regulations and Instructions.
4- An Audit Committee member has the right to resign, after providing the resignation request to the Board one month before its resignation becomes effective. The Company shall notify Insurance Authority in writing of the resignation of a member of the Audit Committee and the reasons thereof and provide Insurance Authority with a copy of the resignation request within five (5) working days from the date of the resignation.
5- 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.
6- 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 the Audit Committee Regulation in Insurance and/or Reinsurance Companies or any other Regulations, Instructions or Decisions issued by Insurance Authority. 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 the date of the change.
7- 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.
8- If there is a vacant seat in the Audit Committee during the membership term, the Board, after obtaining Insurance Authority '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. The appointment shall be presented to the company's ordinary general assembly at its first meeting.

4- Duties of a committee member

1- Regularly attending the committee's sessions and actively participating in its work
2- Preserving the company's secrets. A member of the committee may not disclose to the shareholders, other than in the general assembly, or to third parties, the company's secrets that came to his attention due to the performance of his work, otherwise he must change it, in addition to being held accountable for compensation for the damage that may result from that.
3- To exercise due diligence to carry out the work entrusted to him, and to keep abreast of recent developments related to the company's business.
4- To be characterized by justice and to display integrity, chastity, honesty, objectivity and independence when performing his work
5- To be free of personal interests, not to subject his judgment to the opinions of others, and not to disclose information that is not true.
6- The member shall not participate in any business or activities considered to be offensive to honor and honesty.
7- He shall not accept anything of significant value from an employee, affiliate, customer, supplier, or anyone who has a business relationship with the company that may lead to a weakness in the

independence of the committee member in form and substance or affect or presumably affect his decisions.

8- To disclose to the Board of Directors the transactions that took place between him and the company and the nature of that relationship, as well as the relationship he has with the Board of Directors and the company's executive managers, in accordance with what is required by the code of conduct approved by the company.

5- Responsibilities of the Chairman of the Committee

The Chairman of the committee shall supervise the committee's achievement of all its tasks. The committee chairman shall have the following authorities:

1- Inviting the committee to convene and specifying the time, date and place of each committee meeting and the agenda, after coordination with the committee members.
2- Presiding over committee meetings.
3- Submitting the results and recommendations of the committee's work to the Board.
4- Preparing the committee's budget, its work plan, and its projects in the short and long term, in coordination with the committee's secretary, and presenting it to the committee in preparation for submitting it to the board of directors, after being approved by the committee.
5- When needed - Preparing periodic reports on the activities of the committee in coordination with the committee's secretary and presenting them to the committee in preparation for submission to the board of directors, after being approved by the committee. Copies of the committee's minutes are attached to these reports.
6- Representing the committee on the Board and in front of any other party that requires it.

6- Appointment of a secretary of the committee

1- The committee appoints a secretary from among the company's employees to undertake its administrative work, prepare minutes of its meetings, ensure that the committee chairman signs these minutes, and schedule committee meetings in coordination with its chairman.
2- The Insurance Authority's prior no-objection to the appointment of the committee Secretary should be obtained.
3- When choosing the committee secretary, it should be taken into account that he has the academic qualification and practical experience that enables him to carry out the tasks entrusted to him.
4- The secretary of the committee must document and keep the minutes of the committee's meetings in a special register for that.
5- The Secretary of the Audit Committee shall not be a Secretary of any other board committee.
6- The committee secretary must prepare a list of the committee's tasks and responsibilities and follow up on their implementation on a quarterly basis during the year with the committee chairman and members.

7- Committee Meetings

- 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:
    1. Upon the request of the Chairman of the Board
    2. Cases in which the External Auditor, Internal Auditor, Compliance Officer or Actuary requests a Committee meeting due to reason that requires so.
    3. Meetings on other issues such as:
        - Financial and audit issues
        - Compliance issues
        - Conflicts of interest
        - Professional and ethical codes of conduct

- The Audit Committee meetings shall not be held without the presence of at least half of its members.
- The Committee should also convene if a triggered high priority risk was highlighted.
- Every meeting of the Committee should be followed by a report detailing the outcome of the meeting to the Board of Directors.
- The Committee resolutions shall be issued by majority of present votes. In case of equality, the Chairman shall have a casting vote.
- It is not allowed to vote on the decisions of the Audit Committee on behalf or by proxy of a member
- No member of the Board or the Executive Management except the Secretary or a member of the Committee may attend the meetings unless the Audit Committee requests the concerned person(s) opinion or advice.
- The Committee shall convene periodically with the Company's external auditor and internal auditor, and shall require members of management, the internal audit department, the external auditors and others to attend Committee meetings and provide pertinent information, as necessary.
- The committee may meet remotely via teleconferences or videoconferencing, and they may act through resolution agreed upon in writing.
- It is expected that regular reports will be received on matters to be defined by the Audit Committee but are likely to include:
    - External audit reports.
    - Internal audit reports.
    - Compliance audit reports.
    - Security and fraud reports.
- As part of its job to foster open communications, the Committee shall meet in separate executive sessions during each of its six regularly scheduled meetings with management, the internal audit manager and the Company's external auditors to discuss any matters that the Committee (or any of these groups) believes should be discussed privately.
- Any member may reserve any decision taken by the committee, provided that he states the reasons that led him to reserve. If any member leaves the committee meeting before its conclusion, his reservation, if any, is limited to the decisions related to the items he attended

for discussion, provided that he states in the minutes the items he did not attend the discussion if he expresses his desire in writing.

- The committee secretary must record the opinions of all parties in the minutes of the meeting.

8- Documenting the minutes of the committee's meetings:

The minutes of the committee's meetings are documented as follows:

1- During the meeting, the Secretary of the Committee records the most important discussions and upon completion of the discussion of any topic, he summarizes the recommendations or decisions reached.
2- The Secretary of the Committee shall prepare for each of the Committee's meetings a draft minutes in which the date and place of the meeting, the names of those present and absent, a summary of the discussions and the texts of recommendations and decisions reached by the Committee shall be written and presented to the members of the Committee for approval.
3- The minutes of the meeting must be prepared and sent to the members within 15 days from the date of the meeting.
4- The signed copy of the minutes shall be kept in a special file and all documents related to the minutes shall be attached to it.

9- The Committee's plan and annual report to the Board of Directors and the Committee's evaluation

1- The committee shall prepare, before the beginning of each year, an annual plan that includes a timetable for the committee's meetings and a description of the work it will undertake during the year.
2- The committee must submit an annual report to the board of directors stating the number of committee meetings, the accomplished tasks assigned to the committee, what has not been accomplished, the reason for that, and the obstacles facing the committee in its work.
3- The audit committee must submit an annual report to the company's ordinary general assembly that includes the committee's opinion on the adequacy of the company's internal control system and the other work it has carried out within the scope of its competence.
4- The Board of Directors, through the Nominations and Remunerations Committee or with the assistance of an external evaluation body, conducts the annual evaluation of the Committee and the Chairman and members of the Committee.

10- Authority

In order to achieve its objectives, the Audit Committee shall have full and unrestricted access to all information, data, reports, records, correspondence or other matters which the Committee deems important, and full and unrestricted access to the Board, staff, legal advisers, external auditors, internal auditors and other internal or external parties that the Committee deems necessary. All officials, employees and other internal and external parties must respond to the

queries and requests of the Audit Committee and provide it with documentation, data and information as necessary.

After getting Board Approval, The Audit Committee shall be entitled to obtain external professional, independent and legal advice and appoint other consultants to advise the Audit Committee as considered necessary, at the cost of the Company, and to determine their compensation.

The Board also authorizes the Audit Committee, within the scope of its responsibilities, to:

- Review the scope of the proposed audit to be performed and how effective the scope relates to the Company's special problem areas.
- Review the results of the audit with the external auditors, as well as discuss the financial statements.
- Review the adequacy of the internal financial and operational controls of the Company with both the staff performing internal auditing and the external auditors, and keep the Board informed of its findings.
- The Audit Committee shall consider the company financial statements, reports and remarks provided by the auditor and provide its remarks if any.
- Prepare a report on its opinion in the adequacy of the internal control system of the company and the works it has carried out within its functions.

11- Committee's Resources and Scope of Work

The Audit Committee shall have the authority to retain independent legal, accounting and other consultants to advise the Committee. The Committee may request any officer or employee of the Company or the Company's lawyers or external auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

The Committee shall determine the extent of funding necessary for payment of compensation to the independent legal, accounting and other consultants retained to advise the Committee for the purpose of rendering or issuing the annual audit report.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the power to retain outside counsel, auditors or consultants, or incur other expenses for this purpose, which expenses the Company shall pay. The Committee may also meet with the Company's investment bankers or financial analysts who follow the Company. The Committee may require any officer or employee of the Company or any of its subsidiaries, the Company's outside legal counsel, and the Company's external auditors to meet with the Committee or any member of the Committee.

The Board of Directors shall take all necessary measures to ensure that the Committee performs its duties.

12- Responsibilities and Duties

To fulfil its responsibilities and duties, the Audit Committee shall:

With respect to the external auditors

- The company must have one or more external auditor to be appointed by the Ordinary General meeting, which shall set his remuneration and term and may reappoint him provided that The total term of office for the external auditor shall not exceed seven consecutive or non-consecutive financial years, and the Authority may, at its discretion, amend this term for any company or sector; such period shall be recalculated after the lapse of not less than three consecutive financial years froth end of the last financial year in which he worked on auditing of the Company's accounts. (And any instructions or updates issued by the regulatory authorities in this regard must be taken into account)

- The Assembly may also change the auditor at any time without prejudice to his right to indemnification if such change takes place at improper time or for illegal reason.
- The Audit Committee is responsible (including resolution of disagreements between management and the external auditors regarding financial reporting) for the purpose of preparing its audit report or related work.
- The Audit Committee responds to queries of the external auditors, supervises the activities of the external auditors and approves any activity beyond the scope of the audit work assigned to them during the performance of their duties, and shall provide 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.
- The Audit Committee shall review the external auditor's reports and its comments on the financial statements, and following up on the procedures taken, and shall also review and approve disclosures required to be included in financial statements in accordance with all regulatory requirements.
- The Audit Committee shall have the authority to review in advance and recommend to the Board:
    - All auditing services to be provided by the external auditors (final approvals of such services rests with the AGM).
    - All non-audit services to be provided by the external auditors.
    - Connection therewith to approve all fees and other terms of engagement.

- The Audit Committee shall review the performance of the Company's external auditors on at least an annual basis.
- On an annual basis, review and discuss with the external auditors all relationships the external auditors have with the Company in order to evaluate the external auditors' continued independence its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards.
  The Committee:
    - Shall ensure that the external auditors submit to the Committee on an annual basis a written statement delineating all relationships and services that may impact the objectivity and independence of the external auditors.
    - Shall discuss with the external auditors any disclosed relationship or services that may impact the objectivity and independence of the external auditors.
    - Shall satisfy itself as to the external auditors' independence.

- At least annually, obtain and review an annual report from the external auditors describing:
    - The external auditors' internal quality control procedures.
    - Any material issues raised by the most recent internal quality control review, or peer review, of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more external audits carried out by the external auditors, and any steps taken to deal with any such issues.
    - Confirm that the Company's external auditors have not performed audit services for the Company for each of the five previous fiscal years.

- Review, based upon the recommendation of the external auditors, the scope and plan of the work to be done by the external auditors for each fiscal year.

- A meeting shall be held at least once every quarter or as needed. Such meetings shall be held in private with the external auditors to discuss matters related to the financial statements and any other matters deemed important by the Audit Committee including:
  - That the services provided by external auditors be limited to those specified by the relevant regulations.
  - Problems or difficulties experienced by external auditors during their audit work.
  - Any restrictions on the scope of work of external auditors so as to ensure full and unrestricted access to all entities, individuals and information that external auditors consider essential, including the Company personnel, accounting records, documents and related documents.
  - Issues of contention between management and external auditors and /or internal audit.
  - Coordination of efforts between external auditors and internal auditors

With respect to financial statements

- Review and discuss with management, the internal audit department and the external auditors the Company's quarterly financial statements (including disclosures made in "Management's Activity Report" and the external auditors' review of the quarterly financial statements) prior to submission to shareholders, any governmental body, any stock exchange or the public.
- Review and discuss with management, the internal audit department and the external auditors the Company's annual audited financial statements (including disclosures made in "Management's Activity Report").
- Periodically review separately with each of management, the external auditors and the internal audit department:
  - Any significant disagreement between management and the external auditors or the internal audit department in connection with the preparation of the financial statements.
  - Any difficulties encountered during the course of the audit (including any restrictions on the scope of work or access to required information).
  - Management's response to each of the previous.

- The duties of the Audit Committee shall particularly include the following:
  - The Audit Committee shall analyse 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.
  - Provide 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.
  - Analyse 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/her duties or the Company's compliance officer or external auditor.
  - Examining the accounting estimates in respect of significant matters that are contained in the financial reports.
  - Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.
- Periodically discuss with the external auditors:

- Without management being present, their judgments about the quality, appropriateness, and acceptability of the Company's accounting principles and financial disclosure practices, as applied in its financial reporting.
- The completeness and accuracy of the Company's financial statements.
- Consider and approve, if appropriate, significant changes to the Company's accounting principles and financial disclosure practices as suggested by the external auditors, management or the internal audit department.
- Review with the external auditors, management and the internal audit department, at appropriate intervals, the extent to which any changes or improvements in accounting or financial practices, as approved by the Committee, have been implemented.
- Review with management, the external auditors, the internal audit department and the Company's legal department, as appropriate, any legal, regulatory or compliance matters that could have a significant impact on the Company's financial statements, including significant changes in accounting standards or rules.
- Obtain and review an annual report from management relating to the accounting principles used in preparation of the Company's financial statements (including those policies for which Management is required to exercise discretion or judgments regarding the implementation thereof).
- Review and discuss with management the Company's earnings press releases as well as financial information and earnings guidance provided to analysts and rating agencies.
- Review and discuss with management all material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons, that may have a material current of future effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses.
- Inquire about the application of the Company's accounting policies and its consistency from period to period and the compatibility of these accounting policies with (where appropriate) the Company's provisions for future occurrences which may have a material impact on the financial statements of the Company.
- Review and discuss with management all disclosures made by the Company concerning any material changes in the financial condition or operations of the Company.
- Obtain explanations from management for unusual variances in the Company's annual financial statements from year to year, and review annually the external auditors' letter of the recommendations to management and management's response.

With respect to the Internal Audit Department and Internal Controls

- On an annual basis, the Audit Committee will provide a report on the details of its performance, competencies and duties stated in the Companies Law and Its Implementing Regulations, provided that the report contains its recommendations and opinion on the adequacy of the internal and financial control systems and risk management systems in the Company, which is to be presented to the public shareholders at General Assembly meeting which approves the annual results, and which to be available to all shareholders at least Twenty-one days before such meeting.

- The Audit Committee shall:
  - Review the adequacy of the Company's internal and financial control structure and risk management system, and the procedures designed to ensure compliance with laws and regulations.
  - Supervise internal audit work, review related matters, and discuss the findings over periodic meetings attended by the head of Internal Audit and other parties as deemed necessary.

- Review the Internal Audit's regulations, policies and procedures manual, and its organizational structure when necessary to ensure that they are consistent with changes in the Company's conditions and internal audit best practices.
- Review and approve the internal audit annual plan.
- Ensure that the Internal Audit's strategic direction (in terms of capacity, experience, etc.) is aligned with the Company's direction, and examines the draft internal audit plan, including the risk assessment on which it is based, the budget and human resources required, in addition to any subsequent changes to the plan.
- Ensure that the Internal Audit department has the necessary financial, human resources and support to enable it to discharge its responsibilities effectively and at a reasonable cost.
- Examine the Internal Audit reports for the reviewed units, management's responses thereto, the agreed corrective actions and their date, and works to resolve any comments that have not been agreed upon. Additionally, discuss with the head of Internal Audit whether there is evidence of fraud, misappropriation, or critical errors and if the necessary corrective action has been taken.
- Examine the periodic reports prepared by the Internal Audit department on the work carried out during the designated period against the annual plan. The examination should include a follow up on the procedural actions taken by the internal audit in following up on all the recommendations outlined in the report.
- Examine the results of the Internal Audit quality assurance and evaluation program, including continuous self-evaluations and evaluation by an independent third party every five (5) years.
- Conduct periodic meetings with the head of Internal Audit (held in private every two (2) months at a minimum) and whenever necessary to discuss any matters that the Audit Committee or Internal Audit deems necessary. Additionally, the Audit Committee shall verify that there are no restrictions on the work of Internal Audit, discuss any difficulties affecting the scope and independence of Internal Audit, and ensure the independence of Internal Audit and its freedom to contact the Audit Committee and the Board directly if deemed necessary.
- The Audit Committee nominates the head of Internal Audit, proposes his/her wage and any other benefits and any subsequent amendments thereto, evaluates his/her performance periodically, considers his/her exemption, transfer or removal, and approves the appointment or exemption of audit supervisors directly associated with him/her.

- Establish procedures for:
  - The receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters.
  - The confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

With respect to Compliance Department

- The Audit Committee shall:
  - Conduct periodic meetings with the head of Compliance (held in private every two (2) months at a minimum) and whenever necessary to discuss any matters that the Audit Committee or Compliance department deems necessary. Additionally, the Audit Committee shall verify that there are no restrictions on the work of the Compliance department, discuss any difficulties affecting the scope and independence of the Compliance department, and ensure the independence of the Compliance department and its freedom to contact the Audit Committee and the Board directly if deemed necessary.
  - Approve the appointment, promotion or dismissal of the head of Compliance, , after obtaining the Regulators' written non-objection;

- Supervise the compliance work, review related matters, and discuss the findings over periodic meetings attended by the head of Compliance and other parties as deemed necessary.
- Review the Compliance regulations, policies and procedures manual framework, and its organizational structure when necessary to ensure that they are consistent with changes in the Company's conditions and leading practices.
- Review and approve the proposed Compliance inspection plan for the coming year and ensure that it addresses key areas of compliance.
- Ensure that the Compliance department has the necessary financial, human resources and support to enable it to discharge its responsibilities effectively and at a reasonable cost.
- Examine the Compliance reports for the reviewed units, management's responses thereto, the agreed corrective actions and their date, and works to resolve any comments that have not been agreed upon. Additionally, discuss with the head of Compliance whether there is evidence of fraud, misappropriation, or critical errors and if the necessary corrective action has been taken.
- Examine the periodic reports prepared by the Compliance department on the work carried out during the designated period against the annual plan. The examination should include a follow up on the procedural actions taken by the Compliance department in following up on all the recommendations outlined in the report.
- The Audit Committee nominates the head of Compliance, proposes his/her wage and any other benefits and any subsequent amendments thereto, evaluates his/her performance periodically, considers his/her exemption, transfer or removal, and approves the appointment or exemption of compliance supervisors directly associated with him/her.
- Review the efficiency, effectiveness and objectivity of the Compliance function and ensure that it has appropriate standing within the Company;

Compliance with Regulatory Requirements

- Ensure the Company's compliance with the relevant laws, regulations, policies and instructions;
- Review the effectiveness of the system for monitoring compliance with laws and regulations as they impact on financial reporting, and the results of management's investigation and follow-up (including disciplinary action) of any fraudulent acts of non-compliance;
- Review the comments of relevant supervisory and control entities related to any regulatory violations or corrective actions requested, and make recommendations thereon for the Board;
- Obtain updates from management as required and the Company's General Counsel regarding compliance matters that may have a material impact on the financial statements or compliance policies;
- Reviewing the Actuary reports and making recommendations thereon for the Board.
- Ensuring the Company's compliance with the Actuary's proposals and recommendations, where these are mandatory and required by the regulators.
- Follow-up on lawsuits filed by or against the Company and submit periodic reports thereon to the Board.
- 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.
- Ensuring the optimal use and controls of information technology necessary to generate accurate and reliable information and data are in place.

Other

- Ensure that corrective action is taken or recommended in order to adequately resolve complaints, issues or disputes raised by the Company's stakeholders.

- Review the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures (including management's risk assessment and risk management policies).
- Review the program that management has established to monitor compliance with its code of business ethics and conduct for Board of Directors, officers and employees.
- Review and approve all related-party transactions.
- Review and approve any change or waiver in the Company's code of business conduct and ethics for Board of Directors or executive officers.
- Assist the Board in determining on an annual basis the compliance of each Board member and executive officer with the Company's code of business conduct and ethics and shall report any violations of the code to the Board. The Committee shall recommend to the Board for its approval any waivers of the code for Board members or executive officers and shall ensure that the Board promptly discloses any waivers to shareholders.
- Establish the policy for the Company's hiring of employees or former employees of the external auditors who were engaged on the Company's account.
- Review any management decision to seek a second opinion from external auditors other than the Company's regular external auditors with respect to any significant accounting issue.
- Review with management and the external auditors the sufficiency and quality of the internal audit department staff and other financial and accounting personnel of the Company.
- Conduct an annual performance evaluation of itself.
- Perform any other activities consistent with this charter, the Company's By-laws and governing law as the Committee or the Board deems necessary or appropriate.
- Review and reassess, periodically, the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.
- The Audit Committee members are accountable to the regulators, the Company's shareholders and the Board for implementing the provisions of regulations issued by regulators and executing the Audit Committee's action plan issued by a Board's decision.
- This charter will be made available on the Company's website.

13- Committee Members' Remuneration

The Audit committee members are entitled to annual Remuneration for their membership in the committee, if the eligibility requirements have been fulfilled by the member.
The committee members' remuneration shall be as per the, Board Members and committees members' Remuneration Policies which is approved by the General Assembly, and provided within the parameters allowed by the law and regulations of Saudi Arabia.

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.

14- Review & Amendments

The Committee shall develop, implement and review its own Charter annually and shall thereafter recommend its revised Charter for the Board's approval. The Board in return raises the charter to be approved in General Assembly meeting (in case the changes is required)

Audit Committee Manual

14

14. Audit Committee Manual

14.1 Introduction

The Audit Committee's key responsibility- overseeing the process that produces reliable and credible financial statements while ensuring the Company has effective internal controls- requires it to conduct activities that previously had been executed mostly by management. Today's Audit Committee is also expected to retain and compensate the external auditors, grasp all of the key information included in a Company's financial statements and oversee risk management and compliance with the laws and regulations affecting the Company.

This manual is intended to assist GULF UNION AL AHLIA's Audit Committee members in assuming their responsibilities efficiently and to provide perspectives to Audit Committee on improving their effectiveness in addressing these expectations. It describes areas we believe Audit Committee should focus on.

Figure 3: Audit Committee Areas of Focus

14.2 Composition

The Audit Committee's composition is a key driver of its effectiveness. Therefore, having the right Board members - those with the requisite knowledge, judgment, independence, available time and commitment- sitting on the Audit Committee is imperative for the Committee's responsibilities to be carried out effectively.

14.2.1 Size of Committee

An Audit Committee should be large enough to represent a balance of views and experiences, yet small enough to operate efficiently. The number of the members of the Audit Committee shall not be less than three or more than five, provided that one of its member is specialised in finance and accounting. The size of each Committee should be appropriate for the Company's circumstances and will depend on the extent of the Committee's responsibilities.

14.2.2 Member Selection

The local laws and regulations requires that Audit Committee members be appointed by the Board of Directors. The Audit Committee members should be independent and the majority of members shall be from outside of the Board. The committee should include at least one independent Board member and that no executive Board members may be part of the committee.

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.

The Audit Committee members shall not include the Company's executives, employees, or consultants. 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:

- 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.

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.

The Board and Audit committee's chair may have important insights into skill sets that should be sought in a new member to supplement the Committee's existing strengths.

Nominating new Board members to serve on the Audit Committee is the subject of great debate. On the one hand, the scope of Audit Committee oversight provides an excellent opportunity for a new Board member to learn about the Company. On the other hand, a new Board members would not only have to learn about the Company but also about its financial reporting processes as well. The Board of Directors that assigns new Board members to the Audit Committee should make sure there are enough experienced Board members on the Committee (as per the related regulations) and that new members receive effective orientation.

14.2.3 Member's Attributes

Each member should be capable of making a valuable contribution to the Committee. A diverse outlook is desirable, since a uniform point of view could lead to over-emphasis in one direction. Ideally, written qualifications for Audit Committee members should be developed. Such a description is useful to recruiters in determining readily whether an individual meets the Committee's needs.

A good understanding of the business-including the Company's products, services and industry- is essential, as it enables members to assess the appropriateness of accounting policies and financial results.

Members who have limited familiarity with the Company's industry should be thoroughly briefed as part of their orientation.

Board members must plan to dedicate substantial time and energy if they agreed to Audit Committee service. They should be willing to devote the time necessary to review financial statements, become familiar with the financial reporting process, oversee the Company's compliance with regulatory and legal matters, prepare for and attend meetings and participate in other ways as needed. Committee members should also commit to the ongoing training and development they need to maintain and enhance their individual and collective effectiveness, including education about accounting developments and the Company's business and industry.

Financial knowledge and independence are particularly significant attributes for committee members. They will be discussed in more details below. But many committee chairs and governance observers point to courage as a vital attribute for committee members- courage to challenge when the Board member does not believe management is forthcoming or does not think responses make sense and courage to challenge when no other committee member share a Board member's concern about the proper accounting for a significant issue. Other relevant attributes include:

- Extremely high level of integrity.
- Healthy skepticism.
- Inquisitiveness and independent judgment- asking the right questions and appropriately interpreting the answer.
- Knowledge of the Company's risks and controls and the ability to offer informed insight.
- Recognition of the Committee's increasingly significant role.
- A broad perspective on the business that extends beyond financial and technical knowledge.
- Ability to offer new perspectives and constructive suggestions.

The Committee's Chairman should not only possess these attributes but also have strong leadership qualities, objectivity and the ability to promote strong effective working relationships- among committee members, management and internal and external auditors.

14.2.3.1 Financial Knowledge

Because the Audit Committee oversees financial reporting and the audit functions (internal and external), it needs members with a good understanding of financial reporting. The importance of this understanding is reflected in both Stock Exchange Rules and all applicable regulations and may be extended to other countries.

CMA stipulates that the Committee should have at least one member who is a "specialist in financial and accounting matters" and all other members being financially literate. Literacy in this context can be described as the ability to read and understand fundamental financial statements. Such a person should have:

- An understanding of Accepted Accounting Principles and financial reporting.
- The ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves.
- Experience preparing, auditing, analyzing or evaluating financial statements.
- An understanding of internal controls and procedures for financial reporting.

- An understanding of Audit Committee functions.

The Audit Committee needs members with sufficient knowledge of accounting and financial reporting to enable them to understand the financial reporting process, financial statements and related business issues.

14.2.3.2 Independence

In its role overseeing the financial reporting process and representing the interests of shareholders/owners, the Audit Committee often must question management's judgment or challenge its position. Independence, therefore, is essential for the Audit Committee to function effectively.

Having a fully independent Audit Committee does not guarantee the Committee will be effective. But having a Committee whose members are beholden to management greatly increases the likelihood that it will not be, as members might be reluctant to ask the tough questions and persist until they get needed answers. Therefore, a Committee composed of all independent Board members is clearly leading practice.

A crucial issue here is how should independence be defined? Regulators and various organizations have developed rules or definitions to guide companies, and these can be useful in setting the Committee's independence guidelines. It is important to recognize, however, that a Board member who technically meets the letter of an independence rule still might not be independent if other factors prevent that Board member from exercising true objectivity. The ultimate goal is member independence and objectivity in mind and action-rules and guidelines can serve only to help select and retain the right members.

Because of disparity in definitions and guidelines, the Board and the Audit Committee should agree on an appropriate definition of independence to apply to members. The definition should, of course, encompass any legal, listing or regulatory requirements applicable to the Company. Also it is useful for members to assess their "true" independence- that is, their ability to exercise judgment freely and objectively in carrying out the Committee's responsibilities.

14.2.4 Membership Term

When considering length of service on the Committee, the Board of Directors needs to balance the benefits of having experienced members oversee these complex activities against the risk that, after extended service, some members may become stale or complacent. Some companies establish term limits, for example, five to seven years, to address this issue. Others believe the normal turnover of committee members solves this problem.

Mandatory rotation of committee members is still rare in practice. When there is no policy for mandatory rotation, it becomes more important that individual committee member performance be evaluated regularly. Such evaluations provide a mechanism for replacing members whose performance does not meet the shareholders expectations.

Whether or not a formal rotation policy for committee members exists, effective practice demands that the company, when planning for committee membership succession, consider both continuity and the desirability of a fresh perspective. Shareholders recognize the benefit of continuity, that rapid turnover can decrease the Committee's effectiveness, since members need time to understand the technical issues and learn the Committee's procedures. By considering succession planning, shareholders can ensure all experienced members do not depart from the Committee within short time frame, protecting inexperienced members from being left without guidance and historical perspective. Some companies stagger the terms of service of committee members to help ensure appropriate balance is maintained. Any service term requirements should be included in the Committee's charter as per the applicable regulatory requirements.

14.2.5 New Member Selection

New members joining the Committee have special needs. To be effective- to know what questions to ask and how to interpret and follow up on answers- Audit Committee members must have a solid

understanding of the business. They need to understand the Committee's roles and responsibilities, and to become conversant quickly with the financial reports, as well as with the major underlying processes and related risks.

Additionally, if the Audit Committee member is also new to the Board, the orientation should include information about the Company's business and industry- including insight into strategy, competitive environment, operations, sales channels, supply chain, and other business issues- and key business risks.

Company management and internal audit often are well placed to provide information and orientation training, as are external auditors, who can offer a valuable perspective on the financial reporting process, their role, and their view on key risks.

As important as the topics covered in the program, orientation programs should be conducted timely and be appropriate.

14.2.6 Remuneration of Audit Committee Members

Remuneration of Audit Committee members should reflect the time, commitment and responsibility involved in serving as an Audit Committee member. This will depend on the complexity of a Company's operation, financial reporting requirements and internal control structure. The Ordinary General meeting should review the remuneration of Audit Committee members in light of the enhanced commitments involved in serving as an Audit Committee member.

14.3 Organization

14.3.1 Meetings

The best meetings are those in which the Committee engages in productive discussion with management and the auditors, and among its members. Effective meetings require strong leadership, the right agenda, advance materials, appropriate participants and effective dynamics. To be positioned to effectively carry out the responsibilities expected of it, the Audit Committee must meet at least six times a year and hold special meetings as warranted. Agendas must cover all committee responsibilities, allow sufficient time for in-depth discussion and provide for regular private sessions with key parties. While off-line communications are more prevalent and are important in contributing to effectiveness, the Audit Committee meeting remains the key venue for the Committee to discharge its responsibilities and it must be well executed for committee success.

Table 4: Excerpt from a sample Audit Committee schedule planner

	January 25	February10 (phone)	March 7	May11 (phone)	July 19	August10 (phone)	September 20	November 15
Review and discuss the quarterly financial statements with management and the external Auditors prior to filing with regulators		X		X		X		X
Review and discuss the annual Audited financial statements, including management's discussion and analysis, with management and the external Auditors			X					

Discuss with management and the external Auditors any significant financial reporting issues and significant judgments made in connection with the preparation of financial statements, including any significant changes in the selection or application of accounting principles			X					X
Discuss with external Auditors matters required to be discussed by applicable Auditing standards and regulations		X	X	X		X		X
Discuss accounting developments affecting the Company's financial statements this year or next				X			X	

14.3.1.1 Duration

It is vital that committee members have sufficient time to discuss important matters, in-person meetings should last two to four hours. While Committee meetings often are scheduled to coincide with Board meetings, they should not be so tightly scheduled as to restrict the time needed to fully discuss issues. There should be flexibility to extend discussion, if needed. The past practice of convening Audit Committee meetings for a short period immediately before a Board meeting is difficult- if not impossible- to justify these days.

So how long should meetings last? Too many variables exist to establish a standard or minimum meeting length. Rather, the time required to cover the agenda effectively should dictate the duration. The acid test is whether committee members are satisfied they have thoroughly addressed all significant agenda items, without feeling undue pressure to rush discussion.

However, a note of caution. Longer meetings are not necessarily better. Why? Because it is difficult to remain focused for extended periods of time. That is why, increasingly, Audit Committee chairs are shifting focus to ensuring efficient meetings. How? By requiring appropriate materials beforehand, which committee members are expected to review, and then by limiting formal presentations during meetings so members can spend meeting time actively discussing issues, instead of passively listening.

14.3.1.2 Agenda

A detailed written agenda, along with briefing materials, should be distributed before each meeting. Well-crafted agendas help keep the Committee focused, and are most effective when the most important topics are listed first.

As mentioned earlier, a scheduling calendar can be used as a starting point in developing the agenda for each meeting. Regardless of who develops the agenda, the chair must play an active role in finalizing it, ensuring that all relevant issues are included, and shaping it to his satisfaction before it is distributed.

How should chairs contribute to developing agendas? The chair should monitor events reported in the media for issues that may be of concern to the Company. He then asks the Board Secretary to add them to the agenda and find the appropriate person from within the Company to address the issue at the meeting. And any committee member can add an item of interest to the agenda, so the Committee might focus, for example, on capital expenditures in one meeting, and on tax and zakat in another.

It is also possible to use a timed agenda so the chair knows in advance how much time each topic is expected to take. Although these estimates do not limit discussion, this approach requires that he understands beforehand what management and other presenters expect to cover and what materials will be distributed or discussed. This knowledge allows the chair to request alternative materials from management/auditors to shorten formal presentations. It also allows for flexibility during the meeting to

determine which discussions can be accelerated and which topics could be postponed to another meeting, if needed.

14.3.1.3 Briefing Material

To enhance effectiveness, briefing materials should be supplied well in advance of meetings. The Committee should insist on receiving them two weeks beforehand. For their part, committee members must take the necessary time to prepare fully by studying the materials provided and noting any questions.

Generally, materials are prepared and distributed by management, and often include special reports from the internal audit manager and external auditors on matters they will address at the meeting.

The best briefing materials strike a balance between communicating completely the information the Committee needs, and being pitched at the appropriate level as to avoid extraneous detail the Committee does not need. The committee chair may insist that if an individual document is over three pages long, management of the reporting group should provide a summery highlighting key information. Also, the chair may require an executive summery at the start of each report in the briefing package. This practice requires information preparers to analyze what they are communicating and think carefully about what is most important to the Audit Committee.

It is also a common practice to provide the Committee with detailed information, so members can drill down if they wish to.

Here, Audit Committee chair can play an important role by reviewing draft briefing materials and discussing and clarifying issues with management and the auditors in separate meetings before the Committee meeting. This allows the chair to better understand which issues are relevant and ensure he obtains what is needed.

Audit Committee members initially might think the volume of information they receive is more than sufficient, but they need to assess the information provided they should determine what information they want, the form and source of the information, and discuss with management the means of obtaining such information. By doing so, the Committee can prevent a lack of information or information overload.

14.3.1.4 Participant

Members of the Audit Committee should attend all meetings of the Committee. In addition to members of the Committee, other participants are often present, by invitation, at meetings. For example, both the internal audit manager and the external auditors typically attend every Audit Committee meeting by invitation from its chair. Moreover, because management is responsible for the financial reporting process, its active participation in committee meetings is important. Therefore, the Chief Financial Officer (CFO) is often invited to attend every Committee meeting. Functional specialists such as information technology Director and business units' leaders also attend by invitation, but less often-typically when their expertise is needed to address specific agenda items.

One advantage of having management attend is that the Committee can get its questions answered during the meeting. There are, however, drawbacks. When management and observers greatly outnumber the Audit Committee, members may be reluctant to ask questions. Also, a manager may be less candid in answering a question when his or her supervisor is in the room and is not happy the question has arisen. Thus, while management can provide information that is helpful to the Committee in its deliberations, the Committee must remain alert so that management does not unintentionally or otherwise, divert attention from sensitive matters.

Most Audit Committees do not routinely invite outside specialists to their meetings, except for the external and internal auditors.

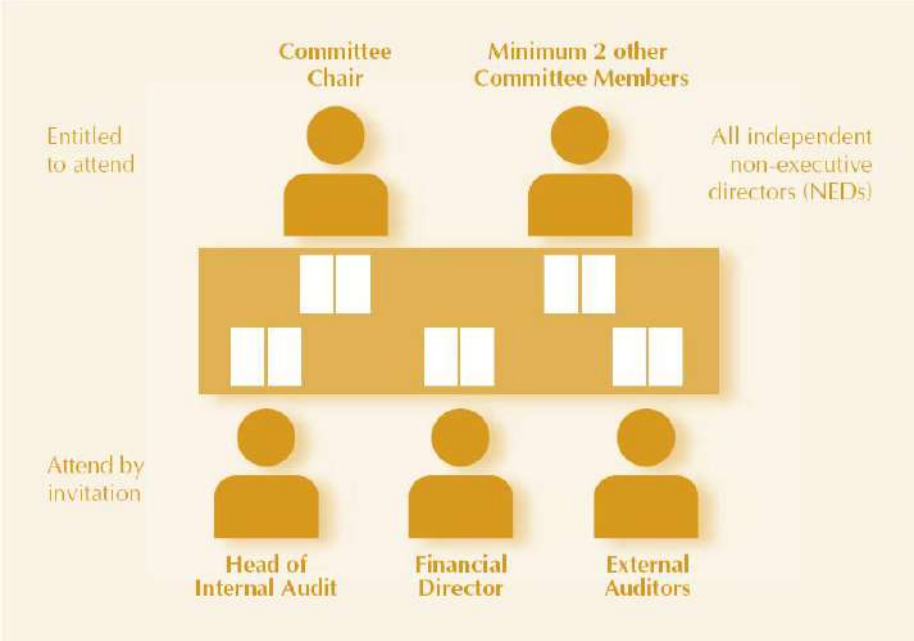

Figure 4: Audit Committee Attendances

14.3.2 Private Meetings

The Audit Committee should meet regularly in private with the internal audit manager and the external auditors to discuss issues such as auditors' performance, management's performance, and future agenda topics or how the Committee might improve its own performance.

These private sessions should be scheduled as part of the agenda at each meeting. While it is possible to hold such sessions only when requested by the internal audit manager or external auditors, such requests raise a red flag with management, diminishing confidentiality. Although it is more typical of these sessions to be held at the end of the meeting, Audit Committee may schedule the private discussions with internal audit at the beginning so they can become more aware of areas they should probe during the meeting.

Audit Committee should also meet periodically in private sessions with finance management. Such sessions are important when the Audit Committee needs input on the performance of the auditors or discusses management's performance.

Audit Committee may determine that private sessions would be useful with other parties- such as the CEO- to discuss particular issues.

Audit Committee members also should hold private (members only) sessions regularly to discuss their concerns.

14.3.3 Chair's Role

The chair plays a crucial role in ensuring that meetings function effectively, but that role is not confined to the meetings themselves. The chair should spend significant time between meetings keeping current on Company activities, discussing and resolving issues, communicating with various parties and committee members and preparing for meetings.

How? The chair should hold pre-meetings. By meeting separately with the internal audit manager, external auditors and key finance management a week or two before the Committee meeting, the chair can understand developments better and dig deeper into issues. Reviewing the briefing material before they are sent to the full Committee, and requiring that relevant changes be made, allows the chair to ensure the material serves the Committee's needs.

Chair's involvement takes a great deal of time and effort. On average, the chair spends two to three hours preparing for every hour of meeting time. This is in addition to the time spent every year visiting management at every major location in which the Company operates.

14.4 Roles and Responsibilities

The roles and responsibilities of the Audit Committee will focus on its key responsibilities for assisting the Board in fulfilling its duties in connection with the financial reporting process and with regard to the adequacy and effectiveness of the Company's systems of internal controls. The Audit Committee should also satisfy itself that all key areas of risk to the business are properly addressed by the external and internal auditors. The Audit Committee may, from time to time, assist the Board in considering other business and financial issues outside the Audit Committee's normal scope of work.

14.4.1 Financial Reporting

The Audit Committee assists the Board of Directors in discharging its oversight responsibilities. Its role is defined by Ordinary General meeting and its activities may differ with Company circumstances, industry needs, applicable corporate governance rules and stakeholder requirements. Although the Audit Committee may take on numerous additional responsibilities, the central reason for the Committee's existence is to oversee the integrity of the financial statements.

14.4.1.1 Annual Financial Statements

A key element in the Audit Committee's oversight of the integrity of the financial statements and the financial reporting process is reviewing and discussing the annual financial statements with management and the external auditors- and determining whether they are complete and consistent with operational and other information known to committee members. The Audit Committee is also responsible for assessing the quality, not just the reliability, of earnings. But the Committee's financial reporting responsibilities do not end there. The committee also needs to:

- Understand the processes used in developing the financial statements and be comfortable the supporting information systems are reliable.
- Assess management's degree of aggressiveness or conservatism in preparing the financial statements.
- Review significant accounting and reporting developments and issues, including recent regulatory pronouncements, and understand their impact on the financial statements.
- Assess the quality of accounting principles and the appropriateness of significant accounting policies.
- Understand and be comfortable with management's assessment of materiality, both quantitative and qualitative, for financial statement purposes.
- Understand management's process for developing significant estimates and the impact of those estimates on the financial statements.
- Understand significant risks, including fraud risks, and plans to mitigate the risks.
- Discuss with internal and external auditors their audit plans to address significant risks and the audit results.
- Consider management's handling of proposed audit adjustments identified by the external auditors.
- Resolve disagreements between management and the external auditors.
- Recommend to the Board whether the financial statements should be incorporated into the Company's regulatory filings.

Audit Committee could achieve the above by demonstrating the appropriate level of scepticism, asking probing questions, and having frank discussions with management and the auditors, pressing for answers if needed. Audit Committee members also need to prepare thoroughly for meetings- carefully considering the draft financial statements and other information provided. To do this, they must insist on receiving financial information in briefing packages well in advance of meetings. Audit Committee also should request that information clearly identify changes from versions previously reviewed and highlight for their attention areas new from the prior year's reports.

Audit Committee may also ask management or the auditors to develop a snapshot of significant balance sheet accounts to better understand the nature, policies, risks, audit approach and other complexities of the account.

In reviewing financial statements, the Audit Committee needs to focus on specific issues, including materiality, accounting policies, areas involving estimates, significant changes and areas most susceptible to fraud. Audit Committee also needs to review narrative reporting for appropriateness of disclosure. Audit Committee should be aware of the importance of assessing the transparency of financial statements and other disclosures, as discussed in the following sections.

14.4.1.2 Materiality

It is important for Audit Committee to understand how management and the external auditors evaluate materiality for financial reporting purposes. Experience shows that many do not fully understand how complex establishing materiality can be.

Materiality is more than just a quantitative concept, and significant judgment is involved in its evaluation. A quantitative threshold, such as a materiality percentage, is a useful basis for preliminarily assessing whether an item is likely to be material. In any event, management and the auditors need to assess all relevant facts and circumstances around an item- including both quantitative and qualitative measures- before being satisfied that it is in fact immaterial. Qualitative considerations include, among others, whether the misstatement:

- Masks changes in earnings or other trends, especially trends in profitability and earnings per share.
- Hides failure to meet analysts' consensus expectations for the Company.
- Changes a loss into income or vice versa.
- Helps conceal an unlawful transaction or involves improper acts by senior management.
- Affects the Company's compliance with loan covenants, other contractual agreements or regulatory requirements.
- Increases management's compensation, for example, by satisfying threshold requirements for bonus awards or other forms of incentive compensation.

In essence, something is material if a reasonable person would consider it important. Indeed, materiality aside, regulators favour companies correcting any known errors they have been able to measure precisely, regardless of size.

14.4.1.3 Areas Involving Estimates

The Audit Committee should scrutinize areas involving estimates, since they can have a significant effect on reported profits. Estimates are commonly required for:

- Likely uncollectible accounts receivable.
- Slow-moving or obsolete inventory.

- Asset impairments (e.g., goodwill and intangible assets).
- Employees' benefit obligations.
- Income taxes.
- Restructuring costs.
- Loan loss reserves.
- Litigation reserves.

The reality is that for many of these estimates, management must predict the effects of events that do not occur until far into the future. While many companies have well-established methods of handling relatively routine estimates, other estimates can prove more difficult. On the positive side, Audit Committees are asking more questions about management's process for developing estimates and are requesting supporting documentation.

While recognizing that estimates by their nature are subjective and can change based on future event, knowledgeable Audit Committee members understand estimates' susceptibility to manipulation and give them the necessary scrutiny.

14.4.1.4 Significant Changes

Global leading practice calls for Audit Committee to review significant period-to-period changes in the accounts as an integral part of the financial statement review. Management should provide substantive explanations for the reasons for major variations from year to year and between actual results and budgets and forecasts.

Audit Committee should evaluate whether there are significant increases in volume directly before the period-end close or significant changes between the final quarter's results and the trend over the first three quarters and, if so, why. Importantly, the Committee should ask management to address why significant variances did not occur when operational and other information known to committee members indicate they should have. And, the Committee members should challenge management when earnings information provided earlier in the period suggested targets would not be met, yet at period end they were. For example, if any one-off transactions were recorded, Committee should consider whether the accounting and disclosure are appropriate.

Management should highlight any unusual or complex items and their accounting treatment for the Committee. Committee members should pay particular attention to management's reasoning in areas requiring the exercise of significant judgment. Highly complex issues, such as off-balance sheet transactions, should be explained and discussed. The Committee will want to understand fully the purpose behind significant transactions, their economic substance, and their impact on financial statements. Committee members should be satisfied that management's explanations are reasonable and consistent with their understanding of the Company.

14.4.1.5 Areas Most Susceptible to Fraud

High profile companies around the world have admitted to fraudulent financial reporting, damaging investor confidence. Consequently, regulators and standards setters place tremendous emphasis on preventing and detecting fraud. These rules articulate common expectation- that the Audit Committee, in its oversight of financial reporting, plays a key role in reducing fraud risk. The financial reporting areas most susceptible to fraud are as follow:

Revenue recognition: improperly recording the timing of sales, recording fictitious revenue, improperly valuing revenue.

Expense classification: improperly capitalizing/deferring expenses, failing to record expenses, overstating ending inventory values, improperly using restructuring and other liability reserves, understating reserves for bad debts and loan losses, failing to record asset impairment.

Accounting for business combinations: improperly valuing assets, improperly using merger reserves, inappropriately applying combination methods.

Estimates that are generated by quantitative methods require special scrutiny. Audit Committee should understand management's process for ensuring the accuracy and validity of such models and consider engaging auditors or other third-party experts to test and validate models that are particularly significant and complex.

14.4.1.6 Interim Financial Statements

In addition to annual financial reporting information, Audit Committee should review interim financial statements- whether quarterly or semi-annually- including related information disclosed and its presentation. Committee should perform this review prior to the Company's filling with regulators.

In its review, the Audit Committee should ask management about significant judgments and issues faced in the period-end closing, and whether the interim statements were prepared on a basis consistent with the annual financial statements. It should discuss with management the overall quality of earnings and adequacy of proposed disclosures. Many questions posed during the annual review- how results compare with budget, whether the accounting policies are consistently applied, significant changes in trends, significant transactions, how unusual events are reflected and so forth- applies to interim reports as well.

The Audit Committee also should discuss the results of external auditors' review of interim reports. External auditors are supposed to communicate specific matters- including the selection of new or changes to significant accounting policies, audit adjustments, material accounting or disclosure errors identified, disagreements with management, and material changes in internal controls- to the Committee in connection with their review of interim financial statements. Such communications should take place before the interim reports are filed with regulators.

14.4.1.7 Narrative Reporting

The Audit Committee should review any additional disclosure and other sections of the annual report before publication and consider whether the information is consistent with the financial statements and facts as the Committee understands them. Audit Committee also should ask the external Auditors and the internal audit manager whether the narrative reporting is adequate and consistent with the financial statements and their knowledge of the Company's operations.

Assessing whether the information in narrative reports is accurate is only one part of the Committee's role. Audit Committee also should consider whether the reporting is complete. The Committee should ask questions such as: Is the Company disclosing what it should? Is it providing the full story? Do these results really reflect the ongoing, sustainable operations of the business? Does some of the information distort the real results?

So what happens when the Committee identifies something management has not proposed to disclose? It should challenge management as to the reasons why the item should or should not be disclosed. If the discussion convinces the Committee, then it should accept management's viewpoint. However, if the Committee is not convinced- say management opposes disclosing an item because it might benefit competitors, yet the Committee believes financial statement users should have this information- it should demand disclosure. Additionally, not disclosing information because the Company could be embarrassed is not an acceptable reason.

Transparent communications successfully conveys to stakeholders information needed to value the business and make an informed decision. Therefore, companies must commit to transparently disclosing more information- details like their competitive market environment, Company strategy, business activities, targets and results for key performance measures and detailed segment information. And once

they start, they provide this information consistently, even when it does not reflect favourably on the Company.

14.4.1.8 Disclosing Related Information

While traditional financial disclosures are important, companies also disclose earnings guidance, forward-looking information and other financial information. Sophisticated investors and analysts closely monitor this information.

Given the importance of this information, Audit Committee should ensure they are part of the related review process. Moreover, in reviewing this information the Committee should:

- Understand what information is related.
- Consider the quality of systems and reliability of data underlying this information.
- Understand key business assumptions and dependencies supporting this information.
- Assess the likelihood of business assumptions occurring.
- Consider management's history in meeting earnings targets.
- Consider analysts' expectations for Company performance.

14.4.2 Internal Control

Internal control is an important component of enterprise risk management. It helps ensure management's responses to risks are effective. It can be defined as a process that provides reasonable assurance that a Company will be able to achieve its objectives in the following areas:

- Effectiveness and efficiency of operations.
- Reliability of financial reporting.
- Compliance with applicable laws and regulations.

The Audit Committee needs to define and agree with the Board on the scope of its oversight of internal control. The Committee should consider the extent of assurance it receives from the scope of internal audit's work.

While management is responsible for implementing effective internal control, the Audit Committee plays a vital role in overseeing it.

Below are the steps the Audit Committee can take.

- Understand the framework used to assess internal control.
- Meet periodically with individuals who are primarily responsible for internal control throughout the Company.
- Assess, and help set, the tone at the top.
- Discuss with management controls in place to mitigate key financial reporting risks, including fraud risk.
- Review the annual plan to address internal control reporting.

- Discuss the approach to testing and reporting with management, internal audit, and the external auditing.
- Understand the resources being used for compliance.
- Meet regularly with management, internal audit, and the external auditor to discuss status and findings – particularly significant deficiencies and material weaknesses – as well as management's action plan to respond appropriately.
- Review external reporting on internal controls.
- Monitor implementation of significant internal control changes.
- Promote internal control efficiencies across the Company.

When assessing internal controls over financial reporting, astute Audit Committee should focus on areas of greatest potential risks, a few of which are:

- Management override of controls: Audit Committee should carefully consider whether – and how – management could override established controls. Audit Committee should understand what procedures mitigate this risk.
- Outside service providers: Audit Committee of companies that partly or wholly outsource key functions – such as recordkeeping, information system processing, systems development, internal audit, or internal control testing should be sure they are comfortable that management is properly monitoring the outside service providers and ensuring their work is appropriate. For example, Committee ensure management has considered the service provider's reputation, its experience; the quality of its personnel, and its controls, policies, and procedures, to determine it safeguards the Company's information properly. Also, Audit Committee probe to see whether Company management has the controls and procedures to monitor results of service providers' work and identify any problem on a timely basis.
- Information technology: As part of its overall role in internal control reporting, the Audit Committee should consider whether it has the knowledge, or can leverage internal or external experts, to oversee effectively the complex information technology that underlies internal control. Audit Committee need to ask insightful questions regarding controls over privacy, security, and assess particularly as threats to systems are constant.
- Mergers and acquisitions: Audit Committee should consider the target companies internal control when assessing merger and acquisitions transactions. Due diligence should include specific consideration of internal control and its implications for external reporting requirements – specifically, the state of the targets internal control environment and the buyer's plans to merger operations and ability to standardize controls after acquisitions.

Where internal controls are weak, the Audit Committee should require the Board to make improvements. The Audit Committee's involvement is important and can help to reinforce a strong "control culture" in the business.

14.4.3 Regulatory Compliance and Business Ethics

The Audit Committee usually oversees compliance matters beyond those relating to the integrity of published financial information. The Committee, therefore, understand and be familiar with not only managements internal financial controls and their procedures for managing financial risks, but also legal, regulatory and industry standards, internal policies, other stakeholder requirements, and ethical matters. All of these can have a potential financial, non-financial reputational impact.

14.4.3.1 Code of Conduct

The reputation of a business is a critical factor in determining its value. Given the increased attention that the media, public and investment community pay to ethical issues as a determiner or reputation, more and more Boards are devoting resources to ethical programs. One sign of the importance attached to business ethics is the adoption by many companies of formal codes of conduct, setting out the Board's guidelines for acceptable business practices.

A code of conduct is a statement about the Company's positions on ethics and compliance issues. Employees typically do not know, or even have easy access to, organizational policies on many conduct and compliance issues. The code of conduct therefore serves as a user-friendly guide to the Company's policies on employee and organizational conduct.

A code of conduct – whether it exists as a few pieces of paper, a bound manual, or an on-line resource of information – is only a collection of the Company's stated positions on policy issues. It is intended to be supported by action, resources for help, training, and so on.

While codes can cover various topics, the Company should ensure they affirm:

- Expectations for professional behaviour at and outside the work place when conducting Company business.
- Employees' responsibilities for reporting misconduct or expressing concerns.
- Standards of responsibility for both management and non-management employees.
- The fact that some management and senior employees may be held personally and/or criminally liable for their own actions.
- A specific process for disciplinary actions when policy violations are discovered. Depending on the severity of the violation, the process may include a verbal warning, a written warning, corrective action, follow-up review and report, or finally, dismissal.

Audit Committee should oversee management's programs to ensure compliance with the Company's code of conduct on behalf of the full Board. Below are the leading practices for effective Audit Committee oversight of the code of conduct.

- Ensuring a robust, written code of conduct has been developed – and addresses all appropriate parties and covers all aspects mandated – and reviewing and approving it.
- Ensuring the code of conduct is communicated to all employees – including understanding any requirements to certify they have read and understand the code, and any annual certification programs for continuing compliance – and that employees receive.
- Ensuring the Board itself receives a copy of the code and related training.
- Understand and being satisfied with the support and communications channels available to help employees address issues, and that they are working effectively.
- Understand and being satisfied with the program for monitoring compliance with the code – as well as reviewing summary of reported violations and follow-up actions.
- Ensuring that management complies with the code and exhibits ethical behaviour in its vital role of establishing the tone at the top.
- Reviewing the code annually and discussing whether it should be revised.

Management, general counsel and the internal audit, should provide relevant information to the Committee on the code's implementation throughout the Company.

14.4.3.2 Compliance

Compliance is an outcome of doing business the right way and must be integrated seamlessly into all process components of the organization. Companies should not view compliance as a stand-alone activity or role within the organization, or as something that is performed outside of, or in addition to, day-to-day business activities.

An effective compliance framework enables Company to demonstrate how (through its policies, processes, systems and behaviours) it is meeting the obligations imposed on it by its stakeholders, including laws, regulations, industry codes, internal policies, standards of good corporate governance and other community expectations. Unless a separate compliance matters beyond those relating to the integrity of published financial information. Below are the minimal criteria the Company should embrace in its compliance and ethics programs.

The Company should:

- Establish standards and procedures to prevent and detect criminal conduct.
- Ensure proper leadership and oversight of the compliance and ethics program:
  - Ensure the Board is knowledgeable about the content and operation of the program and exercises reasonable oversight with respect to its implementation and effectiveness.
  - Assign overall responsibility for the program to high-level personnel.
  - Delegate day-to-day operational responsibility to specific individuals who have adequate resources and authority, including direct access to the Board level.
- Make reasonable efforts, exercising due diligence, not to delegate authority to anyone who has engaged in illegal activities or other unethical conduct.
- Communicate to and train Board members, senior personnel, and employees on the compliance an ethics program.
- Take reasonable steps to ensure the compliance and ethics program is followed, by Auditing and monitoring to detect criminal conduct; periodically evaluating the program's effectiveness; and having and advertising an anonymous or confidential hotline for employees to report issues or seek guidance.
- Encourage adherence to the program through appropriate incentives and apply appropriate discipline if personnel engage in criminal conduct.

After criminal conduct has taken place, take reasonable steps to respond to and prevent further similar incidence, and modify the program as necessary, periodically assessing the risk of criminal conduct.

The Audit Committee should have an oversight responsibility for compliance. Leading practice shows that Audit Committee should oversee compliance and ethic programs by:

- Understanding the design of the Company's program for ensuring compliance with laws and regulations including areas of higher risk, areas of particular focus, key personnel involved and their backgrounds, reporting structure, challenges, and approaches to addressing specific major requirements.

- Reviewing the effectiveness of the Company's program for ensuring compliance with laws and regulations, including how management monitors to ensure the program is operating appropriately.

- Ensuring comfort with the manager designated to head the function, and whether that person has the appropriate independence, budget, staff and resources required to implement and administer and effective program – and meeting periodically with the manager to discuss key risks, status, issues, and program effectiveness.

- Understanding the nature of any significant issue that come to light and management's investigation and follow-up, including disciplinary action.

- Reviewing trends in compliance and management's plans to address systemic issues.

- Reviewing findings and reports of examinations by regulators.

- Being satisfied that disciplinary actions management has taken to respond to violations are appropriate and reviewing responses for consistency being satisfied management is making any changes required to ensure ongoing program effectiveness.

- Ensuring management has reflected the impact of significant issues in the financial reports.

- Understanding how internal audit assesses the risks inherent in the compliance and ethics program and covers them in audit plans.

- 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.

14.4.3.3 Whistle Blowing and Complaints

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, and shall ensure that such arrangements have been put into action through an adequate independent investigation, and shall adopt appropriate follow-up procedures.

The Audit Committee is expected to establish or review steps taken by management to establish, whistle blowing procedures on financial matters. The Audit Committee needs to know that:

- Management has whistle blowing and complaint handling systems in place.

- Key issues from these systems are being brought to its attention.

Managers and employees who become aware of instances of possible financial malpractice within the Company should have a safe channel through which to report their concerns. Such a channel must have multiple avenues for reporting concerns, this includes offering a number of functional/departmental options, e.g. an ethics officer, a toll free helpline, or a secure email address, ready to address minimal issues (which maybe HR or benefits related), or very serious issues of suspected fraud, or other misconduct at a senior level. All the while, employees must also be informed that every effort will be made to keep their concerns confidential and/or anonymous, if requested, but that in pursuit of an investigation it might not always be possible

14.4.4 Oversight of Management and Internal Audit

The strength and candour of the Audit Committee's working relationships with management and internal audit are key factors enabling the Committee to carry out its responsibilities effectively. Audit Committee relies on the skill set and performance of management and internal audit and at the same time must be

active in overseeing the many aspects of these important relationships, with the common goal of mutual support and respect.

14.4.4.1 Relationship with Management

Audit Committee needs to place significant reliance on and interact effectively with management. Audit Committee should balance its role of advising and counselling management with their fiduciary duty to monitor and oversee management. Getting that balance right is challenging, and balance shifts with changes in the business environment and in a Company's specific circumstances. So while Audit Committee should ensure reviewing information carefully – and challenging management when necessary – they should not be resolving everyday issues or making management decisions. The Committee should have its "noses in, fingers out".

Conflict arises between Management and the Board of Directors when there is no clear understanding and consensus on where management's responsibilities end and the Audit Committee's begin. Management may believe it is doing its job by informing the Committee of a decision, only to find the Committee feels it should have been consulted in advance of the decision. Or the Committee may provide input and consideration factors on an issue when management did not request input, resulting in the Committee feeling management ignored its views. Whatever the source of conflict, such situations create dissatisfaction and even resentment. Management should seek the Committee's input when making key decisions. However, if the Committee finds that they are getting information on issues after the fact, and are uncomfortable their input was not requested, they need to point this out to management, either as part of a private session or through conversation between the chair and the manager involved. If, for its part, management is not sure whether something qualifies as a "key" decision, it should ask. Periodically affirming which types of transactions the Committee wants to have hands-on involvement with is also a good idea.

Management's actively engaging the Audit Committee is part of a vital shift in mind set. Management should view the Audit Committee as an asset and consider whether it is adequately supported through access to the right information, resources, and training – similar in concept to maintaining any important asset.

Matters on which Audit Committee might obtain regular briefings from management include:

- Management assessment of the business risks the Company is facing and its planned response to those risks.
- Current issues affecting the Company's industry (for example, regulatory issues or information about the competitive environment).
- The effects new laws or other regulations may have on the Company.
- The legal environment, including any lawsuits and administrative proceedings, the status of product and environmental liability and warranty reserves.
- Treasury activities including cash management, hedging, foreign currency transactions, and use of new or unusual financial instruments.
- The Company's foreign operations, including locations, and local controls over financial reporting.
- Employee compensation policies, procedures for reviewing officer's expenses and benefits, and controls over agreements with temporary and contract staff.
- Insurance cover for Board members and senior officers.

14.4.4.2 Communication and information flow

The Audit Committee needs strong, open communications channels with senior management – continually, not just during meetings. Astute committee chairs recognize the importance of ongoing communications to building a trusting relationship. Accordingly, they should insist on increased contact with key management – speaking as frequently as every week or every few weeks.

Discussions between the Audit Committee and management must be candid. Audit Committee should be able to ask probing questions, obtain additional information, speak with other individuals within the Company and perform appropriate independent checks on management. And management should respect that it is the Committee's role- and its right – to do so. Management's unwillingness to respond to Audit Committee requests should raise a red flag. Below are the lists signs of robust communications with management.

Whether management:

- Answers questions fully and promptly.
- Provides factual information to support responses.
- Admits when it does not know the answer.
- Supports the Audit Committee by contacting additional relevant resources and specialists.
- Is easily accessible.
- Advises the Committee of significant transactions or issues in a timely manner.
- Asks for Audit Committee input in advance of key decision.

14.4.4.3 Meetings

Management typically takes the lead in presenting reports on many meeting agenda items. But the aim is not simply to present at meetings. Management's participation should focus on engaging in ongoing and meaningful dialogue with the Committee, answering questions, and providing additional insight.

Audit Committee should meet privately with members of management regularly – including the CEO, CFO, and legal counsel. Private meetings are appropriate to discuss, for example, strategic decisions, or considerations around the appointment, reappointment, or dismissal of the internal audit manager or external auditors.

14.4.4.4 Evaluation

Although determining management appointments often is viewed as the purview of the CEO, forward-thinking Audit Committee should demand a say hiring for key finance department positions, even interviewing a short list of candidates. They should be looking for individuals who will be comfortable reporting regularly and building a relationship with the chair. Committee should also be looking for ethics and integrity as well as financial reporting expertise.

Audit Committee should continually assess the strength and performance of finance manager. First, it should review managers' qualifications – and how recently they received those qualifications. Second, the Committee should assess how well managers perform, act and between Committee meeting, with candid answers and a willingness to admit when they need guidance or assistance. Third, it should consider the confidential feedback of internal and external Auditors.

14.4.5 Relationship with Internal Audit Department

The internal audit function can be an important source of information and advice for the Audit Committee. It is therefore imperative that there be a strong relationship between them.

Audit Committee can make sure their relationship with internal audit is effective by making sure the internal audit function has the appropriate stature within the Company and is operating at optimum performance. Moreover, Committee should ensure internal audit has continual access to them, holding sessions regularly and speaking between meetings. The Audit Committee should also encourage a positive relationship between the internal audit and the external auditor, to ensure a productive working relationship between them.

If the Company has not established an internal audit function, the Audit Committee should discuss with management in some depth every year why management does not believe such function would be beneficial to the Company and the Audit Committee. And the Committee should insist that one be established if members believe the function is necessary to enable them to fulfil their responsibilities.

14.4.5.1 Internal Audit Charter

In order to be effective, an internal audit department must have the support of both management and the Board. This means not only that management and the Board must provide the right resources, time, and authority, but also that internal audit must have a comprehensive mandate in the form of a charter. The charter and authority, in turn, can provide the Audit Committee with a clear understanding of the internal audit activities, functions, and organizational structure. An internal audit charter sets out the role, responsibilities, authority and reporting requirements of the internal audit function.

When evaluating the charter, Audit Committee should consider the following:

- Does the charter clearly articulate the scope of work internal audit will perform and as agreed by the Audit Committee?
- Does internal audit have appropriate authority to undertake its responsibilities?
- Does the charter outline the reporting lines of the internal audit department? If so, are these sufficient to meet the needs of Audit Committee members?
- Does the charter require the head of internal audit to meet regularly with the Audit Committee without management present, or provide direct access to the Audit Committee Chairman?
- What relationship will internal audit have with other assurance providers?
- When the charter was last reviewed and updated? Has it kept pace with the Company's activities and changes to the compliance/ regulatory environment?
- Does the charter outline the standards under which internal audit will operate?

14.4.5.2 Independence, Objectivity and Reporting Lines

The Audit Committee should be satisfied that the reporting structure provides for internal audit's organizational independence and objectivity. A key element of independence is ensuring the internal audit manager reports to a sufficiently high level in the Company. This often involves a dual reporting relationship: functionally to the Audit Committee and administratively to the CEO.

Internal audit managers should report directly to the Audit Committee to ensure objectivity in the planning and execution of internal audit work. Audit Committee must support internal audit's role by maintaining the independence of internal audit, ensuring management cooperates with internal audit, and recognizing and promoting internal audit as a value-added activity.

It is also important the Audit Committee is satisfied with the individual the internal audit manager reports to administratively, who should be someone with sufficient authority to promote the independence and stature of the internal audit function. At the same time the Audit Committee should avoid, if possible, having internal audit report to someone who personally directs key functions that internal audit reviews. The best way to achieve this is to review internal audit's reporting lines annually to confirm that they are appropriate and operating as intended.

14.4.5.3 Activities and Organizational Structure

The Audit Committee needs a clear understating of the internal audit activities, functions and organizational structure. To gain this understanding, information should be gathered from various sources including:

- The department's charter, organization chart, and internal audit plan (which should include an assessment of the organization's risk profile).
- Reports on internal audit activities for the period, which include lists of projects completed, projects in progress and internal audit findings.
- A description of the process for ensuring that management takes appropriate corrective action on suggestions made in internal audit reports. Information on the department's current resources.
- Plans for recruiting and training personnel.

14.4.5.4 Abilities and Resources of the Internal Audit Department

The Audit Committee should focus attention on the abilities of the internal audit staff and the adequacy of the resourcing of the department. The Committee can enhance the quality of the internal audit department by determining whether the internal auditors:

- Have maintained their objectivity.
- Are adequately trained – the Company should provide a supportive atmosphere where internal auditors can receive continuing professional education.
- Keep up with current issues and technology – for example, where a Company has significant computerized operations or is heavily dependent on electronic commerce, internal auditors should have the skills required to understand the internal control implications.
- Have appropriate qualifications, both in terms of professional training and practical experience. The Company should encourage internal auditors to become members of professional associations, and to seek professional certification where appropriate.
- Are appropriately funded within the Company.

The Committee should consider the adequacy of the size and skill-set of the internal audit department in the light of the business environment in which the Company operates. Important attributes could include computer and systems experience, treasury experience, and foreign language skills, if appropriate.

The Audit Committee should also take responsibility for reviewing or concurring with the appointment, replacement, or dismissal of the internal audit manager.

14.4.5.5 Selection, Evaluation, Compensation and Succession of Internal Audit Manager

To a large degree, the overall effectiveness of the relationship between the Audit Committee and internal audit depends on the relationship and communications between the Committee and the internal audit manager. Accordingly, the Committee will want to review and concur in the appointment. The Committee needs to be satisfied with the candidate's competence and capability, and feel that he will provide the leadership and stature that the function needs, will be respected, and will be able to communicate effectively with senior managers and the Committee.

The internal audit manager walks a fine line, as a member of management and as the leader of an independent group expected to report on management. The Committee needs to be sensitive to this challenge and maintain ongoing dialogue with the manager so it can learn quickly of any potential problems. The Committee should expect the manager to maintain an effective day-to-day working relationship with management, but also to have the courage to make the tough calls when needed.

Having selected the internal audit manager, the Audit Committee needs to monitor his performance. One indication of effectiveness is whether the internal audit manager is involved with and aware of significant initiatives and issues within the Company, including overall business plans and strategies. The Committee also can obtain feedback from management and the external auditors about performance. Questions to consider when evaluating the performance of the internal audit manager are:

- How well do the internal audit manager respond to probing by the Audit Committee?
- How knowledgeable is the internal audit manager in the Company's accounting and financial reporting policies?
- How well does management respect the internal audit manager, and how healthy is the tension between them?
- How well do the external auditors respect the internal audit manager?
- Does the internal audit manager provide adequate assurance in areas required by the Audit Committee?
- Is the internal audit manager respected within the auditing profession? Examples would be as a frequent speaker, writing articles, participating in industry organizations, etc.

Audit Committee also should ensure the internal audit manager's compensation is appropriate. Because of the importance of this position, succession planning is critical. Just as the Audit Committee will want to approve hiring decisions, it also will want to concur with any decision to replace the internal audit manager. This is vital to ensure the replacement is not simply management's attempt to restrict internal audit's activities or findings.

14.4.5.6 Audit Results

The internal audit manager should report audit results – at the agreed-on level of detail – to the Committee regularly. The reporting should communicate clearly the significance and priority of issues. The best communications often use ratings, colour coding, or ranking to provide snapshots of trends and areas of key risks, or to identify well-controlled areas.

Audit Committee should focus significant attention on management's actions in addressing audit findings. Audit Committee should request managers who are responsible for areas with significant audit findings or unresolved corrective actions to meet directly with the Committee to discuss the situations. Such actions reinforce the Committee's view of the importance of internal audit and effective internal control.

14.4.5.7 Budget and Resources

Audit Committee should ensure through discussions with the internal audit manager and management, that internal audit function has the budget and resources needed to discharge its responsibilities effectively. The Committee should assess not only internal audit's head count but also the quality of staff resources. One measure of quality is the number of professionally qualified staff, such as Certified Internal Auditors, Certified Public Accountants or Chartered Accountants, Certified Management Accountants, Certified Fraud Examiners, and Certified Information Systems Auditors. Additionally, Internal Audit should have adequate expertise to test computer controls and assess fraud risks. However, certifications or other academic or trade organization recognitions and skilled training cannot substitute for keen business and industry knowledge, intellectual curiosity and persistence, innate skepticism, and the ability to draw sound conclusions and to work effectively with, but independent, management.

Other factors to consider are levels of continuing training and educations, as well as continuity, of internal audit staff. Also it might be useful to use internal audit as a rotational or temporary assignment. This can provide a valuable training ground, but if the turnover rate is too high, effectiveness can be diminished – not only might there be periods of staff shortages, but the experience and "institutional

memory" of the function could suffer. Conversely, an appropriate level of incoming new staff can bring needed technical skills and a fresh perspective

14.4.5.8 Outsourcing of Internal Audit

The Committee should oversee any outsourcing decision and be confident the resources are brought to bear to discharge internal audit's mandate effectively. The Committee also should discuss whether internal audit needs additional specialized skills to address key risks. Such skill sets, depending on ongoing need, may best be "rented", although the Committee should be satisfied that is the right answer for the long term.

14.5 Relationship with External Auditor

The objective of an external audit of financial statements is to determine whether, in the auditor's opinion, the statements present fairly in all material respects- that is, that they show a true and fair view of the Company's financial position, results of operations, and cash flows, in conformity with the accounting standards.

The role of the Audit Committee involves making recommendations to the Ordinary General meeting about the appointment of the external auditor, agreeing audit fees, reviewing the scope of external audit work, and holding private meetings with the auditor to discuss their findings. It also includes reviewing, with the external auditor, their independence. For Audit Committee to effectively perform their role, they need to have an open, trusting, and professional relationship with the external auditors- with frequent communications and private sessions to discuss issues and sensitive matters.

Broadly, discussions with the external auditor can cover four key areas, which range from specifics about the Auditor and their relationship with the Company, to discussion about the industry, business and control environment of the Company. These areas can be summarized as follow:

- Service approach: The auditor's qualifications, including independence, to perform the work, and their approach to the audit.
- Audit Plan: The key risks identified by the auditor in relation to the financial statements and the Company's controls, and the resulting audit plan and response to the risks.
- Financial reporting: accounting policies, disclosures and observations about the overall quality of financial reporting.
- Governance matters: Matters noted by the auditor in the course of their work that they believe should be brought to the Audit Committee's attention.

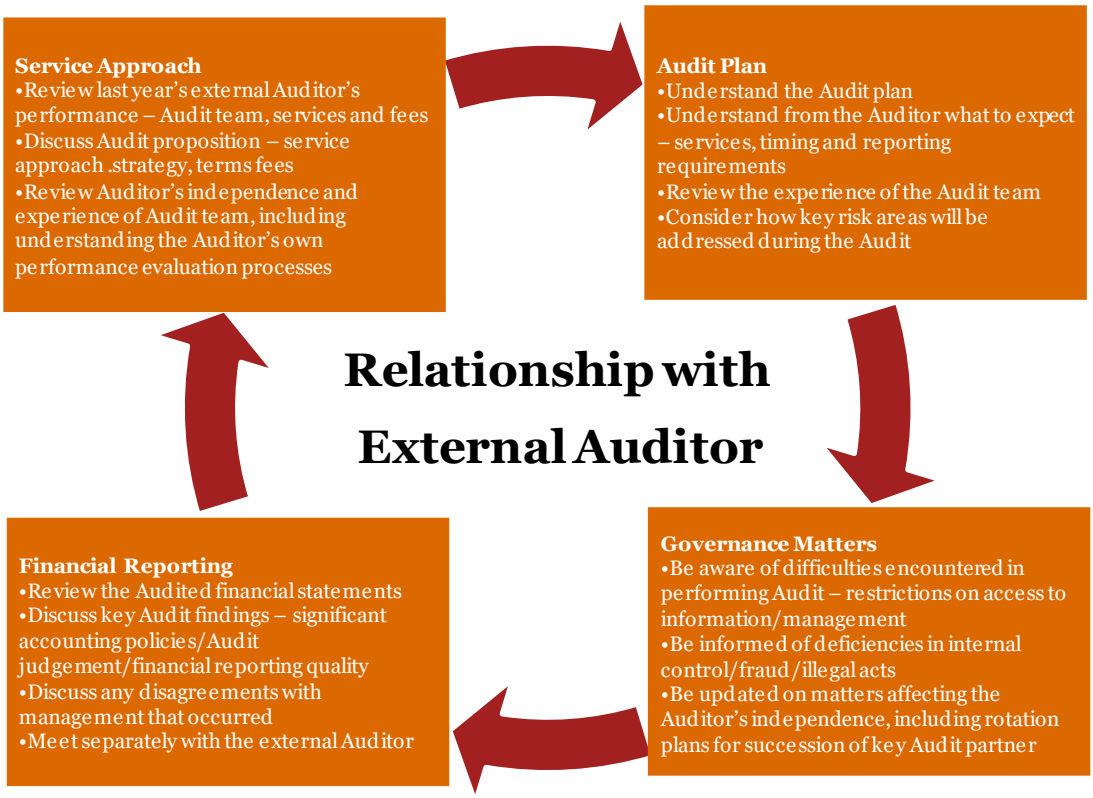

Figure 5: External Audit Relationship

14.5.1 Reporting relationship

External auditors should report directly to the Audit Committee not to or through management.

14.5.2 Selection, evaluation and replacement

The Ordinary General meeting will appoint the external auditor. The total term of office for the external auditor shall not exceed seven consecutive or non-consecutive financial years, and the Authority may, at its discretion, amend this term for any company or sector; such period shall be recalculated after the lapse of not less than three consecutive financial years froth end of the last financial year in which he worked on auditing of the Company's accounts. The Committee's charter should specify its responsibilities in this area. Below are the factors the Committee should look for in making its nominations or reappointment recommendations.

- The external audit firm's reputation.
- The external audit firm's knowledge and experience in the Company's industry.
- The engagement team's overall business acumen and knowledge and experience in the Company's industry.
- The lead partner's overall business acumen, knowledge and experience in the Company's industry, and his personal credential.
- The lead partner's willingness to consult internally on issues, and his or her ability to leverage other firm resources, as needed.
- The Committee's ability to build a trusting relationship with the lead partner, and its level of comfort with periodic contact between meetings.
- The auditor's ability to clearly, candidly, and effectively communicate issues and concerns to the Committee- both in private sessions and during meetings.

- The auditor's ability to work cooperatively with management- including the CEO and non-financial management- while maintaining objectivity.
- The auditor's ability to meet deadlines in providing service and respond to issues in a timely way.
- The external audit firm's quality control procedures.
- Significant findings from recent firm inspections, peer reviews, or other governmental oversight reviews, if available.
- The auditor's independence and the systems employed to ensure independence.

Some of the factors listed above relate more to a reappointment decision, and so link closely with the Committee's assessment of the external auditor's performance. Evaluation of the external auditor's performance can be done through discussion among committee members, private meetings with finance managements and the internal audit manager to get input and feedback, and interviews with lead partner and other firm representatives.

Once they have made their evaluation, the Audit Committee should meet in person with the external auditors to discuss the results. This is an opportunity for the Committee to provide constructive feedback and openly express concerns or opportunities for further improvements. It is also an opportunity for the external auditors to respond to such items and to share any concerns they may have. Open and candid discussion is key to strengthening this relationship and improving the audit process.

The General Assembly may also change the auditor at any time without prejudice to his right to indemnification if such change takes place at improper time or for illegal reason. The shareholders should recognize that changing audit firms is disruptive and can be expensive. Also given the consolidation of accounting profession and independence requirements, a Company with an international presence and specific industry needs face a limited choice in terms of viable alternatives. But despite the challenges, the shareholders cannot ignore unresolved performance issues.

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.

14.5.3 Independence

Independence enables auditors to act with integrity and objectivity. When auditors are independent, their relationships, if any, with the Company are not of a nature that would interfere with their ability to conduct the audit with an objective state of mind. For example, the auditor's judgments would not be swayed by personal financial interests, relatives' interests, or joint business interests. And it is not only independence in fact that is important- auditors must appear to be independent as well.

Audit Committee takes a direct role in ensuring auditors' independence. External auditors must, at least annually:

- Disclose in writing to the Company's Audit Committee all relationships between the auditors and the Company that, in the auditors' professional judgment, may reasonably be thought to bear on independence.
- Confirm in writing that, in the auditors' professional judgment, they are independent from the Company.
- Discuss these matters with the Audit Committee.

Independence requirements for external auditors are extensive, and Audit Committee should give careful consideration to the impact of relationships disclosed on the auditors' independence, as well as the impact of other events. Regulatory and statutory rules in many countries require Audit Committee to assess external auditors' independence.

14.5.4 Audit Scope

External auditors are responsible for determining the scope of the audit, based on a wide range of factors, including their risk assessment. The Audit Committee should consider the external auditors' proposed scope and decide whether it is appropriate for its needs, with the approval of shareholders. And the Committee should not be reluctant to ask auditors to perform more work. Below are some questions the Committee should ask the external auditors about the audit scope and approach.

- What are the objectives of the audit?
- What are the Company's financial reporting requirements and what is the expected time table for meeting them?
- What key risks have you identified and how have you responded to them?
- What are your responsibilities for detecting material errors, fraud, and illegal acts?
- How are you gaining assurance over areas involving estimates?
- How are you auditing related-party transactions?
- How will your audit address the Company's computer systems and applications?
- How will recent changes in accounting policies or regulatory requirements affect this year's financial statements?
- How will any recent changes in the Company– such as mergers and acquisitions, restructuring, shifts in investment strategy, changing product lines, modifications to pension plans, financing arrangements, or other unusual transactions- affect your audit or your report?
- How will you coordinate your work with the internal auditor?
- What Company locations will you visit this year? Do you rotate visits of Company locations? If so, how do you determine which location to visit and when?
- Which subsidiaries will you audit? What steps will you take for those not audited?
- If other Auditing firms are involved, will you assume responsibility for or refer to the work of the other auditor? How do you, as the principle auditor, satisfy yourself that the work of the other Auditors is acceptable and that they are independent?

Auditors' fee estimates are closely related to the scope of work envisioned in the audit plan. One of the mandates of the shareholders is direct responsibility for compensating external Auditors. GULF UNION AL AHLIA appreciates the importance of a thorough, high-quality audit and recognizes that audit fees need to reflect the level of service provided. Shareholders consider the fairness of audit fees in relation to the performance of a quality audit- taking into account the complexity of the Company, the reputation of the external audit firm, the knowledge and expertise of the lead partner and audit team, and the relative risk for the external audit firm. But that does not mean shareholders should not be concerned over fee levels.

In order to ensure that audit fees are reasonable, shareholders may compare them with what other companies of similar size and complexity are paying. Shareholders should understand that many variables go into fee estimates, including level of internal audit assistance, audit staff mix, the complexity

of the corporate structure, and whether separate audit opinions are required for certain subsidiaries. Benchmarking does, however, provide a basis for discussion among shareholders, management, the auditors, and the Audit Committee about fees. Shareholders also can discuss with the auditors the linkage between estimated hours and audit scope and whether issues such as those outlined above are appropriately considered.

14.5.5 Management representation letter

External auditors request that management provide written representations on such matters as the collectability of receivables, reliability of inventory, significant events that occurred after the balance sheet date, and knowledge of fraud and illegal acts. The external auditors also ask management to comment on other important matters such as whether reserves for specific matter are reasonable and whether specified intangible assets can be realized. The letter confirms oral representation given to the external Auditors, documents the continued appropriateness of the representations, and reduces the possibility of a misunderstanding.

Audit Committee should obtain and review a copy of the management representation letter, focusing discussion on whether it includes unusual matters and whether those matters are being handled appropriately. The Audit Committee also might ask if the Auditors had any difficulties in obtaining any representation. Such difficulties could point to particular sensitive areas requiring further Committee enquiry.

14.5.6 Using Other Auditors

Occasionally, a firm other than Company's principle external audit firm is engaged to perform audits of some of the Company's subsidiaries or equity investments. Generally, there are good reasons; for example, when the principle auditors do not have an office convenient to a subsidiary location, or a subsidiary was acquired recently and its former auditors are completing the audit in the acquisition year. Poor service or excessive fees also could be legitimate reasons to use other auditors. Or, the Company might be a party to a joint venture, and the auditors for the other investor(s) may be auditing the joint venture.

The Audit Committee should understand whether there are plans to use a firm other than the principle auditors to ensure the rational for using such firm is appropriate and should receive shareholder approval. Audit Committee should also understand whether the principle auditors are planning to assume responsibility for the work of the other auditor. In these situations, the Audit Committee should understand how the principle auditors assess the other firm's reputation, quality of staff, scope of work and results, and independence. Audit Committee should consider also at what stage they need to have direct involvement with the other firm, for example, pre-approving services and receiving required communication.

14.5.7 Second opinion

Occasionally, management may ask a second external audit firm for advice. This is appropriate when the Company is involved in matters where the accounting standards are unsettled or the other firm has addressed a unique or new transaction. The purpose of employing a second firm may be to confirm the advice of the Company's external Auditors or possibly to gain additional insights into a position taken by the other firm in apparently similar circumstances.

14.6 Communicating and Reporting

The Audit Committee has an important role in talking to management, the Board, the auditor and the shareholders. The Audit Committee works under delegated authority from the Board of Directors and provides an important link between Board, management and the auditor. This link will only be effective if communication with these groups is effective. In addition, the Audit Committee might have responsibilities to report to shareholders, overseas head offices, or other stakeholders.

14.6.1 Communicating with Management

14.6.1.1 Obtaining Information

To contribute constructively to the business, Audit Committee members must have a good understanding of the Company's operations. Regular and meaningful dialogue with management will help to maintain this understanding. Matters on which Audit Committee might obtain regular briefing from management include:

Table 5: Audit Committee Should Obtain Regular Briefing from Management About

Areas of discussions	Specific matters to consider
Strategy	• Management's assessment of business risks the Company faces and its planned response to those risks. • Current issues affecting the Company's industry (for example, regulatory issues or information about the competitive environment). • The effect new tax laws or other regulations may have on the Company.
Measures of success	• The main financial and non-financial key performance indicators (KPIs) used to manage and monitor performance against strategies. • KPIs which will be reported on (to the Board and/or externally). • How KPIs results are aligned to remuneration incentive schemes.
Operational matters	• The adequacy of internal control environment, and the continued operation of key controls. • The legal environment, including the status of any pending lawsuits or administrative proceedings, and the status of product and environmental liability and warranty reserves. • Treasury activities, including cash management, hedging, foreign currency transactions and use of new or unusual financial instruments. • The Company's foreign operations, including locations, and local controls over financial reporting. • Insurance cover for Board members and senior officers. • Procedures for setting remuneration policies and procedures for reviewing senior officer's expenses.
Performance/trends	• Achievement of targets for operational and financial KPIs, as well as performance against benchmarks and underlying trends.

14.6.1.2 Challenging information

As well as receiving information from management, effective oversight requires the Audit Committee to have significant interaction with management about their reports, which includes asking difficult questions and obtaining reasonable answers.

Constructive challenge is a difficult balance to achieve, especially as senior management are in the role specifically because their decision-making and leadership abilities. Questions may include (depending on the circumstances):

Table 6: Questions to Challenge Management

What to ask	What to look for in response
What other matters did you consider when coming to this recommendation/decision?	Has management considered other options? Are there and other possibilities which have not been covered?
What alternatives did you reject?	Are the reasons for rejection clear and understandable? Are they linked to achievement of strategy?

What is your assessment if the downside/risks of this decision?	Is the full picture being provided? Does the assessment appear honest and complete? How are risks being mitigated?
What are our competitors doing in this regard?	Are the companies chosen real competitors in this particular circumstance? Are the companies chosen for comparison in the same market/field/country? Is there any external evidence to support this response?

14.6.1.3 Format of information

Establishing a constructive working relationship with management often requires substantial and ongoing work. Management is the primary source of information for the Audit Committee but as the Audit Committee has different priorities to management, management's presentation of material might not always be in the most useful format for the Committee. While it would be best if papers did not need to be created especially for the Audit Committee, in practice some tailoring will be required to ensure best use is made of limited Audit Committee time.

The Chairman and Committee Secretary can take a key role in this regard, by stipulating the format of information to be received by the Committee. Matters to consider in relation to the content of papers and reports include the following:

- Papers should be concise and should be stand-alone documents, highlighting issues and key matters relevant to the issue (such as alternatives and options).
- The purpose of the papers should be clearly stated (e.g. information, update, for decision, for discussion) and should be linked to the charter or terms of reference.
- Templates can be useful to ensure the papers meet the Committee's requirements.
- KPIs and other indicators must be defined and used consistently and be relevant to the Committee and Board's work.
- Sensitive and confidential papers should to be kept secure.

It might be helpful if the Committee's Secretary sees all papers before they are circulated, to ensure they meet the member's needs. The Committee Secretary may find it effective to maintain files of large documents, such as relevant standards or training information, for committee members to refer to, rather than copying every paper to every member. If this approach is used, committee members need to be aware of the contents of the files and access arrangements. All Audit Committee members report the importance of papers being distributed well in advance of meeting to allow time for proper consideration. Table 7 below presents a sample layout for Committee papers:

Table 7: Sample Layout of Committee Papers

Note: Text included for example purpose only

Purpose:	**INFROMATION / UPDATE/ FOR DECISION / FOR DISCUSSION**
Charter reference:	Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on financial report.

Issue:	Introduction of IFRS includes AASB 1 on first-time adoption. This allows companies to opt not to re-state business combinations from before the date of IFRS transition. Given the number of acquisition the Company has undertaken over the last few years, this should be taken.
Recommendation (if appropriate):	We recommend that the Audit Committee approve the decision to opt out of re-stating business combinations.
Key relevant matters:	The Company has undertaken three major acquisitions in the last four years. This resulted in additional goodwill of $X. This will change if the exemption is taken.
Impact on KPIs:	If business combinations were re-stated there would be an impact on EPS in the region of $X, as changes are taken to retained earnings.
Alternative options:	The alternative is to re-state every business combination from date of acquisition until transition date. The impairment standard also has to be applied from acquisition date. Information has to be that which is available at the time. It would be time-consuming and costly to extract and prepare assets and liabilities and goodwill would be affected rather than retained earnings.
Prepared by:	CFO
Date:	DD/MM/YY

14.7 Reports to the Board

The frequency, formality and level of detail of Audit Committee reports to the full Board vary, depending on the individual Company's size and circumstances.

As minimum, there is an annual report to the Board. The contents of the report should cover all matters relevant to the Committee's role, using the charter as a guide when preparing the report will ensure that all relevant matters are included. Any additional matters, for example, it shall also prepare a report on its opinion in the adequacy of the internal control system of the company and the works it has carried out within its functions, or if the Board has asked the Committee to review and report on a wider review of internal controls then should also be included.

The Committee also reports to the Board at each Board meeting, either through the Chairman of the Audit Committee or by more formal means.

Reporting is usually done through an oral presentation, although Boards often prefer some written material to enhance their understanding.

It might be considered also to table the minutes of each Audit Committee meeting at Board meetings. A danger of this approach is that important matters for Board attention may not be highlighted unless separately tabled.

As well as a summary of activities for the period, regular reports include recommendations for Board approval. If the recommendation requires substantive action by the Board, written information is more valuable. In these cases, time will need to be scheduled both at the Board meeting and afterwards to ensure that Board members are able to consider the proposals and take appropriate action.

It is important that all Audit Committee members take responsibility for the Committee's work, even if the Chairman or another member is appointed as the spokesman at Board meetings.

14.8 Reports to Shareholders and Others

14.8.1 Reporting through the annual report

If the Audit Committee chooses to summarize its activities in the Company's annual report, the relevant section of the annual report must include information on the Committee's organization and membership, its charter and responsibilities, and its principal activities during the year.

In addition, the Audit Committee charter should be made publicly available.

14.8.2 Presenting at the Annual General Meeting

It is increasingly recognized that the activities of the Audit Committee are of direct relevance to shareholders, and so communication is essential. Some companies highlight this by asking the Audit Committee Chairman (in addition to the Board Chairman) to comment at the Annual General meeting.

Opening the channels of communication to shareholder underlines the growing belief that Audit Committee should play a more active role in encouraging greater transparency of the financial information reported to the market.

When reporting to shareholder, it is helpful to explain the Audit Committee's role and responsibilities before discussing any other matters. Other points that will make the presentation more effective include:

- Keeping answers to shareholders' questions factual.
- Referring question to the Company Chairman if they are outside the remit of the Audit Committee.

Set out below in table (8) is an illustrative list of suggested contents for an outline report on activities of the Audit Committee to be presented in the Company's annual report to shareholders.

Table 8: Outline report on activities of the Audit Committee in the Company's annual report to shareholders

Note: Text included for example purpose only

Organization and role of the Audit Committee	Principle activities of the Committee during the year
Composition of the Audit Committee • Members and secretary-names and appointment (short biographical details may be included) • Confirmation that the members of the Committee met the definition of independence as required (by all applicable regulations) • Appointment process • Relevant qualifications, expertise and experience of each member	**Meetings** • Number of meetings, and attendance • Agenda covered by the meetings

Organization and role of the Audit Committee	Principle activities of the Committee during the year
Role of the Audit Committee • Main responsibilities of the Audit Committee • The Audit Committee's charter (a copy may be included), and any changes made to it.	**Financial reports** • Description of activities carried out to monitor the integrity of the financial reports • Confirmation that the Committee reviewed and discussed with management and the external Auditor the financial statements and supporting management commentary • Confirmation that the Committee reviewed and discussed with management and the external Auditor any other matters required to be discussed by relevant laws or regulations • The Committee's recommendation to the Board of Directors on whether the Board should approve the Audited financial statements
Resources • Any dedicated resources available to the Committee, internal or bought-in	**Internal control** • Description of the Committee's review of the Company's systems of internal controls, as they affect financial reporting
Remuneration of Audit Committee members • Remuneration policies in relation to the members of the Committee (or cross-refer to the Board of Directors' remuneration report if any) • Description of the Committee's oversight of the Internal Audit function and whether any review of its performance was performed	**External Auditors** • Procedure adopted to review the independence of the external Auditors, including any policies on the provision of Audit and non-Audit services • Confirmation that the Committee received from the external Auditors a written disclosure of the Auditor's independence, if applicable & discussed with the Auditors their independence from the Company & management • Description of the Committee's oversight of the external Audit process, and confirmation that the external Auditors' performance was reviewed
	Internal Audit function • Any reviews carried out of the plans and work of the Department. If there is no Internal Audit function, an explanation of the Committee's consideration of whether such function is needed

14.9 Resources and Special Investigations

Audit Committee need appropriate resources to support them in achieving their objectives. Moreover, the Committee needs to be ready to drive investigations when evidence or wrongdoing surfaces.

14.9.1 Resources and Advisors

Audit Committee should be able to draw on adequate resources to support them in fulfilling their responsibilities. The most obvious and frequently used resource is administrative assistance, invariably provided by the Company. Generally, the Committee looks to the Board Secretary or internal audit manager to provide or coordinate the necessary administrative support- scheduling meetings, developing agendas, distributing advance material before meetings, producing drafts of minutes, and interfacing with members of management as needed to respond to the Committee's questions.

It is also leading practice for Audit Committee to engage additional, formal resources in special situations, and it is important they have the authority to do so. Such authority can be obtained from the Board. Therefore, the Board should give the Audit Committee the explicit authority to hire independent counsel or other advisors, with the Company required to provide appropriate funding for such advisors. Audit Committee with such authority should capture it in their charter.

Apart from special investigations, when should Audit Committee consult with other resources or hire advisors? When the Committee feels management lacks the capability to address a major issue adequately or when an area of the accounting standards is not clearly defined. Another instance is may be when there is a disagreement between management and the Auditors that the Audit Committee must resolve, but its members lack the expertise to reach a decision without further advice.

In most cases, Audit Committee should not have to hire outside advisors to address accounting issues, but should consider looking to resources within their external auditors' firms to assist them in forming a point of view. Major accounting firms have experts who specialize in complex and emerging accounting issues. Audit Committee should ensure those experts are available to them and to management, when needed.

If a Committee engages advisors, it must ensure the advisors have the requisite and standing in the field of interest, and must clearly define the scope and terms of the engagement. Then, the Committee must ensure the advisors have access to all the information needed to reach a supportable conclusion. The advisors' ability to convey viewpoints clearly to the Committee and engage in dialogue with management and the Auditors also is important.

14.9.2 Special Investigation

Certain events require the Audit Committee to take an active role in driving an investigation, for example, when faced with a possible fraud, an illegal act, or a code of conduct violation- particularly if management might be involved. Investigations sometimes involve intentional accounting misstatements and other times they are the result of unintentional misstatements, or errors. Intentional misstatements may include recording of fictitious sales in the belief real sales will catch up in the next period, adjusting reserves to smooth earnings, or not recording the substance of a transaction when the presence of a side letter changes its nature.

How does the Audit Committee know when an event has occurred that may warrant an investigation? In the case of errors, if management or the auditors discover it, an investigation may be needed to determine whether the misstatement was really unintentional and to measure its reach and magnitude.

For an intentional accounting misstatement, the Audit Committee may decide to launch an investigation if it feels it is not getting appropriate answers. An investigation may arise from a tip that came through the whistle-blower hotline. Internal audit or the external auditors also may have identified some suspicious behaviour through their work. In particular, external auditors are required to report to Committee evidence of frauds involving senior management or causing a material misstatement of the financial statements. And external auditors must communicate any illegal acts coming to their attention involving senior management and any other illegal acts, unless clearly inconsequential. Whatever the source, the key is that the Committee- or the chair- has a process in place for being informed of any such matter as soon as possible.

Once informed, Audit Committee members should understand the substance and nature of the allegations to determine whether an investigation is needed. Audit Committee also should contact legal

counsel, external Auditors, or another expert to discuss the need for an investigation, as these individuals have significant knowledge and experience in dealing with these situations.

Once the decision has been made that a formal investigation is needed, the Board of Directors needs to agree on how it will be overseen and who will lead it. Depending on the circumstances, some Boards choose to have the CEO lead the investigation, others the Audit Committee, and still others establish a special Committee of independent Board members.

14.10 Maintaining and Measuring Efficiency

As with all elements of the corporate reporting chain, accountability is important for effective operation. The work of the Audit Committee can be detailed and members need to ensure their knowledge and awareness remains up to date (particularly where financial accounting standards and wider reporting and regulatory issues are concerned). This may involve educational or training sessions for committee members in addition to other meetings.

The Committee should regularly evaluate its performance against its responsibilities as set out in its charter. This assessment can take place on an individual basis and/or collectively. It is usual for the results of the evaluation to be reported to the Board as well as being used by the Committee for improvement.

This section provides an overview of what Audit Committee needs to be aware of in maintaining and measuring their effectiveness.

14.10.1 Training

Audit Committee members could be senior members of the Board, and as such have considerable business and practical experience to bring to their work. However, their work on the Audit Committee may bring some members into areas with which they have had little previous experience. Even those who do have the relevant experience generally find that regular updates or reminders are useful.

Audit Committee, therefore, should establish a training program as part of their work. Training sessions may focus on any number of matters considered relevant by the Committee, such as the following:

- Accounting and financial reporting updates.
- Specific accounting issues (ex. financial instruments, tax consolidation, business combinations).
- Regulatory updates.
- Fraud/ anti-money-laundering.
- Risk management and internal control design.
- Treasury operations and controls.
- Corporate governance.
- Industry updates.
- Inspections of Company operations.

Training can be formal, for example on specific topics or tailored by external providers specifically for the company, or more informal, in the form of conferences, business networking activities or reading.

14.10.2 Maintaining Financial Literacy

A key area of Audit Committee responsibility is financial reporting. It is, therefore, important for Audit Committee members to understand how financial reporting works.

This is not a one-off state of affairs, but an area which must be continually updated. It may be that a training program will be sufficient for members to maintain their financial literacy. If no training program is in place, the minimum requirement would be an annual presentation given by the external Auditor on financial reporting developments.

14.10.3 Evaluating Performance

Corporate governance principles emphasize the need for Boards and Board Committees to demonstrate a high level of professionalism. This is reflected in recommendations not only for more training, but also for evaluating performance on a regular basis. Evaluation can be in the form of reviewing the performance of individual committee members and of assessing the effectiveness of the Committee as a whole.

14.10.3.1 Individual performance evaluations

While the performance of the Audit Committee is a collective issue, it is important in terms of accountability that the Committee (or Board) Chairman periodically reviews the performance of each Audit Committee member. This review will consider an individual's:

- Business knowledge.
- Specific areas of expertise.
- Objectivity and independence.
- Understanding of the duties and responsibilities of the Committee.
- Willingness to devote time to preparing for meetings.
- Attendance at meetings.

Commonly a review of an individual's performance will include a self-assessment or some means of independent or facilitated review. It is important to stress that it is the individual's performance as part of the Committee that is being assessed.

14.10.3.2 Assessing the Committee as a whole

To assess its effectiveness, the Committee should periodically (for example, annually) review what it has accomplished and whether it has fulfilled its responsibilities.

One way a Committee can assess its self is by evaluating its activities against its charter. As the Committee is reviewing itself as a whole, an exercise supervised by an outside facilitator is likely to be beneficial. They will not only be emotionally detached, but will approach the matter without bias or preconceptions. In addition, an outside view allows for different views to be discussed and considered. At the end of the review process, the Committee Chairman usually discusses the results of the evaluation with the Board.

Audit Committee also takes advantage of opportunities to benchmark their organizational procedures and activities with Committee in similar companies. Conferences and seminars provide opportunities to network and learn from the experience of others. A suggested Audit Committee and self-assessment guide is provided in the Appendix to this framework.

Finally, any process for evaluating performance may fail unless an action plan is implemented to respond to areas identified for improvement.

Nomination and Remuneration Committee Charter

15

15. Nomination and Remuneration Committee Charter

About the Company

Gulf Union Al Ahlia Cooperative Insurance Company is a Saudi public joint stock company whose license was approved by Ministerial Resolution No. (233) dated 16 Ramadan 1427 AH corresponding to October 9, 2006 AD and by Royal Decree No. (M/60) dated 9/18/1427 AH (corresponding to October 9, 2006 AD) October 11, 2006 AD (and was established by Ministerial Resolution No. 196/Q on 7/22/1428 corresponding to 05/08/2007)
The company obtained a license to practice insurance activity No. (TMN/09/20079), dated 29/08/1428 AH, issued by the Insurance Authority in the following branches (general insurance - medical insurance - protection and savings insurance)

The company is under the supervision and control of the Insurance Authority

Introduction

Gulf Union Al Ahlia Cooperative Insurance Company aims to establish the best Governance standards and practices and apply the company's corporate governance rules.
In compliance with the relevant laws, regulations and instructions, the company has established the Nomination & Remuneration committee charter, which contains the controls regulating the work of the Nomination & Remuneration committee, the role and responsibilities of the committee, the rules and controls for its formation, the selection of committee members, its meetings, and the rewards of its members in accordance with the relevant laws and regulations.

1- Purpose

The purpose of the Nomination and Remuneration Committee (the "Committee") of the Board of Directors (the "Board") of Gulf Union Al Ahlia Cooperative Insurance Co. (the "Company" or "GUAI") is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to:

- Identifying individuals qualified to become Board members and recommending the Board of Directors' nominees for the next annual meeting of shareholders.
- Ensuring the independence of the independent board members.
- Recommending Board member nominees for committees of the Board.
- Oversight of all matters relating to Board of Directors and executive officer compensation.
- Preparing and publishing an annual Committee report on Board member and executive compensation and such other reports to the extent required under any applicable securities laws and stock exchange regulations.
- Human resources matters including hiring, evaluation, compensation and succession planning for senior Management and other employees.

2- Remuneration Policy

Without prejudice to the provisions of the Companies Law and the Capital Market Law and their implementing regulations, the Remuneration policy must :

- Be consistent with the Company's strategy and objectives.
- 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.
- 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 and Remuneration 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.
- Regulating the grant of Company's shares to the Board members and the Executive Management, whether newly issued or purchased by the Company.

3- Committee Responsibilities

The Committee shall play a central role in the effective functioning of the Board through new Board member and committee nominations. In carrying out its responsibilities, the Committee shall seek to nominate individuals of integrity and superior ability who are focused on enhancing long-term shareholder value. Moreover, the Committee shall have overall responsibility for the evaluation and approval of Board member and executive officer compensation plans, policies and programs including annual base salary, annual incentive opportunity, long-term incentive opportunity, stock option or other equity participation plans, terms of employment agreements, severance agreements and any special or supplemental benefits, or any other perquisites, privileges or payments that are deemed to be compensation or remuneration under any applicable securities laws and stock exchange regulations. The Committee shall also determine the strengths and weaknesses of the Board and recommending remedy solutions that serve the Company's interests.
In carrying out its oversight responsibilities, the Committee shall seek to attract, motivate, reward and retain Board members and executive officers of high integrity and superior ability who are focused on enhancing long-term shareholder value.

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board of Directors from time to time related to the purposes of the Committee.

- The Committee shall meet regularly and in special meetings called for as circumstances necessitate.
- The Committee shall prepare a clear policy for the remunerations of the Board members, its committees and the Executive 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.

- Providing recommendations to the Board in respect of the remunerations of its members, the Committee members and Senior Executives, in accordance with the approved policy.
- The Committee shall clarify the relation between the paid remunerations and the adopted remuneration policy, and highlight any material deviation from that policy.
- The Committee shall periodically review the remuneration policy and assess its effectiveness in achieving its objectives.
- Making recommendations to the Board on the nomination of Board members and Board committee members in accordance with regulatory requirements and approved policies and standards
- Reviewing the requirement of suitable skills for membership of the Board and its committees 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
- Regularly evaluating the structure and composition of the Board and its committees and determining their points of weakness and recommending remedies
- Assessing and monitoring the independence of Board and Board committee members and ensuring the absence of any conflict of interest, including ensuring the independence of the independent members, at least on an annual basis
- Drawing up clear policies regarding the compensations and remunerations of members of the Board, the Board committees, and Senior Management
- Evaluating the performance of the Board and Board committee members 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 the compensation plans for members of Senior Management
- Supervising the compensation plans for members of Senior Management
- Making recommendations to the Board on various issues related to nomination and remuneration
- The Committee shall suggest clear policies and standards for membership of the Board and the Executive Management.
- The Committee shall prepare a description of the capabilities and qualifications required for membership of the Board and Executive Management positions.
- The Committee shall annually review the skills and expertise required of the Board members and the Executive Management.
- The Committee shall review the structure of the Board and the Executive Management and provide recommendations regarding changes that may be made to such structure.
- The Committee shall have the responsibility to identify individuals qualified to become Board members and to recommend to the Board the nominees, in accordance with approved policies and standards, to stand for election as Board members at the annual meeting of shareholders or, if applicable, at a special meeting of shareholders. In nominating individuals, the Committee shall take into consideration such factors as it deems appropriate. These factors may include judgment, skill, diversity, experience,

and the extent to which the individual would be a desirable addition to the Board and any committees of the Board.

- The Committee may consider individuals proposed by shareholders and management at its discretion.
- The Committee shall ensure that no person who has been previously convicted of any offense affecting honour or honesty is nominated for Board membership.
- The Committee shall maintain an orientation program for new Directors and organize continuing education programs for all Directors.
- The Committee shall annually ensure the independence of Independent Directors and the absence of any conflicts of interest if a Board member also acts as a member of the Board of Directors of another company.
- The Committee shall recommend to the Board for its approval, Directors to serve as members of Board committees, excluding the Audit Committee. The Committee shall recommend additional committee members to fill vacancies as needed.
- The Committee shall review the composition of each committee of the Board.
- The Committee shall assist the Board in selecting, developing and evaluating potential candidates for executive officer positions, including the CEO, and oversee the development of executive officer succession plans.
- The Committee shall provide job descriptions for the Executive, Non-Executive and Independent Directors and the Senior Executive Management.
- Aligned with the Company's overall HR strategy, the Committee shall review:
  - The standards used in performance evaluation of Company officers and managers.
  - The Company's compensation (including incentive and severance), pension and benefit policies and plans that relate to employees other than executives and principal officers.
  - The Company's recruitment, development, promotion and retention programs.
  - The composition of the Company's workforce in terms of diversity and equal opportunity.
  - The appointment of officers principal officers and recommend the compensation of other appointed officers.
- The Committee may, in its discretion, form and delegate all or a portion of its authority to subcommittees.
- The Committee shall report regularly to the Board of Directors:
  - Following meetings of the Committee;
  - With respect to such other matters as are relevant to the Committee's discharge of its responsibilities; and
  - With respect to such recommendations as the Committee may deem appropriate. The report to the Board of Directors may take the form of an oral report by the Chairman or any other member of the Committee designated by the Committee to make such report.
- The Committee shall review and reassess, periodically, the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.
- The Committee shall make this charter available on the Company's website.

4- Committee formation and selection of its members

Committee Size

The Committee shall be formed by the Board of Directors and shall be comprised of not less than three (3) Non-Executive members of the Board, Two independent members should be among the appointed committee members, and the Board chairman not allowed to be the chairman of the Nomination & Remuneration committee

Reporting to the Board

The Nomination & Remuneration committee reports to the Board of Directors, Every meeting of the Committee should be followed by a minutes of meeting detailing the outcome of the meeting to the Board of Directors.

Rules for selecting committee members

There are a set of rules that the board of directors must take into account when selecting members of the Nomination & Remuneration committee, and whoever is appointed as a member of the Nomination & Remuneration committee is required to meet the following throughout the term of his membership in the committee:

1- The member of the Nomination & Remuneration committee must have an appropriate academic qualification and knowledge of the nature of the company's business.
2- To be a member of the company's board of directors.
3- That the member must have a good reputation and good conduct.
4- To refrain from engaging in any activity that may be in conflict with the interest of the company, or in competition with its business, or that may harm his ability to carry out his duties and responsibilities objectively.
5- To allocate an appropriate time to perform the tasks entrusted to him to perform as a member of the committee.
6- The member should have the appropriate technical, financial or administrative expertise.

All members of the Committee shall meet the independence and experience requirements to the extent required under all applicable regulatory requirements or stock exchange regulations. The Board shall determine annually whether each member of the Committee is independent in accordance with the requirements described above. Notwithstanding the foregoing membership requirements, no action of the Committee shall be invalid by reason of any such requirement not being met at the time such action is taken.

Members Appointment

Members of the Committee shall be appointed by the Board of directors, provided that obtaining Insurance Authority 's prior no-objection on the nomination/appointment
And may be removed by the Board at its discretion. Also, the Committee members shall be subject to reappointment by the Board after an interval of three years.
The General Assembly, as per the Board recommendation, issues a regulation for the Nomination and Remuneration Committee including its procedure, duties and rules for selecting its members, the term of their membership and their remunerations.

Chairman Selection

One of the members shall serve as the Chairman of the Committee. The Chairman of the Committee shall be designated by the Board or as desired by the Board of Directors, if no such designation is made, shall be selected by the affirmative vote of the majority of the Committee.
provided that obtaining Insurance Authority 's prior no-objection on the nomination/appointment of the Chairman of the committee

5- Membership term, mechanisms for appointing and relieving committee members, and vacant positions

1- Taking into consideration the rules for selecting members of the Nomination & Remuneration Committee and the conditions that must be met by the members of the committee referred to above in these controls; The Board of Directors will compare between candidates for membership of the committee who meet the conditions, and the Board of Directors appoints the members of the committee for a period of three years (corresponding with the beginning and end of the Board of Directors' term) after obtaining a written no-objection from the Insurance Authority .

The Board of Directors shall take the necessary measures to enable the Committee to carry out the tasks entrusted to it.

2- The company's board of directors may exempt any member of the Nomination & Remuneration committee by a decision of the board in the following cases:
   a. The member requested to be exempted from membership in the committee or to submit his resignation from the membership of the board of directors.
   b. Abuse his position in the committee or misconduct that the board considers harmful to the objectives and reputation of the company in general and the committee in particular.
   c. Absence from attending three consecutive meetings without an excuse accepted by the Board of Directors.
   d. The member has lost any of the conditions that must be met by the member of the committee referred to above.
   e. The member's violation of the provisions of the Cooperative Insurance Companies Control Law, its implementing regulations, or the provisions of other relevant regulations and instructions.

3- Upon the expiry of a member's term, during the term of the committee's work, due to death, resignation, disability or exemption, the Board of Directors, after obtaining the Insurance Authority 's no-objection in writing, appoints another member to fill the vacant position in the committee, and the new member completes his predecessor's term until the end of the committee's term Taking into account the conditions that must be met by the committee member.

6- Duties of a committee member

1- Regularly attending the committee's sessions and actively participating in its work
2- Preserving the company's secrets. A member of the committee may not disclose to the shareholders, other than in the general assembly, or to third parties, the company's secrets that

came to his attention due to the performance of his work, otherwise he must change it, in addition to being held accountable for compensation for the damage that may result from that.

3- To exercise due diligence to carry out the work entrusted to him, and to keep abreast of recent developments related to the company's business.
4- To be characterized by justice and to display integrity, chastity, honesty, objectivity and independence when performing his work
5- To be free of personal interests, not to subject his judgment to the opinions of others, and not to disclose information that is not true.
6- The member shall not participate in any business or activities considered to be offensive to honor and honesty.
7- He shall not accept anything of significant value from an employee, affiliate, customer, supplier, or anyone who has a business relationship with the company that may lead to a weakness in the independence of the committee member in form and substance or affect or presumably affect his decisions.
8- To disclose to the Board of Directors the transactions that took place between him and the company and the nature of that relationship, as well as the relationship he has with the Board of Directors and the company's executive managers, in accordance with what is required by the code of conduct approved by the company.

7- Responsibilities of the Chairman of the Committee

The Chairman of the committee shall supervise the committee's achievement of all its tasks. The committee chairman shall have the following authorities:

a. Inviting the committee to convene and specifying the time, date and place of each committee meeting and the agenda, after coordination with the committee members.
b. Presiding over committee meetings.
c. Submitting the results and recommendations of the committee's work to the Board.
d. Preparing the committee's budget, its work plan, and its projects in the short and long term, in coordination with the committee's secretary, and presenting it to the committee in preparation for submitting it to the board of directors, after being approved by the committee.
e. When needed - Preparing periodic reports on the activities of the committee in coordination with the committee's secretary and presenting them to the committee in preparation for submission to the board of directors, after being approved by the committee. Copies of the committee's minutes are attached to these reports.
f. Representing the committee on the Board and in front of any other party that requires it.

8- Appointment of a secretary of the committee

a. The committee appoints a secretary from among the company's employees to undertake its administrative work, prepare minutes of its meetings, ensure that the committee chairman signs these minutes, and schedule committee meetings in coordination with its chairman.
b. The Insurance Authority s's prior no-objection to the appointment of the committee Secretary should be obtained.
c. When choosing the committee secretary, it should be taken into account that he has the academic qualification and practical experience that enables him to carry out the tasks entrusted to him.

d. The secretary of the committee must document and keep the minutes of the committee's meetings in a special record for that.
e. The committee secretary must prepare a list of the committee's tasks and responsibilities and follow up on their implementation on a quarterly basis during the year with the committee chairman and members.

9- Committee Meetings

a. The Committee will meet at such times as shall be determined by its Chairman and its members, or upon the request of any two of its members.
b. The Nomination & Remuneration Committee meets periodically and whenever the need arises, The Committee shall meet at least two (2) Meetings a year.
c. No one other than the Committee members and the committee Secretary shall be entitled to be present at a meeting of the Committee, but others may attend at the invitation of the Committee
d. The agenda of each meeting will be prepared by the Chairman of the Committee with the assistance of the Committee Secretary and whenever reasonably possible, circulated to each member in an appropriate period prior to the meeting date.
e. The committee meeting shall not be held unless at least half of its members are present.
f. The Chairman will preside, when present, at all meetings of the Committee. And In case of his absence he will delegate a member to preside the meeting.
g. Each member of the Committee will have one vote. A majority of the members present at any meeting at which a quorum is present may act on behalf of the Committee.
h. The Committee will keep a record of its meetings and report on them to the Board.
i. The Committee may meet by telephone or video conference and may take action by unanimous written consent.

10- Committee decisions

a. The decisions and recommendations of the committee are issued by a majority vote of its members present, and in the event of equal votes, the side with the chairman shall prevail.
b. Any member may reserve any decision taken by the committee, provided that he states the reasons that led him to reserve. If any member leaves the committee meeting before its conclusion, his reservation, if any, is limited to the decisions related to the items he attended for discussion, provided that he states in the minutes the items he did not attend the discussion if he expresses his desire in writing.
c. The committee secretary must record the opinions of all parties in the minutes of the meeting.

11- Documenting the minutes of the committee's meetings:

The minutes of the committee's meetings are documented as follows:

a. During the meeting, the Secretary of the Committee records the most important discussions and upon completion of the discussion of any topic, he summarizes the recommendations or decisions reached.

b. The Secretary of the Committee shall prepare for each of the Committee's meetings a draft minutes in which the date and place of the meeting, the names of those present and absent, a summary of the discussions and the texts of recommendations and decisions reached by the Committee shall be written and presented to the members of the Committee for approval.
c. The minutes of the meeting must be prepared and sent to the members within 15 days from the date of the meeting.
d. The signed copy of the minutes shall be kept in a special file and all documents related to the minutes shall be attached to it.

12- The Committee's plan and annual report to the Board of Directors and the Committee's evaluation

a. The committee shall prepare, before the beginning of each year, an annual plan that includes a timetable for the committee's meetings and a description of the work it will undertake during the year.
b. The committee must submit an annual report to the board of directors stating the number of committee meetings, the accomplished tasks assigned to the committee, what has not been accomplished, the reason for that, and the obstacles facing the committee in its work.
c. The Board of Directors, through the Nominations and Remunerations Committee or with the assistance of an external evaluation body, conducts the annual evaluation of the Committee and the Chairman and members of the Committee.

13- Committee's Scope of Work

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the power to retain outside legal counsel, auditors or consultants, or incur other expenses for this purpose, which expenses the Company shall pay. The Committee may also meet with the Company's investment bankers or financial analysts who follow the Company. The Committee may require any officer or employee of the Company or any of its subsidiaries, the Company's outside legal counsel, and the Company's external auditors to meet with the Committee or any member of the Committee.

After getting Board of directors' approval, The Committee shall have the authority to retain any search firm and other advisors as it deems necessary to carry out its duties and shall have the authority to approve related fees and other retention terms and to cause the Company to pay such related fees.

The Board of Directors shall take all necessary measures to ensure that the Committee performs its duties.

14- Committee Members' Remuneration

The committee members are entitled to annual Remuneration for their membership in the committee, if the eligibility requirements have been fulfilled by the member.
The committee, members' remuneration shall be as per the Board resolution, based on Nomination & Remuneration committee recommendation, Board Members and committees' Remuneration Policies which is approved by the General Assembly, and provided within the parameters allowed by the law and regulations of Saudi Arabia.

15- Review & Amendments

The Committee shall develop, implement and review its own Charter annually and shall thereafter recommend its revised Charter for the Board's approval. The Board in return raises the charter to be approved in General Assembly meeting (in case the changes is required)

Executive Committee Charter

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16- Executive Committee Charter

About the Company

Gulf Union Al Ahlia Cooperative Insurance Company is a Saudi public joint stock company whose license was approved by Ministerial Resolution No. (233) dated 16 Ramadan 1427 AH corresponding to October 9, 2006 AD and by Royal Decree No. (M/60) dated 9/18/1427 AH (corresponding to October 9, 2006 AD) October 11, 2006 AD (and was established by Ministerial Resolution No. 196/Q on 7/22/1428 corresponding to 05/08/2007)
The company obtained a license to practice insurance activity No. (TMN/09/20079), dated 29/08/1428 AH, issued by Insurance Authority in the following branches (general insurance - medical insurance - protection and savings insurance)

The company is under the supervision and control of the Insurance Authority

Introduction

Gulf Union Al Ahlia Cooperative Insurance Company aims to establish the best Governance standards and practices and apply the company's corporate governance rules.
In compliance with the relevant laws, regulations and instructions, the company has established the executive committee charter, which contains the controls regulating the work of the executive committee, the role and responsibilities of the committee, the rules and controls for its formation, the selection of committee members, its meetings, and the rewards of its members in accordance with the relevant laws and regulations.

1- **Purpose**

The purpose of the Executive Committee (the "Committee") of the Board of Directors (the "Board") of Gulf Union Al Ahlia Cooperative Insurance Co. (The "Company" or “GUAI”) is to assist the Board in performing activities and tasks as delegated to it by the Board of Directors, in order to facilitate smooth operations of the Company.

2- **Committee Responsibilities**

The following functions shall be the common recurring activities of the Committee in performing its responsibilities. These functions are set forth as a guide with the understanding that the Company may diverge from this guide as appropriate given the circumstances.
The committee Roles and Responsibilities for example but not limited to the following:

- The Committee shall assist the Board in performing activities and tasks as delegated to it by the Board of Directors, in order to facilitate smooth operations of the Company.
- The Committee shall assist the Board in the development of the Company’s major strategic goals, Board should study and approve these goals.
- The Committee shall assist the Board in conducting a strategic review of the Company’s performance on a regular basis to determine whether the Company is meeting its short and long term objectives.
- The Committee shall monitor the financial and operating performance of the Company.
- Studying and discussing the CEO's reports, and presenting the necessary recommendations to the Board of Directors regarding them.

- Assisting the Board of Directors in implementing the decisions of the General Assembly and the decisions of the Board of Directors
- The Committee shall be responsible for the formation or restructuring of any joint venture or partnership including any associated expenditure.
- The Committee shall recommend mergers or consolidations in the course of reorganizing the Company which will be referred to the Board in a confidential manner.
- The Committee shall review the capability of the business partner/developers involved in projects undertaken by GULF UNION AL AHLIA.
- The Committee shall have the powers and authority of the Board in performing and approving activities empowered to it by the Board except the following:

    - Approving the annual budget;
    - Approving the periodic and annual financial reports; and
    - Approving the Company's business strategies.

- The Recommendations resolutions of the Committee shall be reported to the Board of Directors at their next meeting.
- The Committee shall have authority to retain consultants and other advisors as it is deemed necessary to carry out its duties.
- The Committee shall review and make appropriate recommendations to the Board with regards to the Company's management of its corporate social responsibilities related to employees, community and environment.
- The Committee shall monitor compliance with the Company's corporate social responsibility policies.
- The Committee shall identify, in conjunction with management, significant social and environmental risk areas and evaluate the proper management of such areas.
- The Committee shall ensure that the Company maintains dialogue with all relevant stakeholder groups with regard to corporate social responsibility issues.
- The Committee shall perform such other activities as the Board may assign to the Committee from time to time.
- The Committee shall make this charter available on the Company's website.

3- Committee formation and selection of its members

Committee Size

The Committee shall be formed by the Board of Directors and shall be comprised of not less than three (3) or more than five (5) members of the Board, The Executive Committee may consist of both executive and non-executive members.

Reporting to the Board

The Executive Committee reports to the Board of Directors, Every meeting of the Committee should be followed by a minutes of meeting detailing the outcome of the meeting to the Board of Directors.

Rules for selecting committee members

There are a set of rules that the board of directors must take into account when selecting members of the executive committee, and whoever is appointed as a member of the executive committee is required to meet the following throughout the term of his membership in the committee:

1. The member of the Executive Committee must have an appropriate academic qualification and knowledge of the nature of the company's business.
2. To be a member of the company's board of directors.
3. That the member must have a good reputation and good conduct.
4. To refrain from engaging in any activity that may be in conflict with the interest of the company, or in competition with its business, or that may harm his ability to carry out his duties and responsibilities objectively.
5. To allocate an appropriate time to perform the tasks entrusted to him to perform as a member of the committee.
6. The member should have the appropriate technical, financial or administrative expertise.

Members Appointment

Members of the Committee shall be appointed of directors, upon the recommendation of the Nomination and Remuneration Committee by the Board, provided that obtaining Insurance Authority 's prior no-objection on the nomination/appointment
And may be removed by the Board at its discretion. Also, the Committee members shall be subject to reappointment by the Board after an interval of three years.

Chairman Selection

One of the members shall serve as the Chairman of the Committee. The Chairman of the Committee shall be designated by the Board or as desired by the Board of Directors, if no such designation is made, shall be selected by the affirmative vote of the majority of the Committee.
provided that obtaining Insurance Authority 's prior no-objection on the nomination/appointment of the Chairman of the committee

4- Membership term, mechanisms for appointing and relieving committee members, and vacant positions

1- Taking into consideration the rules for selecting members of the Executive Committee and the conditions that must be met by the members of the committee referred to above in these controls; The Board of Directors will compare between candidates for membership of the committee who meet the conditions, and the Board of Directors appoints the members of the committee for a period of three years (corresponding with the beginning and end of the Board of Directors' term) after obtaining a written no-objection from the Insurance Authority .

The Board of Directors shall take the necessary measures to enable the Committee to carry out the tasks entrusted to it.

2- The company's board of directors may exempt any member of the executive committee by a decision of the board in the following cases:

a. The member requested to be exempted from membership in the committee or to submit his resignation from the membership of the board of directors.

b. Abuse his position in the committee or misconduct that the board considers harmful to the objectives and reputation of the company in general and the committee in particular.
c. Absence from attending three consecutive meetings without an excuse accepted by the Board of Directors.
d. The member has lost any of the conditions that must be met by the member of the committee referred to above.
e. The member's violation of the provisions of the Cooperative Insurance Companies Control Law, its implementing regulations, or the provisions of other relevant regulations and instructions.

3- Upon the expiry of a member's term, during the term of the committee's work, due to death, resignation, disability or exemption, the Board of Directors, after obtaining the Insurance Authority 's no-objection in writing, appoints another member to fill the vacant position in the committee, and the new member completes his predecessor's term until the end of the committee's term Taking into account the conditions that must be met by the committee member.

5- Duties of a committee member

1- Regularly attending the committee's sessions and actively participating in its work
2- Preserving the company's secrets. A member of the committee may not disclose to the shareholders, other than in the general assembly, or to third parties, the company's secrets that came to his attention due to the performance of his work, otherwise he must change it, in addition to being held accountable for compensation for the damage that may result from that.
3- To exercise due diligence to carry out the work entrusted to him, and to keep abreast of recent developments related to the company's business.
4- To be characterized by justice and to display integrity, chastity, honesty, objectivity and independence when performing his work
5- To be free of personal interests, not to subject his judgment to the opinions of others, and not to disclose information that is not true.
6- The member shall not participate in any business or activities considered to be offensive to honor and honesty.
7- He shall not accept anything of significant value from an employee, affiliate, customer, supplier, or anyone who has a business relationship with the company that may lead to a weakness in the independence of the committee member in form and substance or affect or presumably affect his decisions.
8- To disclose to the Board of Directors the transactions that took place between him and the company and the nature of that relationship, as well as the relationship he has with the Board of Directors and the company's executive managers, in accordance with what is required by the code of conduct approved by the company.

6- Responsibilities of the Chairman of the Committee

The Chairman of the committee shall supervise the committee's achievement of all its tasks. The committee chairman shall have the following authorities:

1- Inviting the committee to convene and specifying the time, date and place of each committee meeting and the agenda, after coordination with the committee members.
2- Presiding over committee meetings.
3- Submitting the results and recommendations of the committee's work to the Board.
4- Preparing the committee's budget, its work plan, and its projects in the short and long term, in coordination with the committee's secretary, and presenting it to the committee in preparation for submitting it to the board of directors, after being approved by the committee.
5- When needed - Preparing periodic reports on the activities of the committee in coordination with the committee's secretary and presenting them to the committee in preparation for submission to the board of directors, after being approved by the committee. Copies of the committee's minutes are attached to these reports.
6- Representing the committee on the Board and in front of any other party that requires it.

7- **Appointment of a secretary of the committee**

a- The committee appoints a secretary from among the company's employees to undertake its administrative work, prepare minutes of its meetings, ensure that the committee chairman signs these minutes, and schedule committee meetings in coordination with its chairman.
b- The Insurance Authority s's prior no-objection to the appointment of the committee Secretary should be obtained.
c- When choosing the committee secretary, it should be taken into account that he has the academic qualification and practical experience that enables him to carry out the tasks entrusted to him.
d- The secretary of the committee must document and keep the minutes of the committee's meetings in a special record for that.
e- The committee secretary must prepare a list of the committee's tasks and responsibilities and follow up on their implementation on a quarterly basis during the year with the committee chairman and members.

8- **Committee Meetings**

- The Committee will meet at such times as shall be determined by its Chairman and its members, or upon the request of any two of its members.
- The Executive Committee meets periodically and whenever the need arises, The Committee shall meet at least six (6) Meetings a year.
- No one other than the Committee members and the committee Secretary shall be entitled to be present at a meeting of the Committee, but others may attend at the invitation of the Committee
- The agenda of each meeting will be prepared by the Chairperson of the Committee and whenever reasonably possible, circulated to each member in an appropriate period prior to the meeting date.
- The committee meeting shall not be held unless at least half of its members are present.
- The Chairman will preside, when present, at all meetings of the Committee. And in case of his absence he will delegate a member to preside the meeting.

- Each member of the Committee will have one vote. A majority of the members present at any meeting at which a quorum is present may act on behalf of the Committee.
- The Committee will keep a record of its meetings and report on them to the Board.
- The Committee may meet by telephone or video conference and may take action by unanimous written consent.

9- **Committee decisions**

a. The decisions and recommendations of the committee are issued by a majority vote of its members present, and in the event of equal votes, the side with the chairman shall prevail.
b. Any member may reserve any decision taken by the committee, provided that he states the reasons that led him to reserve. If any member leaves the committee meeting before its conclusion, his reservation, if any, is limited to the decisions related to the items he attended for discussion, provided that he states in the minutes the items he did not attend the discussion if he expresses his desire in writing.
c. The committee secretary must record the opinions of all parties in the minutes of the meeting.

10- **Documenting the minutes of the committee's meetings:**

The minutes of the committee's meetings are documented as follows:

a. During the meeting, the Secretary of the Committee records the most important discussions and upon completion of the discussion of any topic, he summarizes the recommendations or decisions reached.
b. The Secretary of the Committee shall prepare for each of the Committee's meetings a draft minutes in which the date and place of the meeting, the names of those present and absent, a summary of the discussions and the texts of recommendations and decisions reached by the Committee shall be written and presented to the members of the Committee for approval.
c. The minutes of the meeting must be prepared and sent to the members within 15 days from the date of the meeting.
d. The signed copy of the minutes shall be kept in a special file and all documents related to the minutes shall be attached to it.

11- **The Committee's plan and annual report to the Board of Directors and the Committee's evaluation**

a. The committee shall prepare, before the beginning of each year, an annual plan that includes a timetable for the committee's meetings and a description of the work it will undertake during the year.
b. The committee must submit an annual report to the board of directors stating the number of committee meetings, the accomplished tasks assigned to the committee, what has not been accomplished, the reason for that, and the obstacles facing the committee in its work.

c. The Board of Directors, through the Nominations and Remunerations Committee or with the assistance of an external evaluation body, conducts the annual evaluation of the Committee and the Chairman and members of the Committee.

12- Committee's Scope of Work

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the power to retain outside legal counsel, auditors or consultants, or incur other expenses for this purpose, which expenses the Company shall pay. The Committee may also meet with the Company's investment bankers or financial analysts who follow the Company. The Committee may require any officer or employee of the Company or any of its subsidiaries, the Company's outside legal counsel, and the Company's external auditors to meet with the Committee or any member of the Committee.

The Board of Directors shall take all necessary measures to ensure that the Committee performs its duties.

13- Committee Members' Remuneration

The committee members are entitled to annual Remuneration for their membership in the committee, if the eligibility requirements have been fulfilled by the member.
The committee, members' remuneration shall be as per the Board resolution, based on Nomination & Remuneration committee recommendation, Board Members and committees' Remuneration Policies which is approved by the General Assembly, and provided within the parameters allowed by the law and regulations of Saudi Arabia.

14- Review & Amendments

The Committee shall develop, implement and review its own Charter annually and shall thereafter recommend its revised Charter for the Board's approval. The Board in return raises the charter to be approved in General Assembly meeting (in case the changes is required)

Risk Management Committee Charter

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17- Risk Management Committee Charter

About the Company

Gulf Union Al Ahlia Cooperative Insurance Company is a Saudi public joint stock company whose license was approved by Ministerial Resolution No. (233) dated 16 Ramadan 1427 AH corresponding to October 9, 2006 AD and by Royal Decree No. (M/60) dated 9/18/1427 AH (corresponding to October 9, 2006 AD) October 11, 2006 AD (and was established by Ministerial Resolution No. 196/Q on 7/22/1428 corresponding to 05/08/2007)
The company obtained a license to practice insurance activity No. (TMN/09/20079), dated 29/08/1428 AH, issued by Insurance Authority in the following branches (general insurance - medical insurance - protection and savings insurance)

The company is under the supervision and control of the Insurance Authority

Introduction

Gulf Union Al Ahlia Cooperative Insurance Company aims to establish the best Governance standards and practices and apply the company's corporate governance rules.
In compliance with the relevant laws, regulations and instructions, the company has established the Risk Management committee charter, which contains the controls regulating the work of the Risk Management committee, the role and responsibilities of the committee, the rules and controls for its formation, the selection of committee members, its meetings, and the rewards of its members in accordance with the relevant laws and regulations.

1- Purpose

The purpose of the Risk Management Committee (the "Committee") of the Board of Directors (the "Board") of Gulf Union Al Ahlia Cooperative Insurance Co.(the "Company" or “GUAI”) is to have responsibility for oversight and advice to the Board of Directors on the current risk exposures of the Company and future risk strategy.

The Committee shall advise and make recommendations to the Board of Directors on the following:

- Risk appetite and tolerance for future strategy, taking into account of the Board’s overall risk appetite, the current financial position of the Company and, drawing on the work of the Audit Committee and the External Auditor, the capacity of the Company to manage control risks within the agreed strategy;
- The system and programme of risk management with the aim of identifying, measuring, controlling and reporting risks;
- The alignment of strategy with the Board’s risk appetite.
- Promoting and embedding a risk awareness culture within the Company.
- The Committee shall also oversee the risk management function

2- Committee Responsibilities

Subject to any resolution of the Board, the duties of the Risk Committee are to:

- Identifying risks that may imperil the Company and maintaining an acceptable risk profile for the Company.

- Overseeing the risk management system and assessing its effectiveness.
- 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.
- Reviewing risk management policies.
- Re-evaluating the Company's tolerance for, and exposure to, risk on a regular basis (e.g., through stress testing exercises).
- Reporting to the Board details of risk exposures and recommending actions to manage them.
- Advising the Board on issues related to risk management.

3- Committee formation and selection of its members

Committee Size

The Committee shall be formed by the Board of Directors, The risk management committee shall be composed of at least (3) members headed by a non-executive member, its members have with an appropriate financial and risk management knowledge.

Reporting to the Board

The Risk Management Committee reports to the Board of Directors, Every meeting of the Committee should be followed by a minutes of meeting detailing the outcome of the meeting to the Board of Directors.

Rules for selecting committee members

There are a set of rules that the board of directors must take into account when selecting members of the Risk Management committee, and whoever is appointed as a member of the Risk Management Committee committee is required to meet the following throughout the term of his membership in the committee:

1. The member of the Risk Management Committee must have an appropriate academic qualification and knowledge of the nature of the company's business.
2. That the member must have a good reputation and good conduct.
3. To refrain from engaging in any activity that may be in conflict with the interest of the company, or in competition with its business, or that may harm his ability to carry out his duties and responsibilities objectively.
4. To allocate an appropriate time to perform the tasks entrusted to him to perform as a member of the committee.
5. The member should have the appropriate technical, financial or administrative expertise.

Members Appointment

Members of the Committee shall be appointed of directors, upon the recommendation of the Nomination and Remuneration Committee by the Board, provided that obtaining Insurance Authority ‘s prior no-objection on the nomination/appointment
And may be removed by the Board at its discretion. Also, the Committee members shall be subject to reappointment by the Board after an interval of three years.

Chairman Selection

One of the members shall serve as the Chairman of the Committee. The Chairman of the Committee shall be designated by the Board or as desired by the Board of Directors, if no such designation is made, shall be selected by the affirmative vote of the majority of the Committee.
provided that obtaining Insurance Authority 's prior no-objection on the nomination/appointment of the Chairman of the committee

4- Membership term, mechanisms for appointing and relieving committee members, and vacant positions

1- Taking into consideration the rules for selecting members of the Risk Management Committee and the conditions that must be met by the members of the committee referred to above in these controls; The Board of Directors will compare between candidates for membership of the committee who meet the conditions, and the Board of Directors appoints the members of the committee for a period of three years (corresponding with the beginning and end of the Board of Directors' term) after obtaining a written no-objection from the Insurance Authority .

The Board of Directors shall take the necessary measures to enable the Committee to carry out the tasks entrusted to it.

2- The company's board of directors may exempt any member of the Risk Management committee by a decision of the board in the following cases:
   1- The member requested to be exempted from membership in the committee
   2- Abuse his position in the committee or misconduct that the board considers harmful to the objectives and reputation of the company in general and the committee in particular.
   3- Absence from attending three consecutive meetings without an excuse accepted by the Board of Directors.
   4- The member has lost any of the conditions that must be met by the member of the committee referred to above.
   5- The member's violation of the provisions of the Cooperative Insurance Companies Control Law, its implementing regulations, or the provisions of other relevant regulations and instructions.

3- Upon the expiry of a member's term, during the term of the committee's work, due to death, resignation, disability or exemption, the Board of Directors, after obtaining the Insurance Authority 's no-objection in writing, appoints another member to fill the vacant position in the committee, and the new member completes his predecessor's term until the end of the committee's term Taking into account the conditions that must be met by the committee member.

5- Duties of a committee member

1- Regularly attending the committee's sessions and actively participating in its work
2- Preserving the company's secrets. A member of the committee may not disclose to the shareholders, other than in the general assembly, or to third parties, the company's secrets that

came to his attention due to the performance of his work, otherwise he must change it, in addition to being held accountable for compensation for the damage that may result from that.

3- To exercise due diligence to carry out the work entrusted to him, and to keep abreast of recent developments related to the company's business.
4- To be characterized by justice and to display integrity, chastity, honesty, objectivity and independence when performing his work
5- To be free of personal interests, not to subject his judgment to the opinions of others, and not to disclose information that is not true.
6- The member shall not participate in any business or activities considered to be offensive to honor and honesty.
7- He shall not accept anything of significant value from an employee, affiliate, customer, supplier, or anyone who has a business relationship with the company that may lead to a weakness in the independence of the committee member in form and substance or affect or presumably affect his decisions.
8- To disclose to the Board of Directors the transactions that took place between him and the company and the nature of that relationship, as well as the relationship he has with the Board of Directors and the company's executive managers, in accordance with what is required by the code of conduct approved by the company.

6- Responsibilities of the Chairman of the Committee

The Chairman of the committee shall supervise the committee's achievement of all its tasks. The committee chairman shall have the following authorities:

1- Inviting the committee to convene and specifying the time, date and place of each committee meeting and the agenda, after coordination with the committee members.
2- Presiding over committee meetings.
3- Submitting the results and recommendations of the committee's work to the Board.
4- Preparing the committee's budget, its work plan, and its projects in the short and long term, in coordination with the committee's secretary, and presenting it to the committee in preparation for submitting it to the board of directors, after being approved by the committee.
5- When needed - Preparing periodic reports on the activities of the committee in coordination with the committee's secretary and presenting them to the committee in preparation for submission to the board of directors, after being approved by the committee. Copies of the committee's minutes are attached to these reports.
6- Representing the committee on the Board and in front of any other party that requires it.

7- Appointment of a secretary of the committee

1- The committee appoints a secretary from among the company's employees to undertake its administrative work, prepare minutes of its meetings, ensure that the committee chairman signs these minutes, and schedule committee meetings in coordination with its chairman.
2- The Insurance Authority s's prior no-objection to the appointment of the committee Secretary should be obtained.
3- When choosing the committee secretary, it should be taken into account that he has the academic qualification and practical experience that enables him to carry out the tasks entrusted to him.

4- The secretary of the committee must document and keep the minutes of the committee's meetings in a special record for that.
5- The committee secretary must prepare a list of the committee's tasks and responsibilities and follow up on their implementation on a quarterly basis during the year with the committee chairman and members.

8- Committee Meetings

- The Committee will meet at such times as shall be determined by its Chairman and its members, or upon the request of any two of its members.
- The Risk Management Committee shall meet periodically and whenever necessary, at least every six months
- No one other than the Committee members and the committee Secretary shall be entitled to be present at a meeting of the Committee, but others may attend at the invitation of the Committee
- The agenda of each meeting will be prepared by the Chairperson of the Committee and whenever reasonably possible, circulated to each member in an appropriate period prior to the meeting date.
- The committee meeting shall not be held unless at least half of its members are present.
- The Chairman will preside, when present, at all meetings of the Committee. And In case of his absence he will delegate a member to preside the meeting.
- The Committee will keep a record of its meetings and report on them to the Board.
- The Committee may meet by telephone or video conference and may take action by unanimous written consent.

9- Committee decisions

1- The decisions and recommendations of the committee are issued by a majority vote of its members present, and in the event of equal votes, the side with the chairman shall prevail.
2- Any member may reserve any decision taken by the committee, provided that he states the reasons that led him to reserve. If any member leaves the committee meeting before its conclusion, his reservation, if any, is limited to the decisions related to the items he attended for discussion, provided that he states in the minutes the items he did not attend the discussion if he expresses his desire in writing.
3- The committee secretary must record the opinions of all parties in the minutes of the meeting.

10- Documenting the minutes of the committee's meetings:

The minutes of the committee's meetings are documented as follows:

1- During the meeting, the Secretary of the Committee records the most important discussions and upon completion of the discussion of any topic, he summarizes the recommendations or decisions reached.

2- The Secretary of the Committee shall prepare for each of the Committee's meetings a draft minutes in which the date and place of the meeting, the names of those present and absent, a summary of the discussions and the texts of recommendations and decisions reached by the Committee shall be written and presented to the members of the Committee for approval.
3- The minutes of the meeting must be prepared and sent to the members within 15 days from the date of the meeting.
4- The signed copy of the minutes shall be kept in a special file and all documents related to the minutes shall be attached to it.

11- The Committee's plan and annual report to the Board of Directors and the Committee's evaluation

1- The committee shall prepare, before the beginning of each year, an annual plan that includes a timetable for the committee's meetings and a description of the work it will undertake during the year.
2- The committee must submit an annual report to the board of directors stating the number of committee meetings, the accomplished tasks assigned to the committee, what has not been accomplished, the reason for that, and the obstacles facing the committee in its work.
3- The Board of Directors, through the Nominations and Remunerations Committee or with the assistance of an external evaluation body, conducts the annual evaluation of the Committee and the Chairman and members of the Committee.

12- Committee's Scope of Work

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the power to retain outside legal counsel, auditors or consultants, or incur other expenses for this purpose, which expenses the Company shall pay. The Committee may also meet with the Company's investment bankers or financial analysts who follow the Company. The Committee may require any officer or employee of the Company or any of its subsidiaries, the Company's outside legal counsel, and the Company's external auditors to meet with the Committee or any member of the Committee.

The Board of Directors shall take all necessary measures to ensure that the Committee performs its duties.

13- Committee Members' Remuneration

The committee members are entitled to annual Remuneration for their membership in the committee, if the eligibility requirements have been fulfilled by the member.
The committee, members' remuneration shall be as per the Board resolution, based on Nomination & Remuneration committee recommendation, Board Members and committees' Remuneration Policies which is approved by the General Assembly, and provided within the parameters allowed by the law and regulations of Saudi Arabia.

14- Review & Amendments

The Committee shall develop, implement and review its own Charter annually and shall thereafter recommend its revised Charter for the Board's approval. The Board in return raises the charter to be approved in General Assembly meeting (in case the changes is required)

Investment Committee Charter

18

18- Investment Committee Charter

About the Company

Gulf Union Al Ahlia Cooperative Insurance Company is a Saudi public joint stock company whose license was approved by Ministerial Resolution No. (233) dated 16 Ramadan 1427 AH corresponding to October 9, 2006 AD and by Royal Decree No. (M/60) dated 9/18/1427 AH (corresponding to October 9, 2006 AD) October 11, 2006 AD (and was established by Ministerial Resolution No. 196/Q on 7/22/1428 corresponding to 05/08/2007)
The company obtained a license to practice insurance activity No. (TMN/09/20079), dated 29/08/1428 AH, issued by the Insurance Authority in the following branches (general insurance - medical insurance - protection and savings insurance)

The company is under the supervision and control of the Insurance Authority

Introduction

Gulf Union Al Ahlia Cooperative Insurance Company aims to establish the best Governance standards and practices and apply the company's corporate governance rules.
In compliance with the relevant laws, regulations and instructions, the company has established the Investment committee charter, which contains the controls regulating the work of the Investment committee, the role and responsibilities of the committee, the rules and controls for its formation, the selection of committee members, its meetings, and the rewards of its members in accordance with the relevant laws and regulations.

1. Purpose

The purpose of the Investment Committee (the "Committee") of the Board of Directors (the "Board") of Gulf Union Al Ahlia Cooperative Insurance Co. (the "Company") is to assist the Board in developing investment policies and strategies, approving and supervising investment transactions, and monitoring investment performance of the Company against the defined strategies, laws and regulations. The Investment committee formulates the overall investment policies of the Company, subject to approval by the Board, and establish investment guidelines in furtherance of those policies.

2. Committee Responsibilities

The Committee has the following duties and responsibilities:

1. Formulating the investment policy and reviewing its implementation on a quarterly basis
2. Recommending to the Board different investment opportunities
3. Reviewing the performance of each asset class
4. Monitoring the overall risks of the investment policy
5. Submitting a performance review report to the Board of Directors
6. Ensuring the compliance of all investment activities with the requirements of the Investment Regulation issued by Insurance Authority and any other applicable laws and regulations

3- Committee formation and selection of its members

Committee Size

The Committee shall be formed by the Board of Directors and shall be comprised of not less than three (3) members, The Investment Committee may consist of executive, Independents and non-executive members.

Reporting to the Board

The Investment Committee reports to the Board of Directors, Every meeting of the Committee should be followed by a minutes of meeting detailing the outcome of the meeting to the Board of Directors.

Rules for selecting committee members

There are a set of rules that the board of directors must take into account when selecting members of the Investment committee, and whoever is appointed as a member of the investment committee is required to meet the following throughout the term of his membership in the committee:

1. The member of the Investment Committee must have an appropriate academic qualification and knowledge of the nature of the company's business.
2. That the member must have a good reputation and good conduct.
3. To refrain from engaging in any activity that may be in conflict with the interest of the company, or in competition with its business, or that may harm his ability to carry out his duties and responsibilities objectively.
4. To allocate an appropriate time to perform the tasks entrusted to him to perform as a member of the committee.
5. The member should have the appropriate technical, financial or administrative expertise.

Members Appointment

Members of the Committee shall be appointed by Board of directors, upon the recommendation of the Nomination and Remuneration Committee, provided that obtaining Insurance Authority ‘s prior no-objection on the nomination/appointment, The committee may include members from outside the board of directors
And may be removed by the Board at its discretion. Also, the Committee members shall be subject to reappointment by the Board after an interval of three years.

Chairman Selection

One of the non-Executive members shall serve as the Chairman of the Committee. The Chairman of the Committee shall be designated by the Board or as desired by the Board of Directors, if no such designation is made, shall be selected by the affirmative vote of the majority of the Committee.
provided that obtaining Insurance Authority ‘s prior no-objection on the nomination/appointment of the Chairman of the committee

4- Membership term, mechanisms for appointing and relieving committee members, and vacant positions

1- Taking into consideration the rules for selecting members of the Investment Committee and the conditions that must be met by the members of the committee referred to above in these controls; The Board of Directors will compare between candidates for membership of the committee who meet the conditions, and the Board of Directors appoints the members of the committee for a period of three years (corresponding with the beginning and end of the Board of Directors' term) after obtaining a written no-objection from the Insurance Authority .
2- The Board of Directors shall take the necessary measures to enable the Committee to carry out the tasks entrusted to it.

   a. The company's board of directors may exempt any member of the Investment committee by a decision of the board in the following cases:
   b. The member requested to be exempted from membership in the committee or to submit his resignation from the membership of the board of directors.
   c. Abuse his position in the committee or misconduct that the board considers harmful to the objectives and reputation of the company in general and the committee in particular.
   d. Absence from attending three consecutive meetings without an excuse accepted by the Board of Directors.
   e. The member has lost any of the conditions that must be met by the member of the committee referred to above.
   f. The member's violation of the provisions of the Cooperative Insurance Companies Control Law, its implementing regulations, or the provisions of other relevant regulations and instructions.

3- Upon the expiry of a member's term, during the term of the committee's work, due to death, resignation, disability or exemption, the Board of Directors, after obtaining the Insurance Authority 's no-objection in writing, appoints another member to fill the vacant position in the committee, and the new member completes his predecessor's term until the end of the committee's term Taking into account the conditions that must be met by the committee member.

5- Duties of a committee member

1. Regularly attending the committee's sessions and actively participating in its work
2. Preserving the company's secrets. A member of the committee may not disclose to the shareholders, other than in the general assembly, or to third parties, the company's secrets that came to his attention due to the performance of his work, otherwise he must change it, in addition to being held accountable for compensation for the damage that may result from that.
3. To exercise due diligence to carry out the work entrusted to him, and to keep abreast of recent developments related to the company's business.
4. To be characterized by justice and to display integrity, chastity, honesty, objectivity and independence when performing his work
5. To be free of personal interests, not to subject his judgment to the opinions of others, and not to disclose information that is not true.
6. The member shall not participate in any business or activities considered to be offensive to honor and honesty.
7. He shall not accept anything of significant value from an employee, affiliate, customer, supplier, or anyone who has a business relationship with the company that may lead to a weakness in the

independence of the committee member in form and substance or affect or presumably affect his decisions.

8. To disclose to the Board of Directors the transactions that took place between him and the company and the nature of that relationship, as well as the relationship he has with the Board of Directors and the company's executive managers, in accordance with what is required by the code of conduct approved by the company.

6. Responsibilities of the Chairman of the Committee

The Chairman of the committee shall supervise the committee's achievement of all its tasks. The committee chairman shall have the following authorities:

1. Inviting the committee to convene and specifying the time, date and place of each committee meeting and the agenda, after coordination with the committee members.
2. Presiding over committee meetings.
3. Submitting the results and recommendations of the committee's work to the Board.
4. Preparing the committee's budget, its work plan, and its projects in the short and long term, in coordination with the committee's secretary, and presenting it to the committee in preparation for submitting it to the board of directors, after being approved by the committee.
5. When needed - Preparing periodic reports on the activities of the committee in coordination with the committee's secretary and presenting them to the committee in preparation for submission to the board of directors, after being approved by the committee. Copies of the committee's minutes are attached to these reports.
6. Representing the committee on the Board and in front of any other party that requires it.

7. Appointment of a secretary of the committee

1. The committee appoints a secretary from among the company's employees to undertake its administrative work, prepare minutes of its meetings, ensure that the committee chairman signs these minutes, and schedule committee meetings in coordination with its chairman.
2. The Insurance Authority s's prior no-objection to the appointment of the committee Secretary should be obtained.
3. When choosing the committee secretary, it should be taken into account that he has the academic qualification and practical experience that enables him to carry out the tasks entrusted to him.
4. The secretary of the committee must document and keep the minutes of the committee's meetings in a special record for that.
5. The committee secretary must prepare a list of the committee's tasks and responsibilities and follow up on their implementation on a quarterly basis during the year with the committee chairman and members.

8. Committee Meetings

1. The Committee will meet at such times as shall be determined by its Chairman and its members, or upon the request of any two of its members.

2. The Investment Committee meets periodically and whenever the need arises, The Committee shall meet at least four (4) Meetings a year.
3. No one other than the Committee members and the committee Secretary shall be entitled to be present at a meeting of the Committee, but others may attend at the invitation of the Committee
4. The agenda of each meeting will be prepared by the Chairperson of the Committee and whenever reasonably possible, circulated to each member in an appropriate period prior to the meeting date.
5. The committee meeting shall not be held unless at least half of its members are present.
6. The Chairman will preside, when present, at all meetings of the Committee. And In case of his absence he will delegate a member to preside the meeting.
7. The Committee will keep a record of its meetings and report on them to the Board.
8. The Committee may meet by telephone or video conference and may take action by unanimous written consent.

9. Committee decisions

1. The decisions and recommendations of the committee are issued by a majority vote of its members present, and in the event of equal votes, the side with the chairman shall prevail.
2. Any member may reserve any decision taken by the committee, provided that he states the reasons that led him to reserve. If any member leaves the committee meeting before its conclusion, his reservation, if any, is limited to the decisions related to the items he attended for discussion, provided that he states in the minutes the items he did not attend the discussion if he expresses his desire in writing.
3. The committee secretary must record the opinions of all parties in the minutes of the meeting.

10. Documenting the minutes of the committee's meetings:

The minutes of the committee's meetings are documented as follows:

1. During the meeting, the Secretary of the Committee records the most important discussions and upon completion of the discussion of any topic, he summarizes the recommendations or decisions reached.
2. The Secretary of the Committee shall prepare for each of the Committee's meetings a draft minutes in which the date and place of the meeting, the names of those present and absent, a summary of the discussions and the texts of recommendations and decisions reached by the Committee shall be written and presented to the members of the Committee for approval.
3. The minutes of the meeting must be prepared and sent to the members within 15 days from the date of the meeting.
4. The signed copy of the minutes shall be kept in a special file and all documents related to the minutes shall be attached to it.

11. The Committee's plan and annual report to the Board of Directors and the Committee's evaluation

1. The committee shall prepare, before the beginning of each year, an annual plan that includes a timetable for the committee's meetings and a description of the work it will undertake during the year.
2. The committee must submit an annual report to the board of directors stating the number of committee meetings, the accomplished tasks assigned to the committee, what has not been accomplished, the reason for that, and the obstacles facing the committee in its work.
3. The Board of Directors, through the Nominations and Remunerations Committee or with the assistance of an external evaluation body, conducts the annual evaluation of the Committee and the Chairman and members of the Committee.

12. Committee's Scope of Work

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the power to retain outside legal counsel, auditors or consultants, or incur other expenses for this purpose, which expenses the Company shall pay. The Committee may also meet with the Company's investment bankers or financial analysts who follow the Company. The Committee may require any officer or employee of the Company or any of its subsidiaries, the Company's outside legal counsel, and the Company's external auditors to meet with the Committee or any member of the Committee.

The Board of Directors shall take all necessary measures to ensure that the Committee performs its duties.

13. Committee Members' Remuneration

The committee members are entitled to annual Remuneration for their membership in the committee, if the eligibility requirements have been fulfilled by the member.
The committee, members' remuneration shall be as per the Board resolution, based on Nomination & Remuneration committee recommendation, Board Members and committees' Remuneration Policies which is approved by the General Assembly, and provided within the parameters allowed by the law and regulations of Saudi Arabia.

14. Review & Amendments

The Committee shall develop, implement and review its own Charter annually and shall thereafter recommend its revised Charter for the Board's approval. The Board in return raises the charter to be approved in General Assembly meeting (in case the changes is required)

Conflicts of Interests Pledge

Appendix A

Appendix A: Conflict of Interest Pledge

I, _____, in my capacity as a member of the Board of Directors of GULF UNION AL AHLIA, acknowledge that my duties shall include, inter alia, the following:

- To participate in the meetings of the Board of Directors on regular basis and to provide independent opinion on all strategic matters including policy, accountability, resources, etc…
- To act in good faith with due care and diligence in the best interest of the Company.
- To ensure that the priority is given to the Company's interests in case of conflict of interests.

I also acknowledge that as per best corporate governance standards, each Director is required to

(i) Disclose to the Board any real or potential conflict of interest.

(ii) Promptly and formally notify the Board of any proposed related party transaction as soon as they become aware of it and obtain the approval of the Board prior to entering into the transaction in which a related party is involved.

Once a member has notified the Board of a potential conflict of interest, it is up to the Chairman of the Board to decide on how to deal with it. This could be through: 1) Asking the conflicted Board member to participate in discussions but refrain from voting on the decision. 2) Asking the conflicted Board member not to participate in the discussion and to refrain from voting on the decision. 3) Asking the conflicted Board member to leave the Board room during discussions of the issue

It is understood that conflicted Board members should not participate in discussions on transactions in which they are a conflicted party and should abstain from voting on such issues after notifying the Board of Directors.

In all cases, when the Board is voting on an issue in which a Director has a potential conflict of interest, all voting must be done anonymously.

Signed: _____ Date: _____

Print Name: _____

Confidentiality Pledge

Appendix B

Appendix B: Confidentiality Pledge

While working in the interest of GULF UNION AL AHLIA, you may obtain confidential and/or sensitive information; which means any information acquired (whether in writing, orally or by any other means) by or on behalf of GULF UNION AL AHLIA to its staff or Board members including, without limitation, any information relating to GULF UNION AL AHLIA's products, operations, methodologies, systems, processes, plans or intentions, know-how, pricing, trade secrets, market opportunities, or business or financial affairs, and which if disclosed in tangible form is marked confidential or if disclosed otherwise, is confirmed in writing as being confidential or if disclosed in tangible form or otherwise, is manifestly confidential. Such information is the exclusive property of GULF UNION AL AHLIA and it is vital that you keep any received information in the strictest confidence. Consequently, you may not:

a) Reveal confidential and/ or sensitive information about GULF UNION AL AHLIA, whether you are or you are not serving in GULF UNION AL AHLIA's Board of Directors.

b) Improperly use confidential and/ or sensitive information, either directly or indirectly.

c) Reveal such information that may affect GULF UNION AL AHLIA's reputation and image.

d) Put yourself in a situation where some person could take advantage or might take advantage from you disclosing confidential and/ or sensitive information;

e) Take advantage or appear that you might take advantage from information that are not accessible to the public and that you obtained during the time you served GULF UNION AL AHLIA's Board of Directors.

Anyone who does not respect and comply with this Confidentiality Agreement following resignation or discharging from the Board of Directors hereby admits that the disclosure of confidential and/ or sensitive information will result in irrevocable damage to GULF UNION AL AHLIA, and it shall have the right to enforce its lawful rights and actions against any offending person.

I have read and understood this Confidentiality Agreement. My signature below acknowledges my agreement to conduct myself in a professional manner at all times and to keep all confidential and/ or sensitive information obtained confidential.

Name	
Signature	
Date	

Conflict of Interest Disclosure

Appendix C

Appendix C: Conflict of Interest Disclosure Form

With regards to my service as a Board member on the Board of GULF UNION AL AHLIA, I have the following potential conflict of interest to report:

☐ I am affiliated[1] to another Company.

☐ I am affiliated to a vendor, supplier, or other party providing or bidding for providing services, having a direct or indirect interest in business transaction(s), agreement, and investment with GULF UNION AL AHLIA and/or its subsidiaries.

☐ I am having business dealings or transaction with a vendor, supplier or other party which could result in benefit to me.

☐ I or person(s) I have affiliation with have interest in purchasing services from GULF UNION AL AHLIA and/or its subsidiaries.

☐ I am affiliated to any staff of GULF UNION AL AHLIA and/or its subsidiaries.

☐ Others:

_____

Please elaborate on the potential conflict arising from the above situation with regards to the transaction concerned (e.g. nature of service/ transaction, if affiliated person involved, the identity of the affiliated person and your relationship with that person):

_____

_____

_____

_____

I hereby confirm that the disclosure made above is complete and correct to the best of my information and belief. I shall not be participating in the discussion and decision making of this matter. I agree that if I become aware of any information that might indicate that this disclosure is inaccurate or that I have not complied with the conflict of interest policy, I will notify the Board Chairman immediately.

Name	
Signature	
Date	

[1] Affiliated refers to the following: Spouse, child, mother, father, brother or sister or close associates; any corporation, business or non-profit organization of which you are serve as staff, officer, board member, partner, participate in management or are employed by; any trust or other estate in which you have a substantial interest or as to which you serve as a trustee or in a similar capacity.

Acknowledgment of Stakeholders rights

Appendix D

Appendix D: Acknowledgment of Stakeholders Rights

I, _____, in my capacity as a member of the Board of Directors of GULF UNION AL AHLIA, recognise and acknowledge the rights of all stakeholders mentioned in this framework and established by law or through mutual agreements and encourage active co-operation between the Company and its stakeholders to create wealth, jobs and the sustainability of a financially sound enterprise including, inter alia, the following:

- To protect the exercise of shareholders rights to a share of distributable profits, a share of assets upon liquidation and right to disposition of shares.
- To facilitate shareholders rights to vote and participate in the General Assembly, be presented with sufficient information before and after the General Assembly.
- To ensure that timely and accurate disclosure is made on all shareholder matters.
- To ensure the viability of the Company is managed in the interest of the Shareholders as a whole while taking into account the interest of other stakeholders.
- To provide safe and healthy working conditions, and to respect human rights and respect employees' rights.

As a Board member, I am committed to the highest ethical standards as the Company desires its stakeholders to have strong faith in it and commitment towards it. Trust and strong commitment is the key for GULF UNION AL AHLIA in order to build a healthy relationship with its stakeholders.

Name	
Signature	
Date	

Integrity and Sound Business Pledge

Appendix E

Appendix E: Integrity and Sound Business Pledge

I, _____, hereby plea to act accordingly and follow the proper conduct, roles and responsibilities sought in this manual for GULF UNION AL AHLIA. I have a responsibility to understand and follow GULF UNION AL AHLIA's code of conduct, and to perform my work.

I vow to act and comply with the highest form of integrity, care, diligence and ethical business standards throughout my service with the Company and will not tolerate unethical practices from employees, Board members or 3rd parties dealing with the Company. Furthermore, I plea to:

- Make decisions in good faith for a proper purpose.
- Not have a material personal interest in the subject matter of decision.
- Taken the necessary steps to inform myself on the subject matter of the decision to the extent I reasonably believe to be appropriate.
- Reasonably believe the decision is in the best interests of the Company.

I recognise the importance of following this manual and take full responsibility for my actions, and understand that the appropriate disciplinary actions including the possible removal from the Board may occur in the instance of a violation of GULF UNION AL AHLIA's code of conduct.

Name	
Signature	
Date	

Corporate Governance Principles Pledge

Appendix F

Appendix F: Corporate Governance Principles Pledge

I, _____, hereby plea my commitment to abiding by corporate governance practices as set out in this code. GULF UNION AL AHLIA's corporate governance philosophy is to adopt practices that are fully compliant with the Saudi CMA and Insurance Authority - yielding a Board that is constructively and actively engaged in corporate oversight.

I intend to review these principles and other aspects of corporate governance from time to time and shall make such changes as it deemed necessary and to the extent required under any applicable securities laws and stock exchange regulations.

Name	
Signature	
Date	

Board of Directors Calendar (Guiding)

Appendix G

Appendix G: Board of Directors Calendar

The purpose of this section is to outline a detailed view of the duties of GULF UNION AL AHLIA's Board. The calendar is split up into two overlapping section, the first being the quarterly duties needed to be fulfilled during the different quarters of the year, and the latter showing the ongoing duties throughout the year.

Quarterly Duties

Quarter 1

SI 1: Minutes

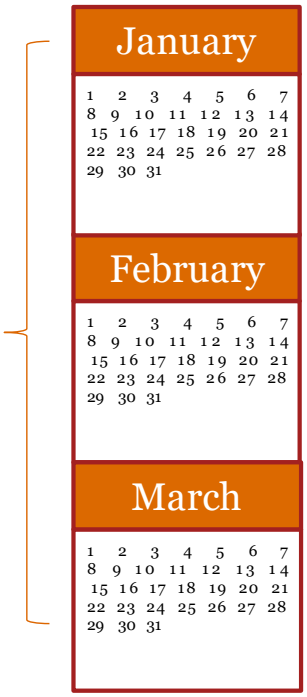
- Ratify and approve the minutes of the previous meeting.
- Handle matters arising from the previous meeting's minutes (for example, actions that have not been completed).

SI 2: Strategy

- Review full-year financial results
- Assess "going concern" status
- Review constitution/profile of Board
- Make nominations for Board election/re-election
- (Re-)appoint external auditor

SI 3: Performance

- Sign-off on input to annual report
    - Directors' report
    - Directors' risk statement
    - Directors' ethics statement
- Evaluate performance:



- Board
- Chairperson
- Executive management
- Committees

SI 4: Committee Related Activities

- Review individual Committee activities

Quarter 2

SI 1: Minutes

- Ratify and approve the minutes of the previous meeting.
- Handle matters arising from the previous meeting's minutes (for example, actions that have not been completed).

SI 4: Committee Related Committees

- Review Board Charter
- Review Committee Terms of Reference
- Review Committee composition
- Ensure orientation/training for new directors
- Review individual Committee activities

Quarter 3

SI 1: Minutes

- Ratify and approve the minutes of the previous meeting.
- Handle matters arising from the previous meeting's minutes (for example, actions that have not been completed).

SI 2: Strategy

- Review half-yearly financial results
- Review "going concern" assessment

SI 4: Committee Related Activities

- Review individual Committee activities

Quarter 4

SI 1: Minutes

- Ratify and approve the minutes of the previous meeting.
- Handle matters arising from the previous meeting's minutes (for example, actions that have not been completed).

SI 3: Performance

- Review and approve business plan
- Review and approve budget
- Review and approve prioritised integrated risk assessment
- Determine key performance indicators

SI 4: Committee Related Activities

- Review individual Committee activities

Yearly Ongoing Duties

January	February	March	April	May	June
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30
July	**August**	**September**	**October**	**November**	**December**
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

Direct

- Promote vision, mission, values
- Approve goals, strategy and policy
- Determine key performance indicators
- Appoint Managing Director/executive management
- Review definition of materiality
- Determine risk appetite
- Establish executive powers
- Delegate authority to executive management

Monitor

- Oversee strategy implementation
- Exercise responsibility to stakeholders for business practices and conduct
- Identify and monitor business risks
- Review and evaluate systems of control
- Review operational performance to established indicators
- Review “going concern” status
- Monitor standards of ethical behaviour
- Monitor legal/regulatory compliance
- Monitor and reward management performance
- Ensure executive management succession planning

Report

- Ensure effective and transparent communication to shareholders and other stakeholders on organisational activities and performance
- Account to shareholders for stewardship of organisational assets

Board Effectiveness Assessment Tool (Guiding)

Appendix H

Appendix H: Board Effectiveness Assessment Tool

Board Effectiveness Assessment Tool

1 = Hardly ever/Poor **2** = Occasionally/Below average **3** = Some of the time/Average

4 = Most of the time/Above average **5** = All of the time/Fully satisfactory

#	Behaviours	N/A	1	2	3	4	5
A1	**Setting strategy** All Board members support and debate the Company's strategy and values, enabling them to set the tone from the top.	☐	☐	☐	☐	☐	☐
A2	**Strategy** All Board members have a clear understanding of the Company's core business, its strategic direction and the financial and human resources necessary to meet its objectives.	☐	☐	☐	☐	☐	☐
A3	**Managing Board meetings and discussions** The Board meetings encourage a high quality of debate with robust and probing discussions.	☐	☐	☐	☐	☐	☐
A4	**Managing internal Board relationships** Board members make decisions objectively and collaboratively in the best interests of the Company and feel collectively responsible for achieving organizational success.	☐	☐	☐	☐	☐	☐
A5	**Managing the Board's relationships with others** The Board communicates effectively with all of the Company's stakeholders and seeks their feedback.	☐	☐	☐	☐	☐	☐
A6	**Board members' own skills** Board members recognise the role which they and each of their colleagues is expected to play and have the appropriate skills and experience for that role.	☐	☐	☐	☐	☐	☐
A7	**Reaction to events** The Board responds positively and constructively to events in order to enable effective decisions and implementation and to encourage transparency.	☐	☐	☐	☐	☐	☐

#	Behaviours	N/A	1	2	3	4	5
A8	**Chairman** The Chairman's leadership style and tone promotes effective decision-making, constructive debate and ensures that the Board works as a team.	☐	☐	☐	☐	☐	☐
A9	**Chairman and CEO relationship** The Chairman and the chief executive work well together and their different skills and experience complement each other.	☐	☐	☐	☐	☐	☐
A10	**Attendance and contribution at meetings** All Board members attend and actively contribute at meetings.	☐	☐	☐	☐	☐	☐
A11	**Open channels of communication** The Board has open channels of communication with executive management and others and is properly briefed.	☐	☐	☐	☐	☐	☐
A12	**Risk and control frameworks** The Board's approach to reviewing risk in the organisation is open and questioning, and looks to learning points from events, rather than blame.	☐	☐	☐	☐	☐	☐
A13	**Composition** The Board is the right size and has the best mix of skills to ensure its optimum effectiveness.	☐	☐	☐	☐	☐	☐
A14	**Charter** The terms of reference for the Board are appropriate, with clearly defined roles and responsibilities, ensuring that the right issues are being addressed.	☐	☐	☐	☐	☐	☐
A15	**Committees of the Board** The Board's committees are properly constituted, perform their delegated roles and report back clearly and fully to the Board.	☐	☐	☐	☐	☐	☐
A16	**Board Secretary** The Board Secretary acts as an appropriate conduit for the provision of information to the Board and support to the Chairman and the non-executive Directors.	☐	☐	☐	☐	☐	☐
A17	**Executive Directors** The contribution of the executive Directors, as members of the Board rather than as senior executives, is effective.	☐	☐	☐	☐	☐	☐

#	Behaviours	N/A	1	2	3	4	5
A18	**Non-executive Directors** The non-executive Directors contribute effectively to the development of strategy and the monitoring of the performance of management, providing both support and challenge.	☐	☐	☐	☐	☐	☐
A19	**Meetings and administration** The Board meets sufficiently often, and with information of appropriate quality and detail, such that agenda items can be properly covered in the time allocated.	☐	☐	☐	☐	☐	☐
A20	**Timeliness of information** Information is received in sufficient time to allow for proper consideration, with scope for additional briefing if necessary.	☐	☐	☐	☐	☐	☐
A21	**Agenda items** The Board cycle agenda covers all matters of importance to the Company, is prioritised and includes consideration of corporate reputation, its enhancement and the risks surrounding it.	☐	☐	☐	☐	☐	☐
A22	**Annual General Meeting** The Company makes best use of its Annual General meeting.	☐	☐	☐	☐	☐	☐
A23	**External stakeholders** The Board has defined its external stakeholders and ensures that the Company has the right level of contact with them.	☐	☐	☐	☐	☐	☐
A24	**Risk management** The Board uses an active and well-structured process to manage risk, taking account of the Company's activities and the breadth of functions across the business.	☐	☐	☐	☐	☐	☐
A25	**Induction and training** Board members receive proper induction on appointment and ongoing training is available to meet development needs.	☐	☐	☐	☐	☐	☐
A26	**Succession planning** There is appropriate succession planning for key Board members and senior executives.	☐	☐	☐	☐	☐	☐

#	Behaviours	N/A	1	2	3	4	5
A27	**Performance evaluation** Board members are individually subject to an annual performance evaluation that measures their contribution and commitment.	☐	☐	☐	☐	☐	☐

Board Director's Personal Effectiveness Assessment Tool

Appendix I

Appendix I: Board Director's Personal Effectiveness Assessment Tool

Director's Personal Effectiveness Assessment Tool

1 = Hardly ever/Poor time/Average **2 = Occasionally/Below average** **3 = Some of the**

4 = Most of the time/Above average **5 = All of the time/Fully satisfactory**

Name of Director being assessed: .....

#	Behaviours	N/A	1	2	3	4	5
B1	**Setting strategy** The Director has a clear understanding of the Company's core business and participates in setting its strategic aims.	☐	☐	☐	☐	☐	☐
B2	**Enabling performance** The Director assists in ensuring that the necessary financial and human resources are available for the Company to meet its objectives.	☐	☐	☐	☐	☐	☐
B3	**Setting and applying values** The Director supports the Company's standards and values, enabling him/ her to contribute to setting the tone from the top.	☐	☐	☐	☐	☐	☐
B4	**Demonstrating courage and integrity** The Director is prepared to stand firm, challenge constructively and to lead by example on ethical matters.	☐	☐	☐	☐	☐	☐
B5	**Attendance at Board meetings** The Director regularly attends meetings.	☐	☐	☐	☐	☐	☐
B6	**Appropriate preparation** The Director prepares appropriately in advance of meetings.	☐	☐	☐	☐	☐	☐
B7	**Active participation** The Director actively participates in robust and probing discussions during and between Board meetings.	☐	☐	☐	☐	☐	☐

#	Behaviours	N/A	1	2	3	4	5
B8	**Engagement of executive Directors** The Director clearly works in the best interests of the Company leaving his or her functional responsibilities "at the door".	☐	☐	☐	☐	☐	☐
B9	**Personal accountability** The Director demonstrates personal responsibility for promoting the success of the business.	☐	☐	☐	☐	☐	☐
B10	**Risk and control frameworks** The Director's approach to reviewing risk in the organisation is open and questioning.	☐	☐	☐	☐	☐	☐
B11	**Reaction to bad news** The Director responds positively and constructively to bad news thus encouraging open and transparent communications.	☐	☐	☐	☐	☐	☐
B12	**Understanding of individual contribution** The Director recognises the role which he/she and each of his/her colleagues is expected to play.	☐	☐	☐	☐	☐	☐
B13	**Directors' skills** The Director has the appropriate skills and experience for the role.	☐	☐	☐	☐	☐	☐
B14	**Understanding of the business** The Director makes an effort to get to know the business.	☐	☐	☐	☐	☐	☐
B15	**Sufficient time for the role** The Director has sufficient time to dedicate to the role.	☐	☐	☐	☐	☐	☐
B16	**Flexibility** The Director anticipates and embraces change and reinforces the positive aspects of change to others.	☐	☐	☐	☐	☐	☐
B17	**Personal impact** The Director communicates with impact, seeking to understand others' points of view and negotiating/influencing as appropriate.	☐	☐	☐	☐	☐	☐
B18	**Demonstrating business acumen** The Director makes sound decisions and exercises good judgement in debating Board agenda items.	☐	☐	☐	☐	☐	☐

#	Behaviours	N/A	1	2	3	4	5
B19	**Professional development** The Director takes responsibility for his/her ongoing professional development.	☐	☐	☐	☐	☐	☐
B20	**Managing relationships with executive management** The Director has open channels of communication with executive management and others, as appropriate.	☐	☐	☐	☐	☐	☐
B21	**Managing relationships with others externally** The Director is open to contact from major shareholders and other stakeholders as appropriate to his/her role on the Board.	☐	☐	☐	☐	☐	☐
B22	**Liaison with Board Secretary** The Director appropriately utilises the support of the Board Secretary.	☐	☐	☐	☐	☐	☐
B23	**Liaison with Senior Independent Director** The Director consults and communicates with the Senior Independent Director, where relevant and appropriate.	☐	☐	☐	☐	☐	☐

Audit Committee Effectiveness Assessment Tool

Appendix J

Appendix J: Audit Committee Effectiveness Assessment Tool

Audit Committee Effectiveness Assessment Tool

1 = Hardly ever/Poor time/Average **2 = Occasionally/Below average** **3 = some of the**

4 = Most of the time/Above average **5 = All of the time/Fully satisfactory**

#	Behaviours	N/A	1	2	3	4	5
C1	**Understanding of core business objectives** All Audit Committee members have a good understanding of the different risks inherent in the Company's business activities	☐	☐	☐	☐	☐	☐
C2	**Focus on appropriate areas** The Audit Committee focuses on the right questions and is effective in avoiding the minutiae	☐	☐	☐	☐	☐	☐
C3	**Quality of interaction with external auditors** The Audit Committee actively engages with the external auditors regarding scope of work, audit findings and other relevant matters	☐	☐	☐	☐	☐	☐
C4	**Quality of interaction with internal audit** The Audit Committee demonstrates an appropriate degree of involvement in the work of internal audit and its findings	☐	☐	☐	☐	☐	☐
C5	**Understanding of key financial issues** The Audit Committee has a good understanding of the key financial issues, including quality of earnings, critical accounting policies and complex transactions	☐	☐	☐	☐	☐	☐
C6	**Understanding of how assurance is gained** The Audit Committee understands the interaction between the various sources of assurance available to it	☐	☐	☐	☐	☐	☐

#	Behaviours	N/A	1	2	3	4	5
C7	**Rigor of debate** Audit Committee meetings encourage a high quality of debate with robust and probing discussions	☐	☐	☐	☐	☐	☐
C8	**Reaction to bad news** The Audit Committee responds positively and constructively to bad news in order to encourage future transparency	☐	☐	☐	☐	☐	☐
C9	**Quality of Chairmanship** The Chairmanship operates satisfactorily in terms of promoting effective and efficient meetings, with an appropriate level of involvement outside of the formal meetings	☐	☐	☐	☐	☐	☐
C10	**Frank, open working relationship with executive Directors** The Audit Committee members have a frank and open relationship with the executive Directors, whilst avoiding the temptation to become 'executive'	☐	☐	☐	☐	☐	☐
C11	**Open channels of communication** The Audit Committee has open channels of communication with Company contacts which facilitates the surfacing of issues	☐	☐	☐	☐	☐	☐
C12	**Perceived to have a positive impact** There is an appropriate balance between the monitoring role of the Audit Committee and it being an "influencer for good"	☐	☐	☐	☐	☐	☐

#	Processes	N/A	1	2	3	4	5
C13	**Members with appropriate skills and experience** The Audit Committee comprises members with an appropriate mix of skills and experience, including recent and relevant financial experience	☐	☐	☐	☐	☐	☐
C14	**Clear terms of reference** There are clear terms of reference, with clarity as to role vis a vis the Board as a whole	☐	☐	☐	☐	☐	☐
C15	**Structured and appropriate annual agenda** There is a structured annual agenda of matters to be covered with focus on the right areas	☐	☐	☐	☐	☐	☐
C16	**Sufficient number of meetings and access to resources** The number and length of meetings and access to resources is sufficient to allow the Audit Committee to fully discharge its duties	☐	☐	☐	☐	☐	☐
C17	**Concise, relevant and timely information** Audit Committee papers are concise, relevant and timely and are received sufficiently far in advance of meetings	☐	☐	☐	☐	☐	☐
C18	**Right people invited to attend and present at meetings** Executive management and others are asked to present on topics, as appropriate	☐	☐	☐	☐	☐	☐

#	Processes	N/A	1	2	3	4	5
C19	**Meetings held sufficiently far in advance of Board meetings** Audit Committee meetings are held sufficiently far in advance of Board meetings to permit resolution of issues raised	☐	☐	☐	☐	☐	☐
C20	**Attendance and contribution at meetings** All Audit Committee members attend and actively contribute at meetings	☐	☐	☐	☐	☐	☐
C21	**Sufficient time and commitment to undertake responsibilities** All Audit Committee members have sufficient time and commitment to fulfil their responsibilities	☐	☐	☐	☐	☐	☐
C22	**Ongoing personal development to remain up to date** Audit Committee members undertake ongoing personal development activities to update their skills and knowledge	☐	☐	☐	☐	☐	☐
C23	**Private meetings with internal and external auditors** Private meetings of the Audit Committee, and not just its Chairman, are held at least annually with both the external auditors and internal audit	☐	☐	☐	☐	☐	☐
C24	**Role in relation to whistle-blowing** The Audit Committee has been informed of the whistle-blowing procedures in place within the organisation and undertakes its defined role in relation to them	☐	☐	☐	☐	☐	☐

Nomination and Remuneration Committee Effectiveness Assessment Tool

Appendix K

Appendix K: Nomination and Remuneration Committee Effectiveness Assessment Tool

Nomination and Remuneration Committee Effectiveness Assessment Tool

1 = Hardly ever/Poor time/Average **2 = Occasionally/Below average** **3 = Some of the**

4 = Most of the time/Above average **5 = All of the time/Fully satisfactory**

#	Behaviours	N/A	1	2	3	4	5
D1	**Understanding of core business objectives** All Nomination and Remuneration Committee members have a good understanding of the Company's business objectives and Company-wide HR programs and utilize this understanding during Committee discussions on Nomination and Remuneration policy.	☐	☐	☐	☐	☐	☐
D2	**Assessment of possible outcomes from decisions** The Nomination and Remuneration Committee understand in detail all aspects of the Company's Nomination and Remuneration policies and assesses the possible future outcomes of from decisions.	☐	☐	☐	☐	☐	☐
D3	**Appreciation of potential risks** The Nomination and Remuneration Committee consider the behavioural impact on executives and other employees arising from policies and their implementation.	☐	☐	☐	☐	☐	☐
D4	**Approach to individual executives' performance objectives and performance assessment** In considering specific awards, The Nomination and Remuneration Committee understands the basis of any assessment of the performance of executive Directors (and other members of the management team within their remit) and is prepared to deal with the remuneration aspects of performance below expectation.	☐	☐	☐	☐	☐	☐
D5	**Quality of interaction with management** The Nomination and Remuneration Committee retains the initiatives in setting Nomination and Remuneration policy and structures and listen to, but also challenges, proposals, put forward by management.	☐	☐	☐	☐	☐	☐

#	Behaviours	N/A	1	2	3	4	5
D6	**Quality of dialogue with Nomination and Remuneration and external advisors** The Nomination and Remuneration Committee is active in ensuring it obtains and understands advice from the HR manager or independent external advisors.	☐	☐	☐	☐	☐	☐
D7	**Focus on various investor perspectives** The Nomination and Remuneration Committee consults with shareholders and anticipates reactions to changes in Nomination and Remuneration policy and is aware of the sentiment of the Company's shareholders' and other stakeholders' with respect to senior executive rewards..	☐	☐	☐	☐	☐	☐
D8	**Rigour of debate** Meetings of the Nomination and Remuneration Committee are conducted in such a way as to encourage robust and probing debate. All members contribute proactively.	☐	☐	☐	☐	☐	☐
D9	**Willingness to take unpopular decisions** The Nomination and Remuneration Committee is prepared to take unpopular decisions and deliver "bad news" to management, if this is considered to be necessary in light of the Company's, or individual, performance or is appropriate in the context of current standards of good practice	☐	☐	☐	☐	☐	☐
D10	**Quality of Chairmanship** The Chairmanship of the Nomination and Remuneration Committee promotes efficient and effective meetings and encourages involvement by all members, both within the formal meetings and informally.	☐	☐	☐	☐	☐	☐

# Processes	N/A	1	2	3	4	5
D11 Clear terms of reference There are clear terms of reference for the Nomination and Remuneration Committee that define the Committee's role in relation to the Board as a whole, are available to shareholders and other interested parties, and to which the Nomination and Remuneration Committee adheres.	☐	☐	☐	☐	☐	☐
D12 Members with appropriate skills and experience Members of the Nomination and Remuneration Committee comprise individual with appropriate range of experience and skills including a working knowledge of HR and Remuneration structures commonly applied in similar companies and of the current HR and Remuneration framework applicable to the Company.	☐	☐	☐	☐	☐	☐
D13 Ongoing briefing and knowledge update Each member of the Nomination and Remuneration Committee has committed to undertake regular personal development to update his or her skills and knowledge.	☐	☐	☐	☐	☐	☐
D14 Structured and appropriate annual agenda There is a structured annual agenda setting out the timing of critical decisions and the processes to be undertaken in order to allow the Nomination and Remuneration committee members to make such decisions.	☐	☐	☐	☐	☐	☐
D15 Regular, appropriately timed and well-attended meetings There are a sufficient number of meetings, of adequate length, to allow the Nomination and Remuneration Committee to fully discharge its duties. All Nomination and Remuneration committee members are in attendance at all meetings.	☐	☐	☐	☐	☐	☐
D16 Access to relevant, concise and timely information The members of the Nomination and Remuneration Committee are provided with complete but concise information sufficiently in advance of each meeting to allow them to assimilate the key issues for debate and decision-making.	☐	☐	☐	☐	☐	☐

#	Processes	N/A	1	2	3	4	5
D17	**Access to external advisors** The Nomination and Remuneration Committee has direct access to external advisors, whether or not it has formally appointed its own independent advisors, and to any relevant reports they may produce as a result of any other relationship they may have with management.	☐	☐	☐	☐	☐	☐
D18	**Restriction on non-member invitees to Nomination and Remuneration Committee meetings** Executive management and other non-members are invited to attend Nomination and Remuneration Committee meetings to provide information or present on relevant topics but do not attend as a matter of course.	☐	☐	☐	☐	☐	☐
D19	**Assumption of responsibility for content of the published Nomination and Remuneration Report** The Nomination and Remuneration Committee takes full responsibility for the content of the published Nomination and Remuneration report and proactively drive the decisions on the disclosures contained therein. The Chairman of the Nomination and Remuneration Committee attends the AGM to answer questions relating to Nomination and Remuneration.	☐	☐	☐	☐	☐	☐

Risk Committee Effectiveness Assessment Tool

Appendix L

A

Appendix L: Risk Committee Effectiveness Assessment Tool

Risk Committee Effectiveness Assessment Tool

1 = Hardly ever/Poor 2 = Occasionally/Below average 3 = Some of the time/Average

4 = Most of the time/Above average 5 = All of the time/Fully satisfactory

#	Behaviours	N/A	1	2	3	4	5
G1	**Understanding of core business objectives** All Risk Committee members have a good understanding of the different risks on the business activities	☐	☐	☐	☐	☐	☐
G2	**Focus on appropriate areas** The Risk Committee focuses on the right questions and is effective in avoiding the minutiae	☐	☐	☐	☐	☐	☐
G3	**Quality of interaction with external auditors** Risk Committee actively engages with the external auditors regarding scope of work, audit findings and other relevant matters	☐	☐	☐	☐	☐	☐
G4	**Quality of interaction with Risk Management Function** Risk Committee demonstrates an appropriate degree of involvement in the work of Risk and its findings	☐	☐	☐	☐	☐	☐
G5	**Understanding of key financial issues** Risk Committee has a good understanding of the key financial issues, including quality of earnings, critical accounting policies and complex transactions	☐	☐	☐	☐	☐	☐
G6	**Understanding of how assurance is gained** Risk Committee understands the interaction between the various sources of assurance available to it	☐	☐	☐	☐	☐	☐

#	Behaviours	N/A	1	2	3	4	5
G7	**Rigor of debate** Risk Committee meetings encourage a high quality of debate with robust and probing discussions	☐	☐	☐	☐	☐	☐
G8	**Reaction to bad news** Risk Committee responds positively and constructively to bad news in order to encourage future transparency	☐	☐	☐	☐	☐	☐
G9	**Quality of Chairmanship** The Chairmanship operates satisfactorily in terms of promoting effective and efficient meetings, with an appropriate level of involvement outside of the formal meetings	☐	☐	☐	☐	☐	☐
G10	**Frank, open working relationship with executive Board Members** Risk Committee members have a frank and open relationship with the executive Board Members, whilst avoiding the temptation to become 'executive'	☐	☐	☐	☐	☐	☐
G11	**Open channels of communication** The Risk Committee has open channels of communication with Company contacts which facilitates the surfacing of issues	☐	☐	☐	☐	☐	☐
G12	**Perceived to have a positive impact** There is an appropriate balance between the monitoring role of the Risk Committee and it being an "influencer for good"	☐	☐	☐	☐	☐	☐

#	Behaviours	N/A	1	2	3	4	5
G13	**Members with appropriate skills and experience** The Risk Committee comprises members with an appropriate mix of skills and experience, including recent and relevant financial experience	☐	☐	☐	☐	☐	☐
G14	**Clear terms of reference** There are clear terms of reference, with clarity as to role vis a vis the Board as a whole	☐	☐	☐	☐	☐	☐
G15	**Clear as to risk management responsibilities** The Risk Committee is clear as to its role in relation to risk management	☐	☐	☐	☐	☐	☐
G16	**Structured and appropriate annual agenda** There is a structured annual agenda of matters to be covered with focus on the right areas	☐	☐	☐	☐	☐	☐
G17	**Sufficient number of meetings and access to resources** The number and length of meetings and access to resources is sufficient to allow the Risk Committee to fully discharge its duties	☐	☐	☐	☐	☐	☐
G18	**Concise, relevant and timely information** Risk Committee papers are concise, relevant and timely and are received sufficiently far in advance of meetings	☐	☐	☐	☐	☐	☐

#	Behaviours	N/A	1	2	3	4	5
G19	**Right people invited to attend and present at meetings** Executive management and others are asked to present on topics, as appropriate	☐	☐	☐	☐	☐	☐
G20	**Meetings held sufficiently far in advance of Board meetings** Risk Committee meetings are held sufficiently far in advance of Board meetings to permit resolution of issues raised	☐	☐	☐	☐	☐	☐
G21	**Attendance and contribution at meetings** All Risk Committee members attend and actively contribute at meetings	☐	☐	☐	☐	☐	☐
G22	**Sufficient time and commitment to undertake responsibilities** All Risk Committee members have sufficient time and commitment to fulfil their responsibilities	☐	☐	☐	☐	☐	☐
G23	**Ongoing personal development to remain up to date** Risk Committee members undertake ongoing personal development activities to update their skills and knowledge	☐	☐	☐	☐	☐	☐
G24	**Private meetings with risk management officers** Private meetings of the Risk Committee, and not just its Chairman, are held at least annually with the risk management officers.	☐	☐	☐	☐	☐	☐
G25	**Role in relation to whistle-blowing** Risk Committee has been informed of the whistle-blowing procedures in place within the organisation and undertakes its defined role in relation to them	☐	☐	☐	☐	☐	☐

Executive Committee Effectiveness Assessment Tool

Appendix M

Appendix M: Executive Committee Effectiveness Assessment Tool

Executive Committee Effectiveness Assessment Tool

1 = Hardly ever/Poor **2 = Occasionally/Below average** **3 = some of the time/Average**

4 = Most of the time/Above average **5 = All of the time/Fully satisfactory**

#	Behaviors	N/A	1	2	3	4	5
1	**Rigor of debate** Executive Committee meetings encourage a high quality of debate with robust and probing discussions.	☐	☐	☐	☐	☐	☐
2	**Reaction to bad news** The Executive Committee responds positively and constructively to bad news in order to encourage future transparency.	☐	☐	☐	☐	☐	☐
3	**Quality of Chairmanship** The Chairmanship operates satisfactorily in terms of promoting effective and efficient meetings, with an appropriate level of involvement outside of the formal meetings.	☐	☐	☐	☐	☐	☐
4	**Frank, open working relationship with executive Board Members** The Executive Committee members have a frank and open relationship with the executive Board Members, whilst avoiding the temptation to become 'executive'.	☐	☐	☐	☐	☐	☐
5	**Open channels of communication** The Executive Committee has open channels of communication with Company contacts which facilitates the surfacing of issues.	☐	☐	☐	☐	☐	☐
6	**Perceived to have a positive impact** There is an appropriate balance between the monitoring role of the Executive Committee and it being an "influencer for good".	☐	☐	☐	☐	☐	☐

#	Behaviours	N/A	1	2	3	4	5
7	**Members with appropriate skills and experience** The Executive Committee comprises members with an appropriate mix of skills and experience, including recent and relevant financial experience.	☐	☐	☐	☐	☐	☐
8	**Clear terms of reference** There are clear terms of reference, with clarity as to role vis a vis the Board as a whole.	☐	☐	☐	☐	☐	☐
9	**Clear as to risk management responsibilities** The Executive Committee is clear as to its role in relation to risk management.	☐	☐	☐	☐	☐	☐
10	**Structured and appropriate annual agenda** There is a structured annual agenda of matters to be covered with focus on the right areas.	☐	☐	☐	☐	☐	☐
11	**Sufficient number of meetings and access to resources** The number and length of meetings and access to resources is sufficient to allow the Executive Committee to fully discharge its duties.	☐	☐	☐	☐	☐	☐
12	**Concise, relevant and timely information** Executive Committee papers are concise, relevant and timely and are received sufficiently far in advance of meetings.	☐	☐	☐	☐	☐	☐
13	**Right people invited to attend and present at meetings** Executive management and others are asked to present on topics, as appropriate.	☐	☐	☐	☐	☐	☐

#	Behaviours	N/A	1	2	3	4	5
14	**Meetings held sufficiently far in advance of Board meetings** Executive Committee meetings are held sufficiently far in advance of Board meetings to permit resolution of issues raised.	☐	☐	☐	☐	☐	☐
15	**Attendance and contribution at meetings** All Executive Committee members attend and actively contribute at meetings.	☐	☐	☐	☐	☐	☐
16	**Sufficient time and commitment to undertake responsibilities** All Executive Committee members have sufficient time and commitment to fulfil their responsibilities.	☐	☐	☐	☐	☐	☐
17	**Ongoing personal development to remain up to date** Executive Committee members undertake ongoing personal development activities to update their skills and knowledge.	☐	☐	☐	☐	☐	☐
18	**Private meetings with internal and external auditors** Private meetings of the Executive Committee, and not just its Chairman, are held at least annually.	☐	☐	☐	☐	☐	☐
19	**Role in relation to whistle-blowing** The Executive Committee has been informed of the whistle-blowing procedures in place within the organisation and undertakes its defined role in relation to them.	☐	☐	☐	☐	☐	☐

Investment Committee Effectiveness Assessment Tool

Appendix N

A Appendix N: Investment Committee Effectiveness Assessment Tool

Investment Committee Effectiveness Assessment Tool

1 = Hardly ever/Poor **2 = Occasionally/Below average** **3 = some of the time/Average**

4 = Most of the time/Above average **5 = All of the time/Fully satisfactory**

#	Behaviours	N/A	1	2	3	4	5
C1	**Understanding of core business objectives** All Investment Committee members have a good understanding of the Company's business activities	☐	☐	☐	☐	☐	☐
C2	**Focus on appropriate areas** Evaluate and oversee development, sales, acquisitions and investments on behalf of the Company.	☐	☐	☐	☐	☐	☐
C3	**Understanding of key financial issues** The Investment Committee has a good understanding of the key financial issues, including quality of earnings, critical accounting policies and complex transactions	☐	☐	☐	☐	☐	☐
C4	**Understanding of how assurance is gained** Consider the risks associated with specific transactions as part of determining whether to recommend a particular transaction to the full Board for approval.	☐	☐	☐	☐	☐	☐
C5	**Rigor of debate** Investment Committee meetings encourage a high quality of debate with robust and probing discussions	☐	☐	☐	☐	☐	☐
C6	**Reaction to bad news** The Investment Committee responds positively and constructively to bad news in order to encourage future transparency	☐	☐	☐	☐	☐	☐

#	Behaviours	N/A	1	2	3	4	5
C7	**Quality of Chairmanship** The Chairmanship operates satisfactorily in terms of promoting effective and efficient meetings, with an appropriate level of involvement outside of the formal meetings	☐	☐	☐	☐	☐	☐
C8	**Frank, open working relationship with executive Directors** The Investment Committee members have a frank and open relationship with the executive Directors, whilst avoiding the temptation to become 'executive'	☐	☐	☐	☐	☐	☐
C9	**Open channels of communication** The Investment Committee has open channels of communication with Company contacts which facilitates the surfacing of issues	☐	☐	☐	☐	☐	☐
C10	**Perceived to have a positive impact** There is an appropriate balance between the monitoring role of the Investment Committee and it being an "influencer for good"	☐	☐	☐	☐	☐	☐

	Processes	N/A	1	2	3	4	5
C11	**Members with appropriate skills and experience** The Investment Committee comprises members with an appropriate mix of skills and experience.	☐	☐	☐	☐	☐	☐
C12	**Clear terms of reference** There are clear terms of reference, with clarity as to role vis a vis the Board as a whole	☐	☐	☐	☐	☐	☐
C13	**Structured and appropriate annual agenda** There is a structured annual agenda of matters to be covered with focus on the right areas	☐	☐	☐	☐	☐	☐
C14	**Sufficient number of meetings and access to resources** The number and length of meetings and access to resources is sufficient to allow the Investment Committee to fully discharge its duties	☐	☐	☐	☐	☐	☐

Processes

	N/A	1	2	3	4	5
C15 Concise, relevant and timely information Investment Committee papers are concise, relevant and timely and are received sufficiently far in advance of meetings	☐	☐	☐	☐	☐	☐
C16 Right people invited to attend and present at meetings Executive management and others are asked to present on topics, as appropriate	☐	☐	☐	☐	☐	☐
C17 Meetings held sufficiently far in advance of Board meetings Investment Committee meetings are held sufficiently far in advance of Board meetings to permit resolution of issues raised	☐	☐	☐	☐	☐	☐
C18 Attendance and contribution at meetings All Investment Committee members attend and actively contribute at meetings	☐	☐	☐	☐	☐	☐
C19 Sufficient time and commitment to undertake responsibilities All Investment Committee members have sufficient time and commitment to fulfil their responsibilities	☐	☐	☐	☐	☐	☐
C20 Ongoing personal development to remain up to date Investment Committee members undertake ongoing personal development activities to update their skills and knowledge	☐	☐	☐	☐	☐	☐
C21 Private meetings The Investment committee coordinates with other board committees to avoid gaps or redundancy in overseeing individual risks	☐	☐	☐	☐	☐	☐

Processes	N/A	1	2	3	4	5
C22 Role in relation to whistle-blowing The Investment Committee has been informed of the whistle-blowing procedures in place within the organisation and undertakes its defined role in relation to them	☐	☐	☐	☐	☐	☐

Definitions

Appendix O

Appendix O: Definitions

Accountability: Explaining to key people what you are doing, to owners, beneficiaries, shareholders, etc. For example, The CEO is accountable to the Board.

Accumulative Voting: a method of voting for electing Directors, which gives each shareholder voting rights equivalent to the number of shares he/she holds. He/she has the right to use them all for one nominee or to divide them between his/her selected nominees without any duplication of these votes. This method increases the chances of the minority shareholders to appoint their representatives in the Board through the right to accumulate votes for one nominee.

Agenda: The list of items to be discussed at the meeting. Every meeting requires careful planning to ensure that objectives are met. The agenda is prepared, usually by the Chair in consultation with the CEO, and sent out to members prior to the meeting date.

Annual Report: A requirement, often by law or constitution, to report to beneficial owners, shareholders, or shareholding Ministers. It covers financial results, auditor's report, governance arrangements and operations over the period.

Charter: A set of principles that form the constitution of an organization.

Code of Conduct: A set of rules to provide guidelines for entities covering ethical and legal duties and obligations.

Conflict of interest: When someone is in a position of trust which requires them to exercise judgment on behalf of others and also has interests of the sort that might interfere with the exercise of their judgment, and which the person is ethically required to either eschew or openly attest.

Dividend: A payment made to shareholders. When a company makes a trading surplus, the Board will determine to invest some of the surplus in the further development of the company and return some to the owners/shareholders by way of dividend as a return on funds invested in the business.

Evaluation: Formal Board evaluation is important to ensure an effective Board and also; to identify skill gaps and areas for training, to provide feedback to the appointment process, and to plan succession of members

Relatives:

(i) Fathers, mothers, grandfathers and grandmothers (and their ancestors).

(ii) Children and grandchildren and their descendants.

(iii) Siblings, maternal and paternal half-siblings and their children.

(iv) Husbands and wives.

Indemnity: Security against damage or loss, legal exemption from penalties, etc. incurred. A member may be indemnified or insured by the entity in certain circumstances but not in case of negligence or a criminal act.

Independent member: A member of the Board of Directors who enjoys complete independence. By way of example, the following shall constitute an infringement of such independence:

- He/she holds five percent or more of the shares of the Company or any other company within its group; or is a relative of who owns such percentage.
- He/she is a representative of a legal person that holds five percent or more of the shares of the Company or any company within its group.
- He/she is a relative of any Board member of the company or of any other company within that company's group.
- He/she is a relative of any of senior executives of the company or of any other company within that company's group.
- He/she is a Board member of any company within the group of the company which he is nominated to be a member of its Board.
- he/she, is an employee or used to be an employee, during the preceding two years, been an employee of the company, with an affiliate of the company or an affiliate of any company of its group, such as external auditors or main suppliers; or if he/she, during the preceding two years, had a controlling interest in any such party.
- He/she has a direct or indirect interest in the businesses and contracts executed for the Company's account.
- He/she receives financial consideration from the Company in addition to the remuneration for his/her membership of the Board or any of its committees.
- He/she engages in a business where he competes with the Company, or conducting businesses in any of the company's activities.
- he/she served for more than nine years, consecutive or inconsecutive, as a Board member of the Company

Minority Shareholders: Those shareholders who represent a class of shareholders that does not control the company and hence they are unable to influence the company.

Non-executive Director: A member of the Board of Directors who does not have a full-time management position at the company, or who does not receive monthly or yearly salary.

Quorum: The minimum number of members that must be present at a meeting to make proceedings valid. The quorum is usually specified in the constitution and is often a majority of members.

Stakeholders: Any person who has an interest in the company, such as shareholders, employees, creditors, customers, suppliers, community.

Standing committee: A continuing committee set up by the Board with general authority to consider issues which fall within a particular area as they arise from time to time e.g. Audit Committee, Nominations Committee.

Substantial Shareholders: any person who owns (5%) or more of the shares of the Company or voting rights therein.

Abbreviations

Appendix P

Appendix P: Abbreviations

Term and Definition

GUAI : Gulf Union Al Ahlia Cooperative Insurance Company

PwC: PricewaterhouseCoopers

AoA: Articles of Associations

CMA: Capital Market Authority

BoD: Board of Director

CEO: Chief Executive Officer

CFO: Chief Financial Officer

CG: Corporate Governance

CSR: Corporate Social Responsibility

DoA: Delegation of Authority

KPI: Key Performance Indicators

P&P: Policies and Procedures

N&R: Nomination & Remuneration Committee

AC: Audit Committee

MoM: Minutes of Meeting

MoC: Ministry of Commerce

AGM: Annual General meeting

OGM: Ordinary General Meeting

EGM: Extraordinary General Meeting

Agenda Item # 8

8- Voting on amending the Remuneration Policy for Board of Directors & Board Committees Members and Executive Management (Attached).

Before

Amendments

Remuneration Policy for Board of Directors & Board Committees Members and Executive Management

Remuneration Policy

For Board of Directors & Board Committees Members and Executive Management

Gulf Union Al Ahlia Cooperative Insurance

Saudi Joint Stock Company

	Suggestion / Recommendation / approval	Date
Approvals	BOD approval on the company Corporate Governance Regulation including Remuneration Policy For Board of Directors & Board Committees Members and Executive Management	19/04/2016
	General Assembly approval on the company Corporate Governance Regulation including Remuneration Policy For Board of Directors & Board Committees Members and Executive Management	13/11/2016
	Extraordinary General Assembly approval on the company's By-Law including the article of the remuneration of the BOD Members	18/05/2017
	Nomination & Remuneration committee recommendation on Remuneration Policy For Board of Directors & Board Committees Members and Executive Management	22/11/2017
	BOD approval on the suggested Remuneration policy and BOD recommendation for the AGM to approve the policy	26/11/2017
	General Assembly approval on the Remuneration Policy	26/12/2017
	Nomination & Remuneration committee recommendation on amending Remuneration Policy For Board of Directors & Board Committees Members and Executive Management	15/03/2018
	BOD approval on amending the suggested Remuneration policy and BOD recommendation for the AGM to approve the policy	15/03/2018
	General Assembly approval on the Remuneration Policy	28/06/2018
	Nomination & Remuneration committee recommendation on amending Remuneration Policy For Board of Directors & Board Committees Members and Executive Management	20/04/2020
	BOD approval on amending the suggested Remuneration policy and BOD recommendation for the AGM to approve the policy	23/04/2020
	General Assembly approval on the Remuneration Policy	23/06/2020
	Nomination & Remuneration committee recommendation on amending Remuneration Policy For Board of Directors & Board Committees Members and Executive Management	19/05/2021
	BOD approval on amending the suggested Remuneration policy and BOD recommendation for the AGM to approve the policy	25/05/2021
	General Assembly approval on the Remuneration Policy	29/06/2021
	Nomination & Remuneration committee recommendation on amending Remuneration Policy For Board of Directors & Board Committees Members and Executive Management	21/03/2022
	BOD approval on amending the suggested Remuneration policy and BOD recommendation for the AGM to approve the policy	19/05/2022
	General Assembly approval on the Remuneration Policy	28/06/2022

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Remuneration Policy

for Board of Directors & Board Committees Members and Executive Management

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Article One: Definitions

Taking into account the definitions contained in the Market Terms Regulation and the amended Corporate Governance Regulations, the words and phrases mentioned below shall have the meanings indicated next to each of them unless the context requires otherwise.

- **The Company**: Gulf Union Al Ahlia Cooperative Insurance Company
- **The Board**: the Board of Directors of Gulf Union Al Ahlia Cooperative Insurance Company
- **The Authority**: Capital Market Authority
- **Companies Law**: Companies Law issued by the royal decree (M/3) Dated 28-01-1437 H
- **The Company's By-Law:** The By-Law of Gulf Union Cooperative Insurance Company.
- **Governance Regulations:** Corporate Governance Regulations issued by the Capital Market Authority, and Insurance Companies Governance Regulations issued by SAMA (Saudi Central Bank)
- **General Assembly**: The assembly of the company's shareholders in accordance with the provisions of the Companies Law and the Company's By-Law
- **The Policy**: Remuneration Policy for Board of Directors & Board Committees Members and Executive Management
- **Remunerations / Rewards:** 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
- **Senior Executives**: persons responsible for managing the daily operations of the Company, and proposing and executing strategic decisions, such as the Chief Executive Officer (CEO)and his delegates and the Chief Financial Officer(CFO)
- **Non-executive Director**: a member of the Board who is not a full-time member of the management team of the Company and does not participate in its daily activities.
- **Independent Director:** a non-executive member of the Board who enjoys complete independence in his position and decisions and none of the independence affecting issues stipulated in the Corporate Governance Regulations issued by the Capital Market Authority apply to him.

Article Two: Preamble

1- The remuneration policy for Board of Directors & Board Committees Members and Executive Management of Gulf Union Al Ahlia Cooperative Insurance Company - a Saudi joint stock company - has been prepared in accordance with the Companies Law and its implementing regulations, the Corporate Governance Regulation issued by the Capital Market Authority and the Insurance Companies Governance Regulations issued by SAMA (Saudi Central Bank), The company's By-Law and the regulatory rules and procedures issued pursuant to the Companies Law of Listed Joint Stock Companies, issued by the Capital Market Authority, and the Guidance document to the regulatory rules and procedures issued pursuant to Companies Law of Listed Joint Stock Companies, issued by the Capital Market Authority, and the Saudi Central Bank's circular "Remunerations for Board of directors chairmen of insurance companies and reinsurance companies No. 166/201809.

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2- This policy shall not be amended except upon a recommendation from the Nomination and Remuneration Committee, and the amendment shall not take effect until after the approval of the company's general assembly, unless it includes the rules, regulations and instructions issued by the competent authorities include otherwise.

Article Three: Objectives of the Policy

1- Setting clear and specific standards and procedures that clarify to the company's shareholders the Conditions, criteria, and procedures used when granting remunerations to the Board of Directors members. Board Committees Members and senior executives of the company

2- Attracting individuals with a degree of competence, ability and experience to work on the board of directors, committees, executive management.

Article four: Rules and Criteria for awarding rewards

A- General rules and standards:

Without prejudice to the provisions of the Companies Law, the Financial Market Law and their implementing regulations, and the Company's By-Law, the following rules and standards are taken into consideration when determining the remuneration of members of the Board of Directors, committees and executive management:

1. That the remuneration be based on the recommendation of the Nomination and Remuneration Committee.
2. That the remuneration be fair and commensurate with the terms of reference of the board member, committee member, or executive, and the works and responsibilities that he performs and bears, in addition to the goals set by the board of directors to be achieved during the fiscal year, in a manner that achieves consistency with the company's strategy and goals.
3. Linking the variable portion of remuneration to long-term performance in order to motivate members of the board of directors, committees and executive management to make the company successful in the long run.
4. Remuneration is determined based on the level of the position, the duties and responsibilities of the occupant, academic qualifications, work experience, skills and level of performance.
5. Harmony with the size and nature of risks with the company.
6. If it appears that the remuneration has been decided based on inaccurate information provided by a member of the board of directors or any of the committees or executive management, then its disbursement will be suspended or legal measures taken towards its recovery if it is disbursed.
7. That the remuneration is consistent with the activity of the company and the skill required to manage it.
8. Take into consideration the sector in which the company operates, its size, and the experience of the members of the board of directors.
9. The remuneration is reasonably sufficient to attract, motivate and retain board members, committees, and executives with appropriate experience and competence.
10. Remuneration is determined in coordination with the Nomination and Remuneration Committee upon new appointments.
11. Take into account the practices of other companies in determining rewards.

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B- Remuneration of members of the Board of Directors and Committees:

1. The company's By-Law determine the remuneration of the chairman and members of the board of directors, whereby the board of directors proposes the remuneration of the members based on the recommendation of the nomination and remuneration committee, and then the remuneration is approved after approval by the general assembly.
2. Board members 'remuneration consists of a certain amount, attendance allowance for sessions, financial or in-kind benefits, or a certain percentage of net profits, and it is permissible to combine two or more of these benefits.
3. The minimum annual remuneration for the Chairman and members of the Board of Directors shall be (150,000) one hundred fifty thousand Saudi riyals, and the maximum limit for the total remuneration and financial or in-kind benefits the member receives is (500,000 riyals) five hundred thousand Saudi riyals annually for his membership in the Board of Directors, including additional bonuses. In the event that the member participates in any of the committees emanating from the Board of Directors (this excludes the members of the Audit committee), in accordance with the controls set by the competent authorities.
4. The remuneration of the Chairman of the Board of Directors exceeds the remuneration of the member by an amount not less than (100,000) one hundred thousand Saudi riyals.
5. In addition, if the company achieve profit, Board Members shall be entitled to gain a certain percentage of the company profit, such percentage may not exceed (10%) of the net profits after deducting the reserves decided by the general assembly in implementation of the provisions of cooperative insurance companies control law, companies law and theses articles and after distribution of a profit to shareholders that is not less than (5%) of the company paid capital and the eligibility for such remuneration shall be proportional to the number of meetings attended by the member and any estimation contrary to that shall be void.
6. The remuneration of the independent members of the board of directors should not be a percentage of the profits achieved by the company or be based directly or indirectly on the profitability of the company.
7. All Committees members are granted an annual remuneration as follows:

Position	Bonus amount
Chairman of Committee	An annual bonus amount of (75,000) seventy five thousand Saudi riyals.
Committee member	Annual reward amount of (75,000) seventy five thousand Saudi riyals

8. Allowances for attending the meetings of the Board of Directors and the subsidiary committees are determined as follows:

Category	Allowance
Allowance for attending the Board of Directors meeting	3000 SAR
Allowance for attending committees (for board members)	3000 SAR
Allowance for attending committees (non-members of the Board)	3000 SAR

9. Each member of the board and the emanating committees (from the board members or from outside), including the council chairman, shall be paid the value of the actual expenditures they incur in order to attend the meetings of the board or the committees emanating from the board of directors, including travel, accommodation and subsistence expenses.
10. Remuneration may be granted to members of the board of directors and committees in the form of shares, after fulfilling all the legal controls established in this regard, and in this case, the entered value of the shares shall be the market value at the maturity date.

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11. The remuneration of members of the board of directors and committees may be of varying amounts to reflect the member's experience, competencies, tasks assigned to him, his independence, and the number of sessions attended and by other considerations.
12. If the General Assembly decides to terminate the membership of a member of the Board of Directors who is absent from attending three consecutive meetings of the Board without a legitimate excuse, this member is not entitled to any remuneration for the period following the last meeting he attended, and he must return all the remuneration that was paid to him for that period. .
13. If the audit committee or the Capital Market Authority finds that the remuneration paid to any of the members of the board of directors is based on incorrect or misleading information that was presented to the general assembly or included in the annual report of the board of directors, he must return them to the company, and the company has the right to ask him to return them.

C- Rewards for senior executives:

1. The Board of Directors - based on the recommendation of the Nomination and Remuneration Committee - determines the types of remuneration granted to the company's senior executives, such as fixed bonuses or performance-related bonuses.
2. Senior executives are awarded annual bonuses based on performance evaluation, in addition to compensation and fixed bonuses according to their employment contracts.
3. Remuneration may be granted to senior executives in the form of shares, after fulfilling all the statutory controls established in this regard, and in this case the entered value of the shares shall be the market value at the maturity date.
4. The performance evaluation of the senior executives is based mainly on their professional performance during the year and the extent of their professional interaction in achieving the company's strategic goals.

Article Five: Remuneration disclosure

1- The Board of Directors discloses in its annual report the details of the policies related to remunerations, the mechanisms for determining these remuneration, and the Board of Directors also discloses the amounts of the financial and in-kind benefits paid to each member of the Board of Directors for any executive, technical, administrative or advisory work or positions.

2- Board of Directors' annual report should include an accurate, transparent and detailed disclosure about the value of the remunerations granted to the Board of Directors members, committees and executive management, directly or indirectly, whether they are amounts, benefits or advantages, whatever their nature and name.

3- If the benefits are shares in the company, then the value entered for the shares is the market value at the maturity date.

Article Six: Review and Effectiveness.

1- The Remuneration policy is subject to periodic review and supervision - when needed - by the Nomination and Remuneration Committee, and any suggested amendments by the Committee are presented to the Board of Directors, which studies and reviews the amendments then recommends to the General Assembly of the company's Shareholders for approval.

2- The amendment of this policy shall be approved by a decision of the General Assembly of company's shareholders that approving the amendment of the policy, based on the recommendation of the Board of Directors, and the policy will be effective once it is approved by the General Assembly.

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The terms of this policy will be applied when paying the remunerations to the members of the Board of Directors and members of the committees, starting from the remuneration of the year 2021 AD and the following years.

3- Everything that is not mentioned in this policy for which the Saudi Companies Law and its regulations, the Capital Market Authority's law and its regulations, the company's By-Law and the resolutions issued by the competent authorities in relation to the policy shall apply.

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GULF UNION AL AHLIA COOPERATIVE INSURANCE

After Amendments

Remuneration Policy for Board of Directors & Board Committees Members and Executive Management

Remuneration Policy

For Board of Directors & Board Committees Members and Executive Management

Gulf Union Al Ahlia Cooperative Insurance

Saudi Joint Stock Company

	Suggestion / Recommendation / approval	Date
Approvals	BOD approval on the company Corporate Governance Regulation including Remuneration Policy For Board of Directors & Board Committees Members and Executive Management	19/04/2016
	General Assembly approval on the company Corporate Governance Regulation including Remuneration Policy For Board of Directors & Board Committees Members and Executive Management	13/11/2016
	Extraordinary General Assembly approval on the company's By-Law including the article of the remuneration of the BOD Members	18/05/2017
	Nomination & Remuneration committee recommendation on Remuneration Policy For Board of Directors & Board Committees Members and Executive Management	22/11/2017
	BOD approval on the suggested Remuneration policy and BOD recommendation for the AGM to approve the policy	26/11/2017
	General Assembly approval on the Remuneration Policy	26/12/2017
	Nomination & Remuneration committee recommendation on amending Remuneration Policy For Board of Directors & Board Committees Members and Executive Management	15/03/2018
	BOD approval on amending the suggested Remuneration policy and BOD recommendation for the AGM to approve the policy	15/03/2018
	General Assembly approval on the Remuneration Policy	28/06/2018
	Nomination & Remuneration committee recommendation on amending Remuneration Policy For Board of Directors & Board Committees Members and Executive Management	20/04/2020
	BOD approval on amending the suggested Remuneration policy and BOD recommendation for the AGM to approve the policy	23/04/2020
	General Assembly approval on the Remuneration Policy	23/06/2020
	Nomination & Remuneration committee recommendation on amending Remuneration Policy For Board of Directors & Board Committees Members and Executive Management	19/05/2021
	BOD approval on amending the suggested Remuneration policy and BOD recommendation for the AGM to approve the policy	25/05/2021
	General Assembly approval on the Remuneration Policy	29/06/2021
	Nomination & Remuneration committee recommendation on amending Remuneration Policy For Board of Directors & Board Committees Members and Executive Management	21/03/2022
	BOD approval on amending the suggested Remuneration policy and BOD recommendation for the AGM to approve the policy	19/05/2022
	General Assembly approval on the Remuneration Policy	28/06/2022
	Nomination & Remuneration committee recommendation on amending Remuneration Policy For Board of Directors & Board Committees Members and Executive Management	
	BOD approval on amending the suggested Remuneration policy and BOD recommendation for the AGM to approve the policy	
	General Assembly approval on the Remuneration Policy	

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Remuneration Policy

for Board of Directors & Board Committees Members and Executive Management

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Article One: Definitions

Taking into account the definitions contained in the Market Terms Regulation and the amended Corporate Governance Regulations, the words and phrases mentioned below shall have the meanings indicated next to each of them unless the context requires otherwise.

- **The Company**: Gulf Union Al Ahlia Cooperative Insurance Company
- **The Board**: the Board of Directors of Gulf Union Al Ahlia Cooperative Insurance Company
- **The Authority**: Capital Market Authority
- **Companies Law**: Companies Law issued by the royal decree (M/3) Dated 28-01-1437 H and any further amendments
- **The Company's By-Law:** The By-Law of Gulf Union Cooperative Insurance Company.
- **Governance Regulations:** Corporate Governance Regulations issued by the Capital Market Authority, and Insurance Companies Governance Regulations issued by ~~SAMA (Saudi Central Bank)~~ Insurance Authority
- **General Assembly**: The assembly of the company's shareholders in accordance with the provisions of the Companies Law and the Company's By-Law
- **The Policy**: Remuneration Policy for Board of Directors & Board Committees Members and Executive Management
- **Remunerations / Rewards:** 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
- **Senior Executives**: persons responsible for managing the daily operations of the Company, and proposing and executing strategic decisions, such as the Chief Executive Officer (CEO)and his delegates and the Chief Financial Officer(CFO)
- **Non-executive Director**: a member of the Board who is not a full-time member of the management team of the Company and does not participate in its daily activities.
- **Independent Director:** a non-executive member of the Board who enjoys complete independence in his position and decisions and none of the independence affecting issues stipulated in the Corporate Governance Regulations issued by the Capital Market Authority apply to him.

Article Two: Preamble

1- The remuneration policy for Board of Directors & Board Committees Members and Executive Management of Gulf Union Al Ahlia Cooperative Insurance Company - a Saudi joint stock company - has been prepared in accordance with the Companies Law and its implementing regulations, the Corporate Governance Regulation issued by the Capital Market Authority and the Insurance Companies Governance Regulations issued by ~~SAMA (Saudi Central Bank)~~ Insurance Authority, The company's By-Law and the regulatory rules and procedures issued pursuant to the Companies Law of Listed Joint Stock Companies, issued by the Capital Market Authority, and the Guidance document to the regulatory rules and procedures issued pursuant to Companies Law of Listed Joint Stock Companies, issued by the Capital Market Authority, and the ~~Saudi Central Bank~~ Insurance Authority's circular "Remunerations for Board of directors chairmen of insurance companies and reinsurance companies No. 166/201809.

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2- This policy shall not be amended except upon a recommendation from the Nomination and Remuneration Committee, and the amendment shall not take effect until after the approval of the company's general assembly, unless it includes the rules, regulations and instructions issued by the competent authorities include otherwise.

Article Three: Objectives of the Policy

1- Setting clear and specific standards and procedures that clarify to the company's shareholders the Conditions, criteria, and procedures used when granting remunerations to the Board of Directors members. Board Committees Members and senior executives of the company

2- Attracting individuals with a degree of competence, ability and experience to work on the board of directors, committees, executive management.

Article four: Rules and Criteria for awarding rewards

A- General rules and standards:

Without prejudice to the provisions of the Companies Law, the Financial Market Law and their implementing regulations, and the Company's By-Law, the following rules and standards are taken into consideration when determining the remuneration of members of the Board of Directors, committees and executive management:

1. That the remuneration be based on the recommendation of the Nomination and Remuneration Committee.
2. That the remuneration be fair and commensurate with the terms of reference of the board member, committee member, or executive, and the works and responsibilities that he performs and bears, in addition to the goals set by the board of directors to be achieved during the fiscal year, in a manner that achieves consistency with the company's strategy and goals.
3. Linking the variable portion of remuneration to long-term performance in order to motivate members of the board of directors, committees and executive management to make the company successful in the long run.
4. Remuneration is determined based on the level of the position, the duties and responsibilities of the occupant, academic qualifications, work experience, skills and level of performance.
5. Harmony with the size and nature of risks with the company.
6. If it appears that the remuneration has been decided based on inaccurate information provided by a member of the board of directors or any of the committees or executive management, then its disbursement will be suspended or legal measures taken towards its recovery if it is disbursed.
7. That the remuneration is consistent with the activity of the company and the skill required to manage it.
8. Take into consideration the sector in which the company operates, its size, and the experience of the members of the board of directors.
9. The remuneration is reasonably sufficient to attract, motivate and retain board members, committees, and executives with appropriate experience and competence.
10. Remuneration is determined in coordination with the Nomination and Remuneration Committee upon new appointments.
11. Take into account the practices of other companies in determining rewards.

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B- Remuneration of members of the Board of Directors and Committees:

1. The company's By-Law determine the remuneration of the chairman and members of the board of directors, whereby the board of directors proposes the remuneration of the members based on the recommendation of the nomination and remuneration committee, and then the remuneration is approved after approval by the general assembly.
2. Board members 'remuneration consists of a certain amount, attendance allowance for sessions, financial or in-kind benefits, or a certain percentage of net profits, and it is permissible to combine two or more of these benefits.
3. The minimum annual remuneration for the Chairman and members of the Board of Directors shall be (150,000) one hundred fifty thousand Saudi riyals, ~~and the maximum limit for the total remuneration and financial or in-kind benefits the member receives is (500,000 riyals) five hundred thousand Saudi riyals annually for his membership in the Board of Directors, including additional bonuses. In the event that the member participates in any of the committees emanating from the Board of Directors (this excludes the members of the Audit committee), in accordance with the controls set by the competent authorities~~.
4. The remuneration of the Chairman of the Board of Directors exceeds the remuneration of the member by an amount not less than (100,000) one hundred thousand Saudi riyals.
5. In addition, if the company achieve profit, Board Members shall be entitled to gain a certain percentage of the company profit, such percentage may not exceed (10%) of the net profits after deducting the reserves decided by the general assembly in implementation of the provisions of cooperative insurance companies control law, companies law and theses articles and after distribution of a profit to shareholders that is not less than (5%) of the company paid capital and the eligibility for such remuneration shall be proportional to the number of meetings attended by the member and any estimation contrary to that shall be void.
6. The remuneration of the independent members of the board of directors should not be a percentage of the profits achieved by the company or be based directly or indirectly on the profitability of the company.
7. All Committees members are granted an annual remuneration as follows:

Position	Bonus amount
Chairman of Committee	An annual bonus amount of ~~(75,000) seventy five thousand Saudi riyals~~ (100,000) one hundred thousand riyals.
Committee member	Annual reward amount of ~~(75,000) seventy five thousand Saudi riyals~~ (100,000) one hundred thousand riyals.

8. Allowances for attending the meetings of the Board of Directors and the subsidiary committees are determined as follows for each meeting:

Category	Allowance
Allowance for attending the Board of Directors meeting	3000 SAR
Allowance for attending committees (for board members)	3000 SAR
Allowance for attending committees (non-members of the Board)	3000 SAR
Allowance for attending BOD and/or Committees Meetings – for Secretary	3000 SAR

9. Each member of the board and the emanating committees (from the board members or from outside), including the council chairman, shall be paid the value of the actual expenditures they incur in order to attend the meetings of the board or the committees emanating from the board of directors, including travel, accommodation and subsistence expenses.

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10. Remuneration may be granted to members of the board of directors and committees in the form of shares, after fulfilling all the legal controls established in this regard, and in this case, the entered value of the shares shall be the market value at the maturity date.
11. The remuneration of members of the board of directors and committees may be of varying amounts to reflect the member's experience, competencies, tasks assigned to him, his independence, and the number of sessions attended and by other considerations.
12. If the General Assembly decides to terminate the membership of a member of the Board of Directors who is absent from attending three consecutive meetings of the Board without a legitimate excuse, this member is not entitled to any remuneration for the period following the last meeting he attended, and he must return all the remuneration that was paid to him for that period. .
13. If the audit committee or the Capital Market Authority finds that the remuneration paid to any of the members of the board of directors is based on incorrect or misleading information that was presented to the general assembly or included in the annual report of the board of directors, he must return them to the company, and the company has the right to ask him to return them.

C- Rewards for senior executives:

1. The Board of Directors - based on the recommendation of the Nomination and Remuneration Committee - determines the types of remuneration granted to the company's senior executives, such as fixed bonuses or performance-related bonuses.
2. Senior executives are awarded annual bonuses based on performance evaluation, in addition to compensation and fixed bonuses according to their employment contracts.
3. Remuneration may be granted to senior executives in the form of shares, after fulfilling all the statutory controls established in this regard, and in this case the entered value of the shares shall be the market value at the maturity date.
4. The performance evaluation of the senior executives is based mainly on their professional performance during the year and the extent of their professional interaction in achieving the company's strategic goals.

Article Five: Remuneration disclosure

1- The Board of Directors discloses in its annual report the details of the policies related to remunerations, the mechanisms for determining these remuneration, and the Board of Directors also discloses the amounts of the financial and in-kind benefits paid to each member of the Board of Directors for any executive, technical, administrative or advisory work or positions.

2- Board of Directors' annual report should include an accurate, transparent and detailed disclosure about the value of the remunerations granted to the Board of Directors members, committees and executive management, directly or indirectly, whether they are amounts, benefits or advantages, whatever their nature and name.

3- If the benefits are shares in the company, then the value entered for the shares is the market value at the maturity date.

Article Six: Review and Effectiveness.

1- The Remuneration policy is subject to periodic review and supervision - when needed - by the Nomination and Remuneration Committee, and any suggested amendments by the Committee are presented to the Board of Directors, which studies and reviews the amendments then recommends to the General Assembly of the company's Shareholders for approval.

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2- The amendment of this policy shall be approved by a decision of the General Assembly of company's shareholders that approving the amendment of the policy, based on the recommendation of the Board of Directors, and the policy will be effective once it is approved by the General Assembly.

   The terms of this policy will be applied when paying the remunerations to the members of the Board of Directors and members of the committees, starting from the remuneration of the year ~~2021~~ 2025 AD and the following years.

3- Everything that is not mentioned in this policy for which the Saudi Companies Law and its regulations, the Capital Market Authority's law and its regulations, the company's By-Law and the resolutions issued by the competent authorities in relation to the policy shall apply.

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Agenda Item # 9

9- Voting on amending the Policies, Criteria and procedures for membership in the Board of Directors (Attached)

Before Amendments

Policies, Criteria and procedures for membership in the Board of Directors

إتحاد الخليج الأهلية للتأمين التعاوني
GULF UNION AL AHLIA COOPERATIVE INSURANCE

Policies, Criteria and procedures for membership in the Board of Directors

Gulf Union Al Ahlia Cooperative Insurance

Policy Approval

Approval / Recommendation		Date
Approvals	Nomination & Remuneration Committee Recommendation	2017/11/22
	Board of Directors Recommendation	2017/11/26
	General Assembly Approval	2017/12/26
	Nomination & Remuneration Committee Recommendation	2019/02/28
	Board of Directors Recommendation	2019/03/13
	General Assembly Approval	2019/05/19
	Nomination & Remuneration Committee Recommendation	2022/05/22
	Board of Directors Recommendation	2022/05/23
	General Assembly Approval	2022/06/28

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Article 1: Definitions

Taking into account the definitions contained in the Market Terms Regulation and the amended Corporate Governance Regulations, the words and phrases mentioned below shall have the meanings indicated next to each of them unless the context requires otherwise.

- **Company**: Gulf Union Al Ahlia Cooperative Insurance Company.
- **Policy**: Policies, Criteria and Procedures for Membership in the Board of Directors.
- **The Board**: The Board of Directors of the Gulf Union Al Ahlia Cooperative Insurance Company.
- **Authority**: Capital Market Authority
- **The Market** : Saudi Capital Market
- **Companies Law**: The companies law issued by the royal decree no (M/3) 28/01/1437 H
- **The company's by-law** : the By-Law of Gulf Union Al Ahlia Cooperative Insurance
- **Corporate Governance Regulation**: the Corporate Governance Regulation issued by the Board of the Capital Market Authority Pursuant to Resolution Number 8-16-2017 Dated 16/5/1438H Corresponding to 13/2/2017G, and any Further Updates
- **Chairman** : Chairman of Board of directors of Gulf Union Al Ahlia Cooperative Insurance Company
- **Member** : Member of Board of directors of the Company
- **Secretary**: Secretary of the company Board of Directors.
- **Executive Management or Senior Executive**: persons responsible for managing the daily operations of the Company, and proposing and executing strategic decisions, such as the Chief Executive Officer (CEO) and his/her delegates and the Chief Financial Officer (CFO).
- **Non-Executive Director**: a member of the Board who is not a full-time member of the management team of the Company and does not participate in its daily activities.
- **Independent Director**: a non-executive member of the Board who enjoys complete independence in his/her position and decisions and none of the independence affecting issues stipulated in Article 20 of these Regulations apply to him/her.
- **Conflict of interest**: the occurrence or existence of a direct or indirect interest, for any candidate for membership in the Board of Directors or committees, and such interest would influence the contribution of the concerned member with his opinion expressing his professional point of view.

Article 2: preamble

1- The policy, criteria and procedures for membership in the Board of Directors of the Gulf Union Al Ahlia Cooperative Insurance Company - a Saudi joint stock company, have been prepared in accordance with the Companies Law and its implementing regulations, the corporate governance regulations issued by the Capital Market Authority and the company's articles of association.
2- This policy defines the controls and procedures for membership in the Board of Directors and the company's policy adopted when appointing members of the Board of Directors.
3- The provisions of this regulation do not prejudice the right of every shareholder in the company to nominate himself or others for membership in the Board of Directors in accordance with the provisions of the Companies Law and its implementing regulations.
4- This policy is not amended except upon a recommendation from the Board of Directors - based on a proposal from the Nomination and Remuneration Committee - and the amendment shall not be effective except after the approval of the company's general assembly, unless the rules, regulations and instructions issued by the competent authorities include otherwise.

Article 3: Purpose

This regulation aims to set clear and specific criteria / standards and procedures that explain to the company's shareholders and candidates for membership of the Board of Directors the conditions, standards and procedures followed when selecting members of the Board of Directors by the General Assembly of Shareholders.

Article 4: Shareholder's right to nominate

Each shareholder in the company has the right to nominate himself or another person or more for membership in the Board of Directors, within the limits of his ownership percentage in the capital when the membership conditions are met in accordance with the provisions of these regulations.

Article 5: Criteria and conditions for membership in the Board of Directors

A member of the Board is required to be professionally capable and has the required experience, knowledge, skill and independence, which enable him/her to perform his/her duties efficiently. He/she shall have the following qualifications in particular:

1- **Ability to lead**: He/she shall enjoy leadership skills which enable him/her to delegate powers in order to enhance performance and apply best practices in effective management and compliance with professional ethics and values.
2- **Competency**: He/she shall have the academic qualifications and proper professional and personal skills as well as an appropriate level of training and practical experience related to the current and future businesses of the Company and the knowledge of management, economics, accounting, law or governance, as well as the desire to learn and receive training.
3- **Ability to guide**: He/she shall have the technical, leadership, and administrative competencies as well as the ability to take prompt decisions, and understand technical requirements and developments related to the job. He/she shall also be able to provide strategic guidance and long-term planning and have a clear future vision.
4- **Financial knowledge**: He/she shall have the ability to read and understand financial statements and reports.
5- **Physical fitness**: He/she shall not suffer from any health issue that may hinder him/her from performing his/her duties and responsibilities.
6- That the person applying for membership in the Board of Directors has not previously been convicted of a crime against honor and honesty, or has been convicted of misconduct in the financial markets or business, or has been judged bankrupt, or is not valid for membership of the Board in accordance with any system or instructions in force in the Kingdom.
7- He should not be a senior executive or member of the board of directors in a company that has been declared bankrupt or liquidated based on a judicial order.
8- The candidate's age shall not be less than 25 Gregorian years with the date of the beginning of the period of the Board for which he is nominated.
9- The candidate must abide by the principles of honesty, trustworthiness, loyalty, care and concern for the interests of the company and shareholders, and prioritizing them over his personal interest.
10- The candidate 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 at the beginning of the period of the board for which he is nominated or at the time of appointment, whichever is earlier.
11- When nominating for membership in the Board of Directors, the absence of a conflict of interest shall be taken into account, and the candidate shall not be a government employee unless he is a representative of the entity that nominated him.
12- Not to be a member of the board of directors of any of the joint stock companies competing with the company.

13- A member of the company's board of directors may not be a member of the board of directors of another local insurance and/or Reinsurance Company, or one of its committees, or occupy a leadership position in those companies.
14- That he has the ability to allocate sufficient time to carry out the responsibilities of a member of the Board of Directors.
15- In the case of running as an independent member, the candidate must not have any of the independence affecting issues
16- Independence cannot be attained by a Board member in the following situations, including but not limited to:

- Being a Significant Shareholder in the Company, or in a Related Company, working for or representing a Significant Shareholder
- Being a member of the Board in a Related Company or one of its subsidiaries, or having been one during the past two years
- Being a member of the Board of the Company for more than nine years
- Holding a Senior Management position in the Company, or in a Related Company, or having held one during the past two years
- Being an employee with the Company, with a Related Company, or with a company that provides services to the Company (e.g., external auditors, consulting firms, etc.) or having worked with any one of the above during the past two (2) years
- Being a Related Person of a member of the Board or Senior Management of the Company or of a Related Company
- Having a contractual or business relationship with the Company (either directly or through an entity in which he or she is a Significant Shareholder, a Board member, or a manager) which resulted in paying to, or receiving from, the Company the equivalent of two hundred and fifty thousand (250,000) Saudi riyal or more (other than his or her remuneration as a director of the Board and amounts related to insurance contracts) during the past two (2) years
- Being under any financial obligation towards the Company or any members of its Board or Senior Management that might limit the exercise of independence in judgment and decision making

Article 6: Required documentation

Each candidate for membership of the Board of Directors must submit an application for his candidacy to the company during the announced candidacy period, accompanied by the following:

1- Fill out the company's nomination application addressed to the Nominations and Remunerations Committee and during the specified nomination period, and attach with it the candidate's CV, qualifications and experience in general and in the field of insurance in particular, along with attaching copies of the certificates and qualifications.
2- Fill out the company's nomination form completely and sign each page.
3- Complete the Fit & Proper form issued by the Saudi Central Bank and provide the company with a complete and signed copy in the nomination application (PDF) and an electronic copy in word format identical to the signed copy. The candidate can obtain the form "(Fit & Proper Form") from the website The Saudi Central Bank
4- Fill out the forms specified by the Capital Market Authority, such as Form No. 3 (CV form for the candidate for membership in the Board of Directors of a Listed Joint Stock Company), which can be obtained from the website of the Capital Market Authority.

5- A statement of the number and dates of the board of directors of joint stock companies and the committees he had a membership and which he still holds membership in, provided that the statement states the following: -

   a. The number of Board meetings that took place during each year of the period, the number of meetings attended by the member in person, and the ratio of his attendance to the total meetings.
   b. The standing committees in which the member participated, the number of meetings held by each of those committees during each year of the period, 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 period.

6- If the candidate has previously served as a member of the company's board of directors, he must attach with the candidacy application a statement from the company's board of directors' secretariat about the last period in which he became a board member, including the following information:

   a. The number of Board meetings that took place during each year of the period, the number of meetings attended by the member in person, and the ratio of his attendance to the total meetings.
   b. The standing committees in which the member participated, the number of meetings held by each of those committees during each year of the period, 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 period

7- The membership status must be clarified, i.e. whether he is nominated as an independent member, a non-executive member or an executive member.
8- The nature of the membership must be clarified, i.e. whether he is a candidate in his personal capacity or is a representative of a legal person.
9- Attach a clear and valid copy of the national identity, passport and family register for individuals or the commercial register for companies and institutions with the nomination application and the candidate's contact numbers.
10- Any other forms that the company may require or in accordance with the requirements of the bylaws, regulations and related requirements.

Article 7: Procedures for candidacy for membership of the Board of Directors

he Nominations and Remunerations Committee, in coordination with the Governance Department and/or the Board of Directors' secretariat, shall supervise the preparation of the Board of Directors elections, sufficiently before the end of the current Board period, and the procedures are as follows: -

1- The company announces the opening of the nomination for membership in the board of directors. The announcement is prepared and published - in accordance with the forms and procedures regulating this - on the financial market website and the company's website and in any other means determined by the competent authorities at least 60 days before the end of the current board period.
2- Nominations shall remain open for at least 30 days from the date of the announcement in order to give the candidates time to apply.
3- If the required number of candidates for the membership of the Board is not available within 30 days, the nomination period shall be extended until the required number that should presented to the company's general assembly is completed.
4- Candidates submit their applications on the form designated for this by the Capital Market Authority - and in accordance with the conditions and criteria set forth in the company's announcement -

attached with the documents required under these regulations, and they are sent to the company's headquarters within the date specified in the company's announcement of candidacy.

5- Nomination applications are received in accordance with the announced conditions, and after the deadline for submitting nomination applications in accordance with the above, the Nomination and Remuneration Committee reviews the submitted applications and recommends to the Board of Directors qualified candidates for the new Board session in accordance with the approved criteria in this regard, and the Nomination and Remuneration Committee has the right to conduct a personal interview for candidates
6- The Nominations and Remunerations Committee shall, when choosing between candidates, take into account the diversity in scientific qualification and practical experience, and give priority in the nomination to the required needs of those with the appropriate skills for membership of the Board of Directors, and that the number of independent members shall not be less than one third of the members of the Board.
7- No-objection from the Saudi Central Bank must be obtained in writing before electing any of the Board members.
8- The company shall inform the Saudi Central Bank when any of the applications for candidacy for membership of the Board is rejected, and specify the reasons for the rejection.
9- All documents required for nomination should be included with company's request in the general assembly's system, after entering the data of qualified candidates in the system prepared for that on the approved form and in accordance with the required requirements.

Article 8: Procedures for electing board members

1- The company's By-Law specify the number of members of the board of directors, provided that it is not less than three and not more than eleven.
2- The general assembly elects the members of the board of directors for the period stipulated in the company's By-Law, provided that it does not exceed three years, and they may be re-elected unless the company's articles of association provide otherwise.
3- The company's general assembly should convene and an item is included on its agenda to elect members of the board of directors from among the qualified candidates, according to the approved form for the announcement, and it should be published on the Capital market website and the company's website, at least (21 days) before the date of the meeting, and shareholders are allowed to vote electronically on the meeting agenda of the general assembly, description of the candidates' experiences, qualifications, skills, jobs and previous and current memberships should be attached on the announcement - according to the advertisement instructions form - and any other attachments requested by the competent authority, and the company must keep a copy of this information at its head office.
4- The number of nominees to the Board whose names are presented to the General Assembly shall be more than the number of available seats to give a chance to the General Assembly to select the Board members among those nominees, take into account the availability of a sufficient number of independent members.
5- Cumulative voting shall be used in electing the Board of Directors.
6- A legal person who is entitled, according to the company's By-Law, to appoint representatives on the board of directors, may not vote on the selection of other members of the board.
7- Voting in the General Assembly shall be confined to the Board nominees whose information has been announced
8- When the members are elected from the general assembly, the members of the board of directors are appointed and their names are announced according to their order of obtaining votes in the general assembly (the order is from highest to lowest in votes) and if this is done, but the number of independent members that must be available in the board of directors is not complete among the winning members With the highest number of votes, the last non-independent member (or more than

one member) in the ranking is eliminated, which is the non-independent member with the lowest number of votes, and the remaining independent members are appointed to complete the correct quorum of the Board in the order in which they receive the votes. So that the sum of the non-independent and the independent is equal to the number of members of the Board to be appointed.

9- The results of the meeting of the General Assembly shall be announced according to the approved form immediately after its conclusion, and the item on the election of the members of the Board of Directors shall mention the names of the elected members, their membership status, and the date of the beginning and end of the Board period.

10- The company shall notify the Authority with the names of the members of the Board of Directors and their membership status within five working days from the date of the start of the Board of Directors session 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 of the changes occurring through the Authority's electronic forms system.

11- Programs will be prepared for the newly appointed members of the Board of Directors to introduce the progress of the company's work and activities, in particular the company's strategy and objectives, the financial and operational aspects of the company's activities, the obligations, duties, responsibilities and rights of the members of the Board of Directors, the functions of the company's committees, the company's governance system and its supplementary regulations.

12- The Chairman and Vice-Chairman of the Board of Directors will elected, committees will be formed, and the Secretary of the Board will be appointed at the first meeting of the Board after the beginning of the board period, provided that obtaining Saudi Central Bank's no-objection on the appointment of the Chairman of the Board of Directors, the deputy, the chairmen and members of the committees and the Secretary of the Board, and the company announces this on the Saudi capital market's website according to the announcement form approved by the competent authority.

Article 9: Membership Vacancy

1- If the position of a member of the Board of directors becomes vacant, the Board may temporarily appoint a member to fill the vacancy of those having sufficient experience and after obtaining the non-objection by the Saudi central bank and without considering the arrangement of obtaining the votes in the general assembly through which the board of directors has been elected , The ministry of commerce as well as the Capital Market Authority shall be notified within five (5) working days as from appointment date, and such appointment shall be laid before the first meeting of the Ordinary General Assembly. The new member shall only complete the period of predecessor.

2- If the necessary conditions for the convening of the Board of Directors are not met due to the lack of the number of its members below the minimum stipulated in the Companies Law or the Company's Articles of Association, the remaining members shall call the Ordinary General Assembly to convene within sixty days to elect the necessary number of members.

Article 10: Candidate disclosure of conflict of interest

Whoever wants to nominate himself for membership in the Board of Directors must disclose any cases of conflict of interest - in accordance with the procedures established by the competent authority - and this includes:

1- Having a direct or indirect interest in the business and contracts made for the company that he wishes to nominate himself for its board of directors.

2- His participation in a business that would compete with the company, or its competition in one of the branches of the company's activity.

3- The company takes the necessary measures if the candidate discloses one of the above (in 2.1), and an item must be included in the agenda of the general assembly to obtain permission from the assembly for the member. If he has an interest and failed to obtained the approval from the general assembly, he will be excluded from the list of candidates and the next one is chosen in the voting.

Article 10: Review and Enforcement

1- The policy is subject to periodic review and supervision - when needed - by the Nominations and Remunerations Committee, and any proposed amendments by the Committee will be presented to the Board of Directors, which studies and reviews the amendments and recommends them to the Shareholders' General Assembly for approval.
2- The amendment of this policy be approved by the decision of the general assembly of shareholders approving the amendment based on the recommendation of the board of directors, and the regulation will be effective once approved by the general assembly.
3- All that is not provided for in this regulation for which the Saudi Companies Law and its regulations, the Capital Market Authority law and its regulations, the regulations of the Saudi Central Bank, the company's articles of association and decisions issued by the competent authorities in relation to the regulations shall apply.

After Amendments

Policies, Criteria and procedures for membership in the Board of Directors

إتحاد الخليج الأهلية للتأمين التعاوني
GULF UNION AL AHLIA COOPERATIVE INSURANCE

Policies, Criteria and procedures for membership in the Board of Directors

Gulf Union Al Ahlia Cooperative Insurance

Policy Approval

Approval / Recommendation		Date
Approvals	Nomination & Remuneration Committee Recommendation	2017/11/22
	Board of Directors Recommendation	2017/11/26
	General Assembly Approval	2017/12/26
	Nomination & Remuneration Committee Recommendation	2019/02/28
	Board of Directors Recommendation	2019/03/13
	General Assembly Approval	2019/05/19
	Nomination & Remuneration Committee Recommendation	2022/05/22
	Board of Directors Recommendation	2022/05/23
	General Assembly Approval	2022/06/28
	Nomination & Remuneration Committee Recommendation	
	Board of Directors Recommendation	
	General Assembly Approval	

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Article 1: Definitions

Taking into account the definitions contained in the Market Terms Regulation and the amended Corporate Governance Regulations, the words and phrases mentioned below shall have the meanings indicated next to each of them unless the context requires otherwise.

- **Company**: Gulf Union Al Ahlia Cooperative Insurance Company.
- **Policy**: Policies, Criteria and Procedures for Membership in the Board of Directors.
- **The Board**: The Board of Directors of the Gulf Union Al Ahlia Cooperative Insurance Company.
- **Authority**: Capital Market Authority
- **The Market** : Saudi Capital Market
- **Companies Law**: The companies law issued by the royal decree no (M/3) 28/01/1437 H, and any further amendments
- **The company's by-law** : the By-Law of Gulf Union Al Ahlia Cooperative Insurance
- **Corporate Governance Regulation**: the Corporate Governance Regulation issued by the Board of the Capital Market Authority Pursuant to Resolution Number 8-16-2017 Dated 16/5/1438H Corresponding to 13/2/2017G, and any Further Updates
- **Chairman** : Chairman of Board of directors of Gulf Union Al Ahlia Cooperative Insurance Company
- **Member** : Member of Board of directors of the Company
- **Secretary**: Secretary of the company Board of Directors.
- **Executive Management or Senior Executive**: persons responsible for managing the daily operations of the Company, and proposing and executing strategic decisions, such as the Chief Executive Officer (CEO) and his/her delegates and the Chief Financial Officer (CFO).
- **Non-Executive Director**: a member of the Board who is not a full-time member of the management team of the Company and does not participate in its daily activities.
- **Independent Director**: a non-executive member of the Board who enjoys complete independence in his/her position and decisions and none of the independence affecting issues stipulated in Article 20 of these Regulations apply to him/her.
- **Conflict of interest**: the occurrence or existence of a direct or indirect interest, for any candidate for membership in the Board of Directors or committees, and such interest would influence the contribution of the concerned member with his opinion expressing his professional point of view.

Article 2: preamble

1- The policy, criteria and procedures for membership in the Board of Directors of the Gulf Union Al Ahlia Cooperative Insurance Company - a Saudi joint stock company, have been prepared in accordance with the Companies Law and its implementing regulations, the corporate governance regulations issued by the Capital Market Authority and the company's articles of association.
2- This policy defines the controls and procedures for membership in the Board of Directors and the company's policy adopted when appointing members of the Board of Directors.
3- The provisions of this regulation do not prejudice the right of every shareholder in the company to nominate himself or others for membership in the Board of Directors in accordance with the provisions of the Companies Law and its implementing regulations.

4- This policy is not amended except upon a recommendation from the Board of Directors - based on a proposal from the Nomination and Remuneration Committee - and the amendment shall not be effective except after the approval of the company's general assembly, unless the rules, regulations and instructions issued by the competent authorities include otherwise.

Article 3: Purpose

This regulation aims to set clear and specific criteria / standards and procedures that explain to the company's shareholders and candidates for membership of the Board of Directors the conditions, standards and procedures followed when selecting members of the Board of Directors by the General Assembly of Shareholders.

Article 4: Shareholder's right to nominate

Each shareholder in the company has the right to nominate himself or another person or more for membership in the Board of Directors, within the limits of his ownership percentage in the capital when the membership conditions are met in accordance with the provisions of these regulations.

Article 5: Criteria and conditions for membership in the Board of Directors

A member of the Board is required to be professionally capable and has the required experience, knowledge, skill and independence, which enable him/her to perform his/her duties efficiently. He/she shall have the following qualifications in particular:

1- **Ability to lead**: He/she shall enjoy leadership skills which enable him/her to delegate powers in order to enhance performance and apply best practices in effective management and compliance with professional ethics and values.
2- **Competency**: He/she shall have the academic qualifications and proper professional and personal skills as well as an appropriate level of training and practical experience related to the current and future businesses of the Company and the knowledge of management, economics, accounting, law or governance, as well as the desire to learn and receive training.
3- **Ability to guide**: He/she shall have the technical, leadership, and administrative competencies as well as the ability to take prompt decisions, and understand technical requirements and developments related to the job. He/she shall also be able to provide strategic guidance and long-term planning and have a clear future vision.
4- **Financial knowledge**: He/she shall have the ability to read and understand financial statements and reports.
5- **Physical fitness**: He/she shall not suffer from any health issue that may hinder him/her from performing his/her duties and responsibilities.
6- That the person applying for membership in the Board of Directors has not previously been convicted of a crime against honor and honesty, or has been convicted of misconduct in the financial markets or business, or has been judged bankrupt, or is not valid for membership of the Board in accordance with any system or instructions in force in the Kingdom.
7- He should not be a senior executive or member of the board of directors in a company that has been declared bankrupt or liquidated based on a judicial order.
8- The candidate's age shall not be less than 25 Gregorian years with the date of the beginning of the period of the Board for which he is nominated.
9- The candidate must abide by the principles of honesty, trustworthiness, loyalty, care and concern for the interests of the company and shareholders, and prioritizing them over his personal interest.

10- The candidate 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 at the beginning of the period of the board for which he is nominated or at the time of appointment, whichever is earlier.
11- When nominating for membership in the Board of Directors, the absence of a conflict of interest shall be taken into account, and the candidate shall not be a government employee unless he is a representative of the entity that nominated him.
12- Not to be a member of the board of directors of any of the joint stock companies competing with the company.
13- A member of the company's board of directors may not be a member of the board of directors of another local insurance and/or Reinsurance Company, or one of its committees, or occupy a leadership position in those companies.
14- That he has the ability to allocate sufficient time to carry out the responsibilities of a member of the Board of Directors.
15- In the case of running as an independent member, the candidate must not have any of the independence affecting issues
16- Independence cannot be attained by a Board member in the following situations, including but not limited to:

- Being a Significant Shareholder in the Company, or in a Related Company, working for or representing a Significant Shareholder
- Being a member of the Board in a Related Company or one of its subsidiaries, or having been one during the past two years
- Being a member of the Board of the Company for more than nine years
- Holding a Senior Management position in the Company, or in a Related Company, or having held one during the past two years
- Being an employee with the Company, with a Related Company, or with a company that provides services to the Company (e.g., external auditors, consulting firms, etc.) or having worked with any one of the above during the past two (2) years
- Being a Related Person of a member of the Board or Senior Management of the Company or of a Related Company
- Having a contractual or business relationship with the Company (either directly or through an entity in which he or she is a Significant Shareholder, a Board member, or a manager) which resulted in paying to, or receiving from, the Company the equivalent of two hundred and fifty thousand (250,000) Saudi riyal or more (other than his or her remuneration as a director of the Board and amounts related to insurance contracts) during the past two (2) years
- Being under any financial obligation towards the Company or any members of its Board or Senior Management that might limit the exercise of independence in judgment and decision making

Article 6: Required documentation

Each candidate for membership of the Board of Directors must submit an application for his candidacy to the company during the announced candidacy period, accompanied by the following:

1- Fill out the company's nomination application addressed to the Nominations and Remunerations Committee and during the specified nomination period, and attach with it the candidate's CV, qualifications and experience in general and in the field of insurance in particular, along with attaching copies of the certificates and qualifications.
2- Fill out the company's nomination form completely and sign each page.

3- Complete the Fit & Proper form issued by the ~~Saudi Central Bank~~ Insurance Authority and provide the company with a complete and signed copy in the nomination application (PDF) and an electronic copy in word format identical to the signed copy. The candidate can obtain the form "(Fit & Proper Form") from the website of The ~~Saudi Central Bank~~ Insurance Authority
4- Fill out the forms specified by the Capital Market Authority, such as Form No. 3 (CV form for the candidate for membership in the Board of Directors of a Listed Joint Stock Company), which can be obtained from the website of the Capital Market Authority.
5- A statement of the number and dates of the board of directors of joint stock companies and the committees he had a membership and which he still holds membership in, provided that the statement states the following: -

a. The number of Board meetings that took place during each year of the period, the number of meetings attended by the member in person, and the ratio of his attendance to the total meetings.
b. The standing committees in which the member participated, the number of meetings held by each of those committees during each year of the period, 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 period.

6- If the candidate has previously served as a member of the company's board of directors, he must attach with the candidacy application a statement from the company's board of directors' secretariat about the last period in which he became a board member, including the following information:

a. The number of Board meetings that took place during each year of the period, the number of meetings attended by the member in person, and the ratio of his attendance to the total meetings.
b. The standing committees in which the member participated, the number of meetings held by each of those committees during each year of the period, 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 period

7- The membership status must be clarified, i.e. whether he is nominated as an independent member, a non-executive member or an executive member.
8- The nature of the membership must be clarified, i.e. whether he is a candidate in his personal capacity or is a representative of a legal person.
9- Attach a clear and valid copy of the national identity, passport and family register for individuals or the commercial register for companies and institutions with the nomination application and the candidate's contact numbers.
10- Any other forms that the company may require or in accordance with the requirements of the bylaws, regulations and related requirements.

Article 7: Procedures for candidacy for membership of the Board of Directors

he Nominations and Remunerations Committee, in coordination with the Governance Department and/or the Board of Directors' secretariat, shall supervise the preparation of the Board of Directors elections, sufficiently before the end of the current Board period, and the procedures are as follows: -

1- The company announces the opening of the nomination for membership in the board of directors. The announcement is prepared and published - in accordance with the forms and procedures regulating this - on the financial market website and the company's website and in any other means determined by the competent authorities at least 60 days before the end of the current board period.

2- Nominations shall remain open for at least 30 days from the date of the announcement in order to give the candidates time to apply.
3- If the required number of candidates for the membership of the Board is not available within 30 days, the nomination period shall be extended until the required number that should presented to the company's general assembly is completed.
4- Candidates submit their applications on the form designated for this by the Capital Market Authority - and in accordance with the conditions and criteria set forth in the company's announcement - attached with the documents required under these regulations, and they are sent to the company's headquarters within the date specified in the company's announcement of candidacy.
5- Nomination applications are received in accordance with the announced conditions, and after the deadline for submitting nomination applications in accordance with the above, the Nomination and Remuneration Committee reviews the submitted applications and recommends to the Board of Directors qualified candidates for the new Board session in accordance with the approved criteria in this regard, and the Nomination and Remuneration Committee has the right to conduct a personal interview for candidates
6- The Nominations and Remunerations Committee shall, when choosing between candidates, take into account the diversity in scientific qualification and practical experience, and give priority in the nomination to the required needs of those with the appropriate skills for membership of the Board of Directors, and that the number of independent members shall not be less than one third of the members of the Board.
7- No-objection from the ~~Saudi Central Bank~~ Insurance Authority must be obtained in writing before electing any of the Board members.
8- The company shall inform the ~~Saudi Central Bank~~ Insurance Authority when any of the applications for candidacy for membership of the Board is rejected, and specify the reasons for the rejection.
9- All documents required for nomination should be included with company's request in the general assembly's system, after entering the data of qualified candidates in the system prepared for that on the approved form and in accordance with the required requirements.

Article 8: Procedures for electing board members

1- The company's By-Law specify the number of members of the board of directors, provided that it is not less than three and not more than eleven.
2- The general assembly elects the members of the board of directors for the period stipulated in the company's By-Law, provided that it does not exceed ~~three~~ four years, and they may be re-elected unless the company's articles of association provide otherwise.
3- The company's general assembly should convene and an item is included on its agenda to elect members of the board of directors from among the qualified candidates, according to the approved form for the announcement, and it should be published on the Capital market website and the company's website, at least (21 days) before the date of the meeting, and shareholders are allowed to vote electronically on the meeting agenda of the general assembly, description of the candidates' experiences, qualifications, skills, jobs and previous and current memberships should be attached on the announcement - according to the advertisement instructions form - and any other attachments requested by the competent authority, and the company must keep a copy of this information at its head office.
4- The number of nominees to the Board whose names are presented to the General Assembly shall be more than the number of available seats to give a chance to the General Assembly to select the Board members among those nominees, take into account the availability of a sufficient number of independent members.
5- Cumulative voting shall be used in electing the Board of Directors.
6- A legal person who is entitled, according to the company's By-Law, to appoint representatives on the board of directors, may not vote on the selection of other members of the board.

7- Voting in the General Assembly shall be confined to the Board nominees whose information has been announced
8- When the members are elected from the general assembly, the members of the board of directors are appointed and their names are announced according to their order of obtaining votes in the general assembly (the order is from highest to lowest in votes) and if this is done, but the number of independent members that must be available in the board of directors is not complete among the winning members With the highest number of votes, the last non-independent member (or more than one member) in the ranking is eliminated, which is the non-independent member with the lowest number of votes, and the remaining independent members are appointed to complete the correct quorum of the Board in the order in which they receive the votes. So that the sum of the non-independent and the independent is equal to the number of members of the Board to be appointed.
9- The results of the meeting of the General Assembly shall be announced according to the approved form immediately after its conclusion, and the item on the election of the members of the Board of Directors shall mention the names of the elected members, their membership status, and the date of the beginning and end of the Board period.
10- The company shall notify the Authority with the names of the members of the Board of Directors and their membership status within five working days from the date of the start of the Board of Directors session 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 of the changes occurring through the Authority's electronic forms system.
11- Programs will be prepared for the newly appointed members of the Board of Directors to introduce the progress of the company's work and activities, in particular the company's strategy and objectives, the financial and operational aspects of the company's activities, the obligations, duties, responsibilities and rights of the members of the Board of Directors, the functions of the company's committees, the company's governance system and its supplementary regulations.
12- The Chairman and Vice-Chairman of the Board of Directors will elected, committees will be formed, and the Secretary of the Board will be appointed at the first meeting of the Board after the beginning of the board period, provided that obtaining ~~Saudi Central Bank~~ Insurance Authority's no-objection on the appointment of the Chairman of the Board of Directors, the deputy, the chairmen and members of the committees and the Secretary of the Board, and the company announces this on the Saudi capital market's website according to the announcement form approved by the competent authority.

Article 9: Membership Vacancy

~~1- If the position of a member of the Board of directors becomes vacant, the Board may temporarily appoint a member to fill the vacancy of those having sufficient experience and after obtaining the non-objection by the Saudi central bank and without considering the arrangement of obtaining the votes in the general assembly through which the board of directors has been elected , The ministry of commerce as well as the Capital Market Authority shall be notified within five (5) working days as from appointment date, and such appointment shall be laid before the first meeting of the Ordinary General Assembly. The new member shall only complete the period of predecessor.~~
~~2- If the necessary conditions for the convening of the Board of Directors are not met due to the lack of the number of its members below the minimum stipulated in the Companies Law or the Company's Articles of Association, the remaining members shall call the Ordinary General Assembly to convene within sixty days to elect the necessary number of members.~~

1- The board of directors shall call the ordinary general assembly to convene in ample time prior to the expiration of the board's term to elect a board of directors for a new term. If the election cannot be held and the term of the current board expires, its members shall continue to carry out their duties

until a board of directors is elected for a new term, provided that the period of such continuation of the lapsed Board does not exceed (90) days from the end date of the Board's term. And the Board shall undertake all necessary procedures to elect a new replacement Board before the expiry of the period specified

2- If the chairman and members of the board of directors resign, they shall call for an ordinary general assembly meeting to elect a new board. The resignation shall not take effect until a new board is elected, provided that the period of such continuation of the resigned Board does not exceed (120) days from the date of such resignation. And the Board shall undertake all necessary procedures to elect a new replacement Board before the expiry of the period specified

3- A board member may resign pursuant to a written notice submitted to the chairman of the board of directors. If the chairman of the board resigns, the notice shall be submitted to the board members and the board's secretary. In both cases, the resignation shall take effect from the date specified in the notice.

4- if the position of a board member of a joint-stock company becomes vacant due to his death or resignation, and if the minimum number of members required for the validity of board meetings as stipulated in this Law or the company's articles of association is not affected by such vacancy, the board may appoint a qualified person with relevant expertise to provisionally fill the vacancy. The appointment shall be reported to the Commercial Register, and to the CMA if the company is listed in the capital market, within 15 days from the date of such appointment, and it shall be submitted to the ordinary general assembly in its first meeting. The appointed member shall complete the term of his predecessor.

5- If the number of board members falls below the minimum number required for the validity of board meetings as stipulated in this Law or the company's articles of association, the remaining members shall call for an ordinary general assembly meeting within 60 days to elect the required number of members.

Article 10: Candidate disclosure of conflict of interest

1- The membership of the board of directors shall expire with the expiration of the term of the board resignation, death, if the board of directors finds evidence that the member breaches its duties in a way that would harm the interest of the company on the condition that this would include the approval of the ordinary general assembly, with the expiration of its membership in accordance with any regulation or instructions in force in kingdom of Saudi Arabia, if ruled that its bankruptcy or insolvency be declared, if it applies for settlement with its creditors or stops payment of its debts, if it develops mental illness or physical disability that may lead to the inability the member to play its role fully, If it is established that it commits an act involving a breach of trust and morality or convicted of forgery under a final judgment

2- The general assembly may, upon the recommendation of the board of directors, terminate the membership of any member who fails to attend three consecutive meetings or five non-consecutive meetings during the course of his membership without an excuse acceptable to the board.

3- The ordinary general assembly may, however, remove some or all board members. Subject to any controls set by the Capital Market Authority. In such case, the ordinary general assembly shall elect a new board of directors or a replacement for removed members, as the case may be, in accordance with the provisions of the companies Law and its implementing regulations.

4- If a member of the board of directors resigns and has comments on the performance of the company, it shall submit a written statement of same to the chairman of the board of directors. Such statement shall be presented to the members of the board of directors.

5- The Insurance Authority shall be notified upon resignation of any member of the board or termination of its membership for any reason upon the expiration of the term of the board within five (5) working days from the work leaving date and relevant disclosure requirements

Article ~~10~~ 11: Candidate disclosure of conflict of interest

Whoever wants to nominate himself for membership in the Board of Directors must disclose any cases of conflict of interest - in accordance with the procedures established by the competent authority - and this includes:

1- Having a direct or indirect interest in the business and contracts made for the company that he wishes to nominate himself for its board of directors.
2- His participation in a business that would compete with the company, or its competition in one of the branches of the company's activity.
3- The company takes the necessary measures if the candidate discloses one of the above (in 2.1), and an item must be included in the agenda of the general assembly to obtain permission from the assembly for the member. If he has an interest and failed to obtained the approval from the general assembly, he will be excluded from the list of candidates and the next one is chosen in the voting.

Article ~~10~~12: Review and Enforcement

1- The policy is subject to periodic review and supervision - when needed - by the Nominations and Remunerations Committee, and any proposed amendments by the Committee will be presented to the Board of Directors, which studies and reviews the amendments and recommends them to the Shareholders' General Assembly for approval.
2- The amendment of this policy be approved by the decision of the general assembly of shareholders approving the amendment based on the recommendation of the board of directors, and the regulation will be effective once approved by the general assembly.
3- All that is not provided for in this regulation for which the Saudi Companies Law and its regulations, the Capital Market Authority law and its regulations, the regulations of the ~~Saudi Central Bank~~ Insurance Authority, the company's articles of association and decisions issued by the competent authorities in relation to the regulations shall apply.

Agenda Item # 10

10 - Voting on payment of total SAR (1,950,000) as remuneration to the members of the Board of Directors for the fiscal year ended on 31 /12/2024 G.

Details of remuneration to the members of the Board of Directors for the fiscal year ended on 31 December 2024

Based on the obligations of the Gulf Union Al Ahlia Cooperative Insurance Company towards the members of the board of directors, which are stipulated in Article (19) nineteen of the company's By–Law, as well as in the policy of remuneration for members of the board of directors, committees and executive management, the details of the remuneration of board members for the year 2024 are attached, according to the following: –

Gulf Union Al Ahlia BOD Members.

Year	Position	Amount- SR	BOD Member	S
2024	Chairman	400,000	Abdulaziz Ali Al-Turki	1
2024	Vice Chairman	300,000	Zaid Abdullah Al Yaeesh	2
2024	Member	250,000	Munir Hashem Al-Borno	3
2024	Member	250,000	Ahmed Solaiman Al Muzaini	4
2024	Member	250,000	Majid Shatti Al Dhafiri	5
2024	Member	250,000	Abdullah Abdulwahab	6
2024	Member	250,000	Mohammed Al Katheer	7
1,950,000			Total	

Gulf Union Al Ahlia Cooperative Insurance Co.

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ص.ب. ٨٢١٧ - الدمام ٣٢٢٢١ المملكة العربية السعودية
٨٤٩٥ شارع سلمان الفارسي حي الخالدية الجنوبية، حي الاعمال
الوحدة (١ - ٢ - ٣) من كيو تو، الدمام ٣٢٢٢١ - ٣٨٠٦، المملكة العربية السعودية
البريد الالكتروني: Headoffice@gulfunion-saudi.com
رقم ضريبة القيمة المضافة ٣٠٠٥٢٤٢٨١٢٠٠٠٣
الرقم المجاني: ٨٠٠٣٠٤٠٠٧٧

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Represent the Company with all service provider companies such as telecommunications, fixed line, mobile and internet services, Saudi Electricity Company and National Water Company, to subscribe in its services or waiver or cancel services.

Also, have the right on behalf of the Company to sign for all the above authorities, issuing power of attorneys or authorization letters for one or more persons, for some or all the above authorities, and giving delegates the right to authorize others.

Article (19)– Remunerations of the Board Members, Remunerations of Chairman of the Board of Directors and the Managing Director

1- the ordinary general assembly shall determine the remuneration of board members, based on the recommendation of the Nomination and Remuneration Committee, the Remuneration must be fair and proportionate to the Board member's activities carried out and responsibilities borne by the Board members
2- The remuneration of members of the board of directors a specific amount or attendance allowance for the meetings, in kind benefits or a certain percentage of net profits. Two or more of such benefits may be combined.
3- If the remuneration is a certain percentage of the company profit, such percentage may not exceed (10%) of the net profits after deducting the reserves decided by the general assembly in implementation of the provisions of cooperative insurance companies control law, companies law and theses articles and after distribution of a profit to shareholders that is not less than (5%) of the company paid capital and the eligibility for such remuneration shall be proportional to the number of meetings attended by the member
4- The report of the board of directors to the annual ordinary general assembly shall include a comprehensive statement of all remunerations, allowances for expenses, meeting allowances and other benefits obtained or were entitled to receive by each member of the members of the board of directors during the financial year. It shall also include a statement of what is received by the members of the board as workers or administrators or what they receive against technical or administrative works or consultation. It shall also include a statement of the number of the board meetings and the number of meetings attended by each member

Article (20)– Powers of Chairman of the Board of Directors and his Membership term, and the Membership of a Deputy, Managing Director and Secretary

The board of directors shall appoint from among its members a chairman, deputy chairman and shall appoint Chief Executive Officer. It may appoint a managing director. It is not permissible to combine. The chairman of the board of directors shall have the right to sign on behalf of the company and implement the decisions of the board. The chairman of the board of directors shall be concerned with representing the company before courts, arbitration bodies and third parties. By a written decision, the chairman of the board of directors may delegate some of its powers to other members of the board or third parties to conduct certain work or works. The board of directors shall determine salaries, allowances and remuneration for the both the board chairman and the managing director as stated in article (19) of these articles. The board of directors shall appoint a secretary of the board. The board may appoint one or more advisers therefor in the different affairs of the company and the board

Agenda Item # 11

11- Voting on the business and contracts that were entered into between the company and Rawabi Holding Group, in which the Chairman of the Board of Directors - Mr. Abdulaziz Ali Al-Turki has a direct interest in (where he holds the position of Chairman of the Board of Directors), noting that the transactions that took place during the fiscal year 2024 are (insurance policies for one year with a value of 33,562,062 Saudi riyals), there are no preferential terms in these deals and contracts.

Agenda Item # 12

12- Voting on the business and contracts that were entered into between the company and Al Muhaidib Group, in which a member of the Board of Directors - Mr. Majid Shatti Al Dhafiri has an indirect interest in (where he holds an executive position), noting that the transactions that took place during the fiscal year 2024 are (insurance policies for one year with a value of 5,054,026 Saudi Riyals), and there are no preferential terms in these deals and contracts..

Agenda Item # 13

13 - Voting on the business and contracts that were entered into between the company and Al Muhaidib Group, in which a member of the Board of Directors - Mr. Majid Shatti Al Dhafiri has an indirect interest in (where he holds an executive position), noting that the transactions that took place during the fiscal year 2024 are (Rent Contracts for the Company's offices for one year with a value of 1,035,760 Saudi Riyals), and there are no preferential terms in these deals and contracts.

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INDEPENDENT AUDITOR REPORT ON THE BOARD OF DIRECTORS' MEMBERS DISCLOSURE OF TRANSACTIONS AND CONTRACTS WITH RESPECT TO GULF UNION AL AHLIA COOPERATIVE INSURANCE COMPANY IN ACCORDANCE WITH COMPANIES' LAWS (ARTICLE 71)

To the Board of Directors`
Gulf Union Alahlia Cooperative Insurance Company
(A Saudi Joint Stock Company)
Dammam, Kingdom of Saudi Arabia

INTRODUCTION

We have performed a Limited Assurance engagement with respect to the personal interest for the Board of directors' members ("The report") regarding the transactions or contracts with respect to Gulf Union Al Ahlia Cooperative Insurance Company ("The company") the report attached with the related parties for the year ended December 31, 2024, which prepared by the Company's management in according to the below applicable criteria.

SUBJECT MATTER

The subject matter for our limited assurance is the report which prepared by the Company's management as attached to this report and submitted to us.

APPLICABLE CRITERIA

Adopted requirements of the applicable criteria were designed in order to comply with Article 71 of the Companies' law, which emphasis that a board member shall immediately disclose to the board of directors any direct or indirect interest he may have in Company transaction or contracts. Such disclosure shall be recorded in the minutes of the board meeting.

MANAGEMENT RESPONSIBILITY

Company's management is responsible for the below:

- Preparing the report in accordance with the applicable criteria;
- Design, implement and maintain the internal controls related with the preparation of this report and free from material misstatement, whether due to fraud or error;
- The audited financial statements which represent the information derived from this report; and
- Being responsible for the declaration on all direct or indirect personal interest for the members of the board of directors with the Company's transactions and contracts.

OUR INDEPENDENCE AND QUALITY CONTROL

We have adhered to the independence requirements of the Professional Code of Conduct and Ethics that are endorsed in the Kingdom of Saudi Arabia which includes independence and other requirements based on the basic principles of integrity, objectivity, professional qualification, due diligence, confidentiality, and professional conduct.

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INDEPENDENT AUDITOR REPORT ON THE BOARD OF DIRECTORS' MEMBERS DISCLOSURE OF TRANSACTIONS AND CONTRACTS WITH RESPECT TO GULF UNION AL AHLIA COOPERATIVE INSURANCE COMPANY IN ACCORDANCE WITH COMPANIES' LAWS (ARTICLE 71) (continued)

Our firm applies the International Standard on Quality Control (1) that are endorsed in the Kingdom of Saudi Arabia, and accordingly maintains a comprehensive quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirement.

OUR RESPONSIBILITY

It is our responsibility to form a Limited Assurance conclusion on the report based on our procedures and the evidence we have obtained. We have performed the Limited Assurance Engagement in accordance with International Standards on Assurance Engagements 3000, "Assurance Engagements Other than Reviewing or Examining Historical Financial Information" that is endorsed in the Kingdom of Saudi Arabia, which requires us to plan and perform this engagement to obtain the Limited Assurance. Our attention includes any matter that causes us to believe that the Company did not comply with the requirements of Article No. (71) of the Companies' Law when preparing the attached declaration.

The procedures performed are subject to our judgment, which includes the assessment of risks such as failure of systems, controls, and oversight, whether due to fraud or error. When performing this risk assessment, we take into consideration the internal control related to the Company's compliance of the requirements of the Companies' Law. Our procedures included our review on sample basis for the supporting evidence related to the preparation of this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for forming our limited assurance conclusion.

SUMMARY OF WORK PERFORMED

We have planned and performed the following procedures to obtain limited assurance of the Company's compliance with the requirements of Article No. (71) of the Companies' Law when preparing this declaration:

- Obtaining the report and review it in accordance with Companies' law (Article 71).
- Matching the information which included in the report with the Company's records.
- Verify the nature of the relationship between the Company's board of directors and the Companies that have a relationship with them.; And
- Verify that the reported information included in the report have been done in according to the Company's approved policies and procedures.

BINDING RESTRICTIONS

Our procedures for the systems and control related to preparing the declaration in accordance with the requirements of the Companies Law are subject to binding restrictions, and accordingly, errors or irregularities may occur that are not discovered. Moreover, these procedures should not be relied upon as evidence of the effectiveness of regulations and oversight against fraudulent activities and collusion, especially by those working in positions of authority or trust.

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INDEPENDENT AUDITOR REPORT ON THE BOARD OF DIRECTORS' MEMBERS DISCLOSURE OF TRANSACTIONS AND CONTRACTS WITH RESPECT TO GULF UNION AL AHLIA COOPERATIVE INSURANCE COMPANY IN ACCORDANCE WITH COMPANIES' LAWS (ARTICLE 71) (continued)

BINDING RESTRICTIONS (CONTINUED)

The Limited Assurance Engagement is substantially less in scope than the reasonable assurance engagement under the International Standards on Assurance Engagements 3000 as endorsed in the Kingdom of Saudi Arabia. As a result, the nature, timing, and extent of the procedures outlined above for gathering sufficient appropriate evidence were considerably limited compared to those related to the reasonable assurance opinion, and thus lower level of assurance was obtained through the limited assurance conclusion as compared to the reasonable assurance opinion.

Our procedures did not include audit or reviews carried out in accordance with International Standards on Auditing or International Standards on Review Engagements endorsed in the Kingdom of Saudi Arabia, and accordingly, we do not express an audit opinion or review conclusion regarding the adequacy of the systems and control.

This conclusion relates only to reporting for the year ended December 31, 2024 and should not be held to provide confirmation of any future dates or periods, as there may be a change in regulations and oversight that may affect the validity of our conclusion.

LIMITED ASSURANCE CONCLUSION

Based on the works performed in this report, nothing has come to our attention that causes us to believe that the company did not comply, in all material respects, with the requirements that relate to Article No. (71) of the Companies' Law related to the attached report as of December 31,2024.

RESTRICTED USE

This report, including our Conclusion, has been prepared on the request of the Company's management only according to the Requirement of article 71 of the Companies' law to report to the ordinary general assembly. The report may not be used for any other purpose or distributed to any parties other than the ordinary generally assembly and Company's board of directors, or to quote or refer to it without our prior consent.

For Al-Kharashi & Co.

الخراشي وشركاه
محاسبون و مراجعون قانونيون
س.ت: 1010327044
C.R.: 1010327044
Certified Accountants & Auditors
AL-Kharashi Co.

Abdullah S. Al Msned
License No. (456)

Riyadh:
2 Thul-Qi'dah, 1446 H
April 30, 2025

ALKHARASHI & CO. CERTIFIED ACCOUNTANTS AND AUDITORS - PARTNERSHIP COMPANY - C.R : 1010327044
MEMBER OF FORVIS MAZARS

شركة مساهمة عامة سعودية رأس المال المدفوع 458,949,280 ريال سعودي
مرخص لها من هيئة التأمين بموجب الترخيص ت م ن/20079/9
الرقم الموحد 7001532279، خاضعة لرقابة وإشراف هيئة التأمين
Saudi Public Joint Stock Company with paid capital 458,949,280 SAR
Unified No. 7001532279, Insurance Authority License TMN/9/20079
The company is under the Oversight and supervision of Insurance Authority

إتحاد الخليج الأهلية للتأمين التعاوني
GULF UNION AL AHLIA COOPERATIVE INSURANCE

April 27, 2024

To the respected shareholders of Gulf Union Al Ahlia Cooperative Insurance Company,

With reference to Article (71) of the Companies Law issued by the Ministry of Commerce, which states that "The board shall notify the general assembly, when it convenes, of the transactions and contracts in which such board member has direct or indirect interest; the notice shall be accompanied with a special report prepared by the company auditor in accordance with auditing standards approved in the Kingdom."
Accordingly, we would like to inform you regarding the work that was carried out with related parties during the fiscal year ended on December 31, 2024, and in which the company seeks to obtain an authorization from the General Assembly as there are no preferential conditions/terms in these deals and contracts, they are as follows:

Client Name	Owner/Member has Direct interest	Member has Indirect interest	Position	Description - Deal Conditions	Duration	Premiums	Claims
Rawabi Holding Group	Abdulaziz Ali Al-Turki	-	Chairman	Motor & Property and General Accident in line with the approved policy within the company and IA	One Year	33,562,062	1,337,371
Al Muhaidib Group	-	Majid Shatti Al Dhafiri	Member	Motor & Property and General Accident in line with the approved policy within the company and IA		5,054,026	2,389,665

Client Name	Owner/ Member has Direct interest	Member has Indirect interest	Position	Contract Type	Rental Contract amount
Al Muhaidib Group	-	Majid Shatti Al Dhafiri	Member	Annual Rent Contracts for the Company's offices	1,035,760

We are pleased to attach the report on these transactions issued by the company's auditor / Al-Kharashi & Co. Certified Accountants and Auditors (Mazars)

Accept our sincere greetings and appreciation,

Name	Signature
Abdulaziz Ali Al Turki	
Zaid Abdullah Al Yaeesh	
Munir Hashim Al Borno	
Majed Shatti Al Dhafiri	
Ahmed Sulaiman Al Muzaini	
Abdullah Abdulrahman Abdulwahab	
Mohammed Abdulrahman Al Katheer	

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إتحاد الخليج الأهلية للتأمين التعاوني
GULF UNION AL AHLIA COOPERATIVE INSURANCE

Thank You

Gulf Union Al Ahlia Cooperative Insurance