

Summary of the Amendments of the Audit Committee's Work Regulation

First: Introduction

Article No.	Paragraph No.	Text of the Article Before Amendment	Text of the Article as amended
1	1	<p>1- Purpose:</p> <p>This Charter outlines the requirements of the Saudi Central Bank (SAMA) and the relevant regulations governing the organization of the work of the Audit Committee at Arabian Shield Cooperative Insurance Company. The aim of this Charter is to require Arabian Shield Cooperative Insurance Company to apply high standards with respect to the operations of the Audit Committee.</p> <p>The Company shall comply with this Charter in accordance with the Cooperative Insurance Companies Control Law issued by Royal Decree No. M/32 dated 02/06/1424H, the Implementing Regulations of the Cooperative Insurance Companies Control Law, the Insurance Companies Governance Regulations, the requirements for appointments to leadership positions in financial institutions subject to the supervision of the Insurance Authority, in addition to all relevant laws, regulations, instructions, and decisions.</p>	<p>1- Purpose:</p> <p>This Charter outlines the requirements of the Insurance Authority and the relevant regulations governing the organization of the work of the Audit Committee at Arabian Shield Cooperative Insurance Company. The aim of this Charter is to require Arabian Shield Cooperative Insurance Company to apply high standards regarding the work of the Audit Committee.</p> <p>The Company shall comply with this Charter in accordance with the Cooperative Insurance Companies Control Law issued by Royal Decree No. M/32 dated 02/06/1424H, its Implementing Regulations, the Insurance Companies Governance Regulations, the requirements for appointments to leadership positions in financial institutions subject to the supervision of the Insurance Authority, in addition to all relevant laws, regulations, instructions, and decisions.</p>

Definitions

1	2	<p>5- Definitions:</p> <p>Without prejudice to the provisions of Article One of the Implementing Regulations of the Cooperative Insurance Companies Control Law, the following terms and expressions—wherever mentioned in this Manual—shall have the meanings set forth beside each of them, unless the context indicates otherwise:</p>	<p>5- Definitions:</p> <p>Without prejudice to the provisions of Article One of the Implementing Regulations of the Cooperative Insurance Companies Control Law, the following terms and expressions—wherever mentioned in this Manual—shall have the meanings set forth beside each of them, unless the context indicates otherwise:</p>
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		<p>A – Institution: Saudi Central Bank (SAMA)</p> <p>C – Senior Management: The Managing Director, the Chief Executive Officer, the General Manager, their deputies, the Chief Financial Officer, heads of key departments, individuals responsible for risk management, internal audit, and compliance functions within the Company, their equivalents, and any other positions determined by the Saudi Central Bank (SAMA).</p> <p>D – Regulatory Compliance Department (Compliance Department): An independent department that reports functionally to the Audit Committee and administratively to the Chief Executive Officer. It is responsible for ensuring the Company's compliance with the regulations, rules, and instructions issued by the Insurance Authority and other regulatory bodies. It submits its reports to the Audit Committee regarding any violations of regulations and instructions within the Company. This definition also applies to the Regulatory Compliance Officer (Compliance Officer).</p>	<p>A – Authority: Insurance Authority</p> <p>C – Senior Management: The Managing Director, the Chief Executive Officer, the General Manager, their deputies, the Chief Financial Officer, heads of key departments, individuals responsible for risk management, internal audit, and compliance functions within the Company, their equivalents, and any other positions as determined by the Insurance Authority.</p> <p>D – Regulatory Compliance Department (Compliance Department): An independent department functionally reporting to the Audit Committee and administratively to the Chief Executive Officer. It is responsible for ensuring the Company's compliance with the regulations, rules, and instructions issued by the Insurance Authority and other regulatory bodies. It submits its reports to the Audit Committee regarding any violations of regulations and instructions within the Company. This definition also applies to the Regulatory Compliance Officer (Compliance Officer).</p>
Fourth: Composition of the audit committee and the rules for election of members and their work method and definition of the amounts of their remunerations and compensations:			
4	1-A	<p>1 Formation of the Committee:</p> <p>A- The Audit Committee shall be formed by a resolution of the Company's General Assembly from among shareholders or non-shareholders, provided that it includes at least one independent member and does not include any executive members of the Board of Directors. The number of Audit Committee members shall not be less</p>	<p>1- Formation of the Committee:</p> <p>A- The Audit Committee shall be formed by a resolution of the Company's Board of Directors from among shareholders or non-shareholders, provided that it includes at least one independent member and does not include any executive members of the Board of Directors. The number of Audit Committee members shall not be less</p>

		than three and not more than five, and at least one member must be specialized in financial and accounting matters. The majority of the members shall be from outside the Board of Directors.	than three and not more than five, and at least one member must be specialized in financial and accounting matters. The majority of the members shall be from outside the Board of Directors.
2- Procedures of appointment of members and their tenure and methods of ending the membership			
4	2-g	C- The Board of Directors shall appoint the Chairperson and members of the Audit Committee for a term of three years after obtaining written non-objection from the Saudi Central Bank (SAMA).	C- The Board of Directors shall appoint the Chairperson and members of the Audit Committee for a term of four years after obtaining written non-objection from the Insurance Authority.
	2-D	D- The Board of Directors may appoint new members to the Audit Committee in the event of the election of a new Board of Directors, after obtaining written non-objection from the Saudi Central Bank (SAMA).	D- The Board of Directors may appoint new members to the Audit Committee in the event of the election of a new Board of Directors, after obtaining written non-objection from the Insurance Authority.
	2-G	G. The Board of Directors may renew the term of the Audit Committee or any of its members for one additional three-year term only.	G. The Board of Directors may renew the term of the Audit Committee or any of its members for one additional four-year term only.
	2-E	E- The Saudi Central Bank (SAMA) may revoke its non-objection to the appointment of any member or members of the Audit Committee if any of them violates the provisions of this Charter, the Cooperative Insurance Companies Control Law and its Implementing Regulations, or any other relevant laws, regulations, or instructions. SAMA may also take any measures it deems	E- The Insurance Authority may revoke its non-objection to the appointment of any member or members of the Audit Committee if any of them violates the provisions of this Charter, the Cooperative Insurance Companies Control Law and its Implementing Regulations, or any other relevant laws, regulations, or instructions. The Authority may also take any measures it deems

		appropriate against the Company and the individual concerned.	appropriate against the Company and the individual concerned.
	2-Z	Z- A member of the Audit Committee has the right to resign, provided that a resignation request is submitted in advance to the Board of Directors at least one month prior to the effective date of the resignation. The Company must notify the Saudi Central Bank (SAMA) in writing of the resignation and its reasons, and provide SAMA with a copy of the resignation request within five (5) business days from the date of resignation.	Z- A member of the Audit Committee has the right to resign, provided that a resignation request is submitted in advance to the Board of Directors at least one month prior to the effective date of the resignation. The Company must notify the Insurance Authority in writing of the resignation and its reasons, and provide the Authority with a copy of the resignation request within five (5) business days from the date of resignation.
	2-S	S- If a position on the Audit Committee becomes vacant during the term of membership, the Board of Directors shall appoint another member to fill the vacant position within a maximum period of one month from the date it became vacant, after obtaining written non-objection from the Saudi Central Bank (SAMA). The newly appointed member shall complete the remaining term of his predecessor.	S- If a position on the Audit Committee becomes vacant during the term of membership, the Board of Directors shall appoint another member to fill the vacant position within a maximum period of one month from the date it became vacant, after obtaining written non-objection from the Insurance Authority. The newly appointed member shall complete the remaining term of his predecessor.
	2-I	I- The membership of an Audit Committee member shall automatically terminate if any change occurs that would violate the membership conditions stated in this Charter or in any other regulations, instructions, or decisions issued	I- The membership of an Audit Committee member shall automatically terminate if any change occurs that would violate the membership conditions stated in this Charter or in any other regulations, instructions, or decisions issued

		by the Saudi Central Bank (SAMA). The Audit Committee member must notify the Company in writing immediately upon the occurrence of such change. The member shall not be permitted to attend any Audit Committee meeting held after the date of the change.		by the Insurance Authority. The Audit Committee member must notify the Company in writing immediately upon the occurrence of such change. The member shall not be permitted to attend any Audit Committee meeting held after the date of the change.	
3- Method of Calculation of the remuneration, compensation and attendance allowances of the sessions for the Committee Chairman and Members:					
4	3	Title	Maximum annual remuneration	Title	Maximum annual remuneration
		Chairperson of the Audit Committee	SAR 90,000	Chairperson of the Audit Committee	SAR 150,000
		Member of the Audit Committee	SAR 80,000	Member of the Audit Committee	SAR 120,000
		Committee Secretary	SAR 30,000	Committee Secretary	SAR 50,000
4- Appointment of the Committee Chairman and Secretary					
4	N/A	The Board of Directors shall appoint one of the Audit Committee members as the Chairperson, after obtaining written non-objection from SAMA, provided that the appointment is approved by the General Assembly.		The Board of Directors shall appoint one of the Audit Committee members as the Chairperson, after obtaining written non-objection from the Insurance Authority, provided that the appointment is approved by the General Assembly.	
		5- The Committee Secretary is responsible for ensuring that all committee procedures are conducted in compliance with the regulations, rules, and instructions issued by SAMA and other regulatory and supervisory bodies, as well as the Company's bylaws, internal policies, and procedures. The Secretary's duties include assisting the Committee Chairperson in carrying out the Committee's activities, particularly with regard to providing information to members, preparing and sending meeting agendas, or drafting meeting minutes.		5- The Committee Secretary is responsible for ensuring that all committee procedures are carried out in compliance with the regulations, rules, and instructions issued by the Insurance Authority and other regulatory and supervisory bodies, as well as the Company's bylaws and internal policies and procedures. The Secretary's duties include assisting the Committee Chairperson in executing the Committee's activities, particularly with regard to providing information to members, preparing and distributing meeting agendas, and drafting minutes of meetings.	
(B) Committee's relation with the Internal Audit and Compliance Department					

4	B	Addition	<p>1- Reviewing and assessing the Company's internal control, financial, and risk management systems.</p> <p>2- Reviewing internal audit reports and monitoring the implementation of corrective actions related to the observations mentioned therein.</p> <p>3- Overseeing and supervising the performance and activities of the internal auditor and the Internal Audit Department within the Company to ensure the availability of necessary resources and the effectiveness of their performance in carrying out assigned duties and responsibilities.</p> <p>4- Recommending to the Board of Directors the appointment of the Head of the Internal Audit Unit or Department or the internal auditor, and proposing their remuneration.</p>
4	8	8-Appointing and dismissing the Head of the Internal Audit Department or the internal auditor after obtaining written non-objection from SAMA, and proposing their remuneration.	8- Appointing and dismissing the Head of the Internal Audit Department or the internal auditor after obtaining written non-objection from the Insurance Authority, and proposing their remuneration.
	11	11- Reviewing the observations of SAMA and other relevant supervisory and regulatory bodies regarding any regulatory violations or requests for corrective actions, and submitting recommendations thereon to the Board of Directors.	11- Reviewing the observations of the Insurance Authority and other relevant supervisory and regulatory bodies regarding any regulatory violations or requests for corrective actions, and submitting recommendations thereon to the Board of Directors.
	2	2- As part of the Company's commitment to implementing the proposals and recommendations of the actuary when they are mandatory under the regulations and instructions issued by SAMA and other relevant supervisory and regulatory bodies.	2- As part of the Company's commitment to implementing the proposals and recommendations of the actuary when they are mandatory under the regulations and instructions issued by the Insurance Authority and other relevant supervisory and regulatory bodies.
		Addition of a paragraph	<p>C) Compliance Assurance:</p> <p>-1 Reviewing the results of reports issued by regulatory bodies and</p>

			<p>verifying that the Company has taken the necessary actions in response.</p> <p>-2 Verifying the Company's compliance with applicable laws, regulations, policies, and instructions.</p> <p>-3 Reviewing contracts and transactions proposed to be entered into by the Company with related parties and providing its views thereon to the Board of Directors.</p> <p>-4 Reporting any matters it deems necessary to take action on to the Board of Directors, and providing recommendations on the actions to be taken.</p>
6- Obligations of the Committee			
6	N/A	<p>The members of the Audit Committee shall be accountable to SAMA, the shareholders of the Company, and the Company's Board of Directors for the implementation of the provisions of this Charter and for executing the Audit Committee's work plan issued by a resolution of the Board of Directors. While performing their duties, Committee members must prioritize the interests of the Company over any other considerations that may influence their actions and decisions.</p>	<p>The members of the Audit Committee shall be accountable to the Insurance Authority, the shareholders of the Company, and the Company's Board of Directors for the implementation of the provisions of this Charter and the execution of the Audit Committee's work plan as approved by the Board of Directors. While performing their duties, Committee members must prioritize the interests of the Company over any other considerations that may influence their actions and decisions.</p>
6- Obligations of the Committee			
7	B	<p>B) The Audit Committee shall meet periodically, with no fewer than six meetings during the Company's financial year.</p>	<p>B) The Audit Committee shall meet periodically, with no fewer than four meetings during the Company's financial year.</p>