



Article Four

Voting on the appointment of the External Auditors for the Company among the candidates based on the recommendation of the Audit Committee; This is to examine, review and audit the Company's interim financial statements for the (second, third and fourth quarters) and the annual financial statements of the fiscal year 2024, and the first quarter of fiscal year 2025 and determining their fees

**Audit Committee Resolution No. (04/2024) Dated
on 28/05/2024**

**قرار لجنة المراجعة رقم (2024/04)
بتاريخ 1445/11/20 هـ الموافق 2024/05/28 م**

With reference to the Audit Committee meeting (05/2024) that was held on Tuesday 28/05/2024 G and after reviewing the proposals received by the External Auditors for auditing the financial statements of the Company for Q2, Q3 and end of fiscal year 2024 and Q1 of fiscal year 2025.

إشارةً إلى إجتماع لجنة المراجعة رقم (2024/05) المنعقد يوم الثلاثاء 1445/11/20 هـ الموافق 2024/05/28 م وبعد أن راجع أعضاء اللجنة العروض المقدمة من قبل المراجعين الخارجيين للقيام بأعمال مراجعة القوائم المالية للشركة للربع الثاني والثالث ونهاية السنة من العام المالي 2024 م والربع الأول من العام المالي 2025 م.

The Audit Committee Members unanimously adopted the following resolution:

عليه قرر أعضاء اللجنة ما يلي:

Resolution No. (04/2024):

القرار رقم (2024/04):

The Committee recommended the Board of Directors of the Mediterranean and Gulf Cooperative Insurance and Reinsurance Company MEDGULF to approve the reappointment of AlAzem, AlSudairy, AlShaikh & Partners (Crowe), and Al-kharashi & Co (Mazars) as the Company's External Auditors for Q2, Q3 and end of fiscal year 2024 and Q1 of fiscal year 2025, for an amount of SAR 900,000 for (AlAzem, AlSudairy, AlShaikh & Partners (Crowe), and SAR 650,000 for Al-kharashi & Co (Mazars).

أوصت اللجنة لمجلس إدارة شركة المتوسط والخليج للتأمين وإعادة التأمين التعاوني ميدغلف بالموافقة على إعادة تعيين مكتب (العظم والسديري والشيخ وشركاهم) ومكتب (الخراشي وشركاه محاسبون ومراجعون قانونيون) كمراجعين خارجيين للربع الثاني والثالث ونهاية السنة من العام المالي 2024 م والربع الأول من العام المالي 2025 م مقابل أتعاب وقدرها 900,000 ريال سعودي لمكتب العظم والسديري والشيخ وشركاهم و 650,000 لمكتب الخراشي وشركاه محاسبون ومراجعون قانونيون.

عضو لجنة المراجعة
الدكتور/ أحمد بن أحمد

رئيس لجنة المراجعة
الأستاذ/ محمد الغامدي

عضو لجنة المراجعة
الأستاذ / عبدالعزيز الهاشمي

عضو لجنة المراجعة
الأستاذ/ محمد الجعفري

أمين سر اللجنة
الأستاذ/ خالد مشناق

Audit Committee Report for the General Assembly for the financial year 31/12/2023



Audit Committee Report to General Assembly for fiscal year 31/12/2023

The respected Shareholders of the Mediterranean Cooperative Insurance and Reinsurance Company (MedGulf).

May the peace, blessings, and mercy of God be upon you

Introduction:

The Audit Committee of the MedGulf is pleased to present to the Company's Shareholders the Audit Committee's Annual Report for the fiscal year of 2023, comprising the opinion on the effectiveness of the internal control system; and activities executed by the Audit Committee in accordance with the provisions as set forth in the applicable laws and regulations.

Members of the Audit Committee:

The Audit Committee consists of four independent members, including members with relevant accounting, financial management and internal auditing expertise and experience, as per the following:

1. Mr. Mohammed bin Saleh Al Ghamdi - Chairman of the Audit Committee, independent from outside the Board of Directors.
2. Dr. Ahmed bin Abdullah bin Ahmed - Member of the Audit Committee, independent from inside the Board of Directors.
3. Mr. Abdulaziz bin Kamel Al Hashimi - Member of the Audit Committee, independent from outside the Board of Directors.
4. Mr. Mohammad bin Abdullah Al Jaafari - Member of the Audit Committee, independent from outside the Board of Directors.

The Audit Committee's Role:

The primary role of the Audit Committee is to monitor the Company's affair and assist the Board and its Directors with oversight of the internal control, compliance and financial operations, which revolve around the following:

- Reviewing the Year end and Interim Financial Statements prior to be approved by the Board of Directors.
- Reviewing critical accounting policies and procedures as well as the modification that might be introduced thereto.
- Reviewing the effectiveness of Internal Control System with Internal, External Auditors, and Compliance including the Information Technology security and controls.
- Instituting and overseeing special investigations related to fraud, errors, or fraud occurring in the Company, or any other matters that deems necessary to investigate.

- Reviewing the observations issued by the External Auditors and the Regulatory Bodies to ensure appropriate measures have been taken to address these observations.
- Nominating to appoint or reappoint the Company's External Auditors, that have the necessary experience in auditing Insurance and/or Reinsurance Companies.
- Reviewing the performance of Compliance and Internal & External Auditors and assess their independence and objectivity.
- Monitoring the implementation of the Compliance and Internal Audit Plan and ensure no restrictions on their scope of work.

Committee's Primary Tasks in 2023:

The Audit Committee has called to order 10 meetings in 2023. To enable the Audit Committee to fulfill its role, duties, and objectives, the relevant key Company stakeholders and members of management participated in each of the Audit Committee meetings held in 2023 along with the Company's External Auditors.

Key stakeholders and various members of management presented and provided input to the Audit Committee on certain matters including the integrity, effectiveness, and accuracy of the Company's financial statements, compliance with applicable laws and regulations, internal control assessment, risk-based and regulatory-based internal audit activities in relation to operational, financial and compliance.

Based on input and presentations from relevant key stakeholders, the Audit Committee has evaluated and received report on various key matters including:

- Interim and annual Financial Statements.
- Establishment of effective internal controls and procedures to ensure compliance with local and global accounting standards, financial reporting procedures and applicable laws and regulations.
- Compliance observations report including Insurance Authority's observations and corrective actions taken.
- Interim and Annual Internal Audit Report activities during 2023.
- Company Code of Conduct.
- Internal Audit 3 Year Plan.
- A report on the Company's internal controls over financial reporting.
- IT Applications Audit and Automation & Digitalization.
- Internal Audit Manual and Charter review for amendment.
- Development of Saudi National Internal Auditors.
- Audit Committee Charter review for adequacy in light with local and international changes.
- Complaints report addressing the closure of complaints issued through Insurance Authority, Council of Health Insurance and Direct reporting.
- Compliance Framework and plan including risk universe.
- Update on receivable.
- Fraud Risk Management reports.
- AML and Compliance report.
- Review of 2024-2027 Corporate Strategy.

- The recommendation for the continued appointment of the Company's external auditor for the fiscal year 2023.
- A report on significant litigation matters.
- Audit Committee Action Plan for year 2024.
- Related Parties Transaction and Conflict of Interest.
- Interviewed candidates for the appointment of head of Compliance whereby the Compliance General Manager has joined on December 18th, 2023.

The opinion of the Audit Committee with respect to the adequacy of the Company's Internal Control:

The Audit Committee is responsible to review the adequacy and effectiveness of the company's internal control and company's financial risk management. During the course of the year, the Committee has considered various material controls, including financial, operational, and compliance controls. Based on assurance activities and management's plans and commitments to implement the recommended improvements to internal controls, the Audit Committee is of the opinion that the system of internal controls provides reasonable, although not absolute, assurance that business risks are adequately addressed, where significant errors and irregularities would be detected within a timely period during the normal course of business.

Best Regards,
Chairman of the Audit Committee
Mohammed bin Saleh Al Ghamdi

Thank You



www.medgulf.com.sa