

# اجتماع الجمعية العامة العادية

يوم الاثنين

التاريخ: 07 – 01 - 1448 هـ

الموافق: 22 – 06 - 2026 م.

الساعة: 07:30 مساءً

## Ordinary General Assembly Meeting

Monday

Date: 07- 01 – 1448 AH.

Corresponding: 22- 06- 2026 AG

Time: 7:30 PM

General Assembly Agenda

جدول أعمال الجمعية العامة

1	Review and discuss the Board of Directors' report for the financial year ended 31/12/2025.	الاطلاع على تقرير مجلس الإدارة عن السنة المالية المنتهية في 2025/12/31 م . ومناقشته .	1
2	Review and discuss the financial statements for the fiscal year ended on 31/12/2025.	الاطلاع على القوائم المالية للسنة المالية المنتهية في 2025/12/31 م ومناقشتها .	2
3	Voting on the auditor's report for the fiscal year ended 31/12/2025 and discussion on it.	التصويت على تقرير مراجعي حسابات الشركة للسنة المالية المنتهية في 2025/12/31 م بعد مناقشتها .	3
4	Voting on the appointment and determining fees of the external auditor for the company from among the candidates based on the recommendation of the Audit Committee, to examine, review and audit the company's financial statements for the second and third quarters and annual for the fiscal year 2026 and the first quarter of the fiscal year 2027.	التصويت على تعيين مراجعي حسابات الشركة من بين المرشحين بناءً على توصية لجنة المراجعة؛ وذلك لفحص ومراجعة وتدقيق القوائم المالية للربع (الثاني والثالث) والسنوي من العام المالي 2026 م والربع الأول من العام المالي 2027 م وتحديد أتعابهم .	4
5	Voting on delegating the powers to the Board of Directors as stipulated paragraph (1) of Article Twenty-Seven of the Companies Law, for a period of one year from the date of approval of the General Assembly or until the end of the session of the delegated Board of Directors, whichever is earlier, in accordance with the conditions contained Executive Bylaws of the Companies Law for listed joint stock companies.	التصويت على تفويض مجلس الإدارة بصلاحيات الجمعية العامة العادية بالترخيص الوارد في الفقرة (1) من المادة السابعة والعشرون من نظام الشركات، وذلك لمدة عام من تاريخ موافقة الجمعية العامة العادية أو حتي نهاية دورة مجلس الادارة المفوض أيهما أسبق، وذلك وفقاً للشروط الواردة في لائحة التنفيذية لنظام الشركات الخاصة بشركات المساهمة المدرجة .	5
6	Voting on filing a liability lawsuit against Mr. Saud Saleh Al-Arifi in his capacity as former Chairman of the Board and current Board member. The Board of Directors is authorized to take the necessary legal and regulatory actions in this regard.	التصويت على إقامة دعوى مسؤولية ضد الأستاذ/ سعود صالح العريفي بصفته (رئيس مجلس الإدارة) السابق وعضو مجلس الادارة الحالي. وتفويض مجلس إدارة الشركة باتخاذ الإجراءات القانونية والنظامية اللازمة حيال ذلك.	6
7	Voting on filing a liability lawsuit against Dr. Yasser Mohammed Al-Harbi in his capacity as a board member and former managing director. The company's board of directors was authorized to take the necessary legal and regulatory actions in this regard.	التصويت على إقامة دعوى مسؤولية ضد الدكتور/ ياسر محمد الحربي بصفته عضو مجلس إدارة والعضو المنتدب السابق. وتفويض مجلس إدارة الشركة باتخاذ الإجراءات القانونية والنظامية اللازمة حيال ذلك.	7



8	<p>Voting on the Board of Directors' decision to appoint Mr. Rrashid Sulaiman Al-Rashid as an (independent) member of the Board of Directors, effective from the date of his appointment, June 26, 2025. To complete the current term that began on November 23, 2023, and ends on November 22, 2026. He succeeds the former member, Dr. Yasser Mohammed Al-Harbi – an Executive member. (CV attached).</p>	<p>التصويت على قرار مجلس الإدارة بتعيين الأستاذ/ رشيد سليمان الرشيد عضواً (مستقل) بمجلس الإدارة ابتداء من تاريخ تعيينه بتاريخ: 26 يونيو 2025م. لاستكمال الدورة الحالية التي بدأت في 23/11/2023م وتنتهي بتاريخ 22/11/2026م. خلف العضو السابق الدكتور/ ياسر محمد الحربي - عضو تنفيذي. (مرفق السيرة الذاتية).</p>	8
9	<p>Voting on the Board of Directors' decision to appoint Mr. Naif Rashid Al-Arfaj as an (independent) member of the Board of Directors, effective from the date of his appointment, November 20, 2025. To complete the current term that began on November 23, 2023, and ends on November 22, 2026. He succeeds the former member, Mr. Abdullah Sulaiman Al-Hendi – an independent member. (CV attached).</p>	<p>التصويت على قرار مجلس الإدارة بتعيين الأستاذ/ نايف راشد العرفج عضواً (مستقل) بمجلس الإدارة ابتداء من تاريخ تعيينه بتاريخ: 20 نوفمبر 2025م. لاستكمال الدورة الحالية التي بدأت في تاريخ: 23/11/2023م وتنتهي بتاريخ: 22/11/2026م. خلف العضو السابق الأستاذ/ عبدالله سليمان الهندي- عضو مستقل. (مرفق السيرة الذاتية).</p>	9
10	<p>Voting on updated Audit Committee Charter. (attached).</p>	<p>التصويت على لائحة عمل لجنة المراجعة المحدثة. (مرفق).</p>	10
11	<p>Voting on an exceptional remuneration in the amount of SAR 125,000 (One Hundred Twenty-Five Thousand Saudi Riyals only) to the Chairman of the Board of Directors for the financial year ended 31 December 2025, in recognition of his exceptional contributions to achieving organizational stability and enhancing the effectiveness of the Board of Directors' governance within a short timeframe.</p>	<p>التصويت على صرف مكافأة استثنائية لرئيس مجلس الإدارة عن السنة المالية المنتهية في 31/12/2025م، بمبلغ قدره (125,000) ريال سعودي (مائة وخمسة وعشرون ألف ريال لا غير)، وذلك تقديراً للجهود الاستثنائية المبذولة في تحقيق الاستقرار المؤسسي وتعزيز حوكمة مجلس الإدارة خلال فترة زمنية وجيزة.</p>	11



## Article (3) Attachments

Voting on the auditor's report for the fiscal year ended 31/12/2025 and discussion on it



## Annual Report of the Audit Committee to the Shareholders of Al Sagr Cooperative Insurance Company for the Year Ended December 2025

In line with the requirements of the Corporate Governance Regulations, which require the Audit Committee to prepare a report detailing its performance, including its opinion on the adequacy and effectiveness of internal control systems, the Committee has prepared this report. The report aims to provide stakeholders and shareholders with the most significant work carried out by the Committee within its scope of authority, as well as its role in evaluating internal control systems and its findings in this regard.

To ensure and confirm the effectiveness of the Company's internal control systems, the Company's Audit Committee held sixteen meetings during 2025 to follow up on and implement its assigned tasks. During the 2025, the Audit Committee carried out several tasks, most notably:

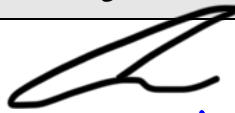


- Discussing the preliminary annual and quarterly financial statements for 2025 with the external auditors and the Company's senior management prior to their issuance. The Committee also submitted its recommendations to the Board of Directors after studying and reviewing the financial statements for discussion and approval.
- Reviewing the audit firms' proposals and recommending the appointment of auditors to review the interim financial statements for the second and third quarters, the annual financial statements for 2025, and the first quarter of 2026.
- Reviewing and discussing the reports of the appointed actuary and ensuring the company's compliance with his proposals and recommendations.
- Reviewing and approving the annual Internal Audit and Compliance Departments' plans for 2025.
- Supervising the Internal Audit and Compliance Departments and monitoring the implementation of the approved plans for 2025 for both departments.
- Discussing internal audit reports and monitoring the implementation of the important recommendations contained in the Internal Audit Department's reports.
- Reviewing the Compliance Department's reports that reflect the company's compliance with regulatory requirements and monitoring the implementation of its recommendations in this regard.
- Reviewing important accounting policies and practices, including their procedures and any changes that may be made to them within the company, and providing an opinion and recommendation to the Board of Directors regarding them.



- Reviewing the results of regulatory reports and ensuring the company has taken the necessary action in this regard.
- Following up on important lawsuits filed by or against the company and submitting periodic reports thereon to the Board of Directors.
- Reviewing the audit plan of the external auditors, and Coordinating between internal and external auditors.
- Ensuring the optimal use, and the effectiveness internal controls of information technology.

In addition to the responsibilities mentioned above, the Audit Committee undertakes any other duties assigned to it by the Board of Directors and submits periodic reports to the Board on the committee's work and its recommendations in this regard.

Finally, based on the above and the scope of the Audit Committee's work, we believe that the company has a sound and effective internal and financial control system that is appropriate and reasonable in terms of design and implementation, and there is no doubt about the company's ability to continue its operations and achieve its objectives. During 2025, there were no significant observations regarding the effectiveness of the company's internal control systems and procedures, with the exception of some observations received from the regulatory authorities related to supervisory and oversight instructions, which were addressed and resolved promptly, work is ongoing to develop appropriate plans to improve and develop the company's internal control systems and compliance with regulations and instructions, and this is being monitored by the Audit Committee.

Name	Signature
Mr. Sami Ahmed Al Babtain – Chairman of Audit Committee	
Mr. Mohammed Ahmed Alkhamis – Vice Chairman - Member	
Mr. Mohammed Hassan Daghistani - Member	



## INDEPENDENT AUDITORS' REPORT

**TO THE SHAREHOLDERS OF AL SAGR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**DAMMAM, KINGDOM OF SAUDI ARABIA**

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### OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Al Sagr Cooperative Insurance Company (the "Company") as at December 31, 2025 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

We have audited the financial statements of the Company, which comprise the following:

- The statement of financial position as at December 31, 2025;
- The statement of income for the year then ended;
- The statement of comprehensive income for the year then ended;
- The statement of changes in equity for the year then ended;
- The statement of cash flows for the year then ended, and;
- The notes to the financial statements, comprising material accounting policies and other explanatory information.

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### BASIS FOR OPINION

We conducted our audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent from the Company in accordance with the International Code of Ethics for Professional Accountants that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## INDEPENDENT AUDITORS' REPORT

**TO THE SHAREHOLDERS OF AL SAGR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**DAMMAM, KINGDOM OF SAUDI ARABIA**

### KEY AUDIT MATTERS (continued)

Key Audit Matters	How our audit addressed the key audit matter
<b>Valuation of liability for incurred claims and loss component</b>	
<p><b>The estimation of the liability for incurred claims and loss component involves a significant degree of judgment. This entails estimating the present value of future cash flows and risk adjustment for non-financial risk (forming part of liability for incurred claims) and loss component (forming part of liability for remaining coverage). The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils its obligations under insurance contracts. The present value of future cash flows is based on the best-estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not. The loss component is recognised if at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous.</b></p> <p><b>The Company uses an external actuary (“Appointed Actuary”) to provide them with the estimate of such liabilities. A range of methods were used to determine these liabilities which were based on a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims.</b></p> <p><b>As at December 31, 2025, the estimates of present value of future cash flows, risk adjustment for non-financial risk and loss component amounts to ₪ 80.9 million, ₪ 3.4 million and ₪ 6.7 million, respectively, as disclosed in Note 10 to the financial statements.</b></p> <p><b>We have considered this as a key audit matter due to the inherent estimation uncertainty and complexity and subjectivity involved in the valuation of the estimates of present value of future cashflows, risk adjustment for non-financial risk and loss component arising from insurance contracts.</b></p> <p><b>Refer to Notes 3 and 4 for the material accounting policies and significant accounting judgements, estimates and assumptions related to insurance contract liabilities.</b></p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> <li>• Understood and evaluated design and implementation of key controls around the claims recording processes;</li> <li>• Evaluated the competence, capabilities and objectivity of the Appointed Actuary based on their professional qualifications and experience and assessed their independence;</li> <li>• Performed substantive procedures, on a sample basis, on the amounts recorded for claims paid and outstanding claims by comparing the claims amount to appropriate source documentation;</li> <li>• Checked the completeness of the underlying data used as inputs into the actuarial valuations and tested, on sample basis, the accuracy of underlying claims data used by the Appointed Actuary in estimating the present value of the future cash flows, risk adjustment for non-financial risk and loss component by comparing it to the accounting and other records;</li> <li>• Engaged our internal actuarial specialists to assess the appropriateness of the Company’s actuarial methodology and key actuarial assumptions used to calculate the present value of the future cash flows of the liability for incurred claims, risk adjustment of non-financial risk and loss component. We further performed, on a sample basis, reprojections of the present value of future cashflows using these assumptions and methods, and compared them with the amounts recorded by the management;</li> <li>• Assessed the adequacy and appropriateness of the related disclosures in the financial statements.</li> </ul>

## INDEPENDENT AUDITORS' REPORT

### TO THE SHAREHOLDERS OF AL SAGR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

#### DAMMAM, KINGDOM OF SAUDI ARABIA

#### OTHER INFORMATION

Other information consists of the information included in the Company's 2025 annual report, other than the financial statements and our auditors' report thereon. Management is responsible for the other information in its annual report expected to be made available to us after the date of the auditors' report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report of the Company, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA and Regulations for Companies and the Company's Bylaws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Company's financial reporting process.

#### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## INDEPENDENT AUDITORS' REPORT

### TO THE SHAREHOLDERS OF AL SAGR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

#### DAMMAM, KINGDOM OF SAUDI ARABIA

#### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### PKF Albassam Chartered Accountants



Ahmed Abdul Majeed Mohandis  
Certified Public Accountant  
License No. 477  
Khobar, Kingdom of Saudi Arabia



#### Dr. Mohamed Al-Amri & Co.



Gihad Al-Amri  
Certified Public Accountant  
License No. 362  
Riyadh, Kingdom of Saudi Arabia



Shawwal 4, 1447 (H)  
March 23, 2026 (G)

## Article (8) Attachments

Voting on the Board of Directors' decision to appoint Mr. Rashid Sulaiman Al-Rashid as an (independent) member of the Board of Directors, effective from the date of his appointment, June 26, 2025. To complete the current term that began on November 23, 2023, and ends on November 22, 2026. He succeeds the former member, Dr. Yasser Mohammed Al-Harbi – an Executive member. (CV attached).





## Form (1) Curriculum vitae

A) Nominee Personal information			
Full Name:	Rasheed Sulaiman Alrasheed		
Nationality	Saudi	Date of Birth	22/5/1975
B) Nominee Academic Qualifications:			
Degree	Major	Year of Graduation	Academic Institution
Bachelor	Accounting	1998	King Saud University
C) Nominee Practical Experience			
Period	Field of Experience		
06/2020-Present	CFO/ Bank of New York Mellon Saudi Financial Co.		
05/2018-05/2020	CFO & Head of Risk / Ashmore Investment Saudi Arabia		
09/2015-09/2017	CFO / Deutsche Bank & Deutsche Securities Saudi Arabia		
D) Current Memberships of Joint Stock Companies (Listed/Non-Listed) or other companies of any legal status or committees thereof.			

SL.#.	Company	Main Activities	Membership Status (Executive/NonExecutive/Independent)	Nature of Membership (Personal /Rep. a legal entity)	Committees Membership	Business Form
1	Tourism Enterprise Co	Consumer Services	Independent	Personal	Audit Committee Chairman/ NRC Member	Public LISTED
2	Al Gassim Investment Holding Co.	Food & Beverages	Independent	Personal	Audit Committee Chairman/ Investment Committee Member	Public LISTED
3	Naseej International Trading Co.	Consumer Discretionary	Independent	Personal		Public LISTED
4	Saudi Fisheries Co.	Food & Beverages	Independent	Personal	Audit Committee Chairman	Public LISTED
5	Himma Platform Co. for Financing	Financing	Independent	Personal	Chairman of BOD	Closed Joint Stock
6	Al Sagr Cooperative Insurance Co.	Insurance	Independent	Personal	Vice Chairman of BOD / Chairman of Risk Committee	Public LISTED

## Article (5) Attachments

Voting on the Board of Directors' decision to appoint Mr. Naif Rashid Al-Arfaj as an (independent) member of the Board of Directors, effective from the date of his appointment, November 20, 2025. To complete the current term that began on November 23, 2023, and ends on November 22, 2026. He succeeds the former member, Mr. Abdullah Sulaiman Al-Hendi – an independent member. (CV attached).





Form No. (1) Resume

a) Personal information of the Nominated Member						
Full Name	Naif Rashed Alarfaj					
Nationality	Saudi			Date of Birth	December 2, 1989	
b) Academic Qualifications of the Nominated Member						
No.	Qualification	Specialization	Date of obtaining the qualification	The issuer of the qualification		
1	Bachelor of science	Finance	May, 2012	The University of Tampa		
2	Master of science	Finance	August, 2013	The University of Tampa		
3						
4						
5						
c) Experiences of the Nominated Member						
Period	Experience					
06/2025- Present	GRC GM, Ministry of Sport					
٢٠٢٥/٠٦-٢٠٢٤/٠٧	Audit Advisor (Director General of His Excellency the President's Office and General Supervisor of the Governance, Risk, and Compliance Office) General Court of Audit					
٢٠٢٤/٠٧-٢٠٢٤/٠٣	Director General of Governance and Compliance National Center for Government Resource Systems					
٢٠٢٤/٠٣- ٢٠٢٢/١١	Director of Governance Royal Commission for Riyadh City (RCRC)					
03/2022-11/2022	Governance and Compliance Manager Small and Medium Enterprises General Authority (Monsha'at)					
11/2014-02/2022	Section Head - Leader of Insurance Inspection Team Saudi Central Bank (SAMA)					
D) Current membership in the board of directors of other joint-stock companies (listed on non-listed) or any other company, regardless of its legal form or the committees deriving from it:						
No.	Company name	Main activity	Membership type (executive, non-executive, independent)	Method of Appointment (Nominee as a Shareholder, Appointed by a Shareholder with Appointment Rights under the Company's By-laws, Nominated by a Shareholder)	Committees' Membership	Legal form of the company
1						
2						
3						
4						
5						

## Article (10) Attachments

Voting on updating Audit Committee Charter.  
(Before)



# ALSagr Cooperative Insurance Company

## Audit Committee Charter



Document Control Sheet

Policy Ownership

Role	Name	Comment
Owner	Audit Committee	

Revision History

Date	Policy Version	Status	Prepared by	Comment
26 Feb 2024	1.0		Audit Committee Secretary	
08 may 2024	1.0		Head of compliance	

BOD Review & Approval

Title	Date of Resolution
BOD	

Final Approval

Title	Date
GA	



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## Audit Committee Charter

### 1. Introduction:

The Audit Committee is formed according to the rules for selecting Audit Committee members, their membership term, and working method issued by the Company's General Assembly based on Board of Directors' recommendations. This Charter is formulated and prepared under the supervision and approval of the Board of Directors, with the Charter defining the Committee's framework, term, responsibilities, authorities, and compensation. This Charter must comply with the instructions and directives of regulatory and supervisory authorities issued by the Insurance Authority, Capital Market Authority, Ministry of Commerce, and other authorities.

### 2. Committee Membership:

The Audit Committee consists of at least three (3) members and not more than five (5) members, all of whom must be independent. Board members nominated for Committee membership must be independent.

Committee members must possess necessary collective experience relevant to accounting and financial management, and the majority must be from outside the Board of Directors.

### 3. Membership Organization:

Audit Committee members must not be executive directors in the Company or among its employees or consultants

Audit Committee members must not be a member of boards of directors, employees, managers, affiliates, or representatives of any related parties to the Company, including but not limited to:

- A. Major shareholders or founders
- B. External auditors
- C. Suppliers
- D. Company clients
- E. Legal persons who have financial or commercial relationships or first-degree relatives with Board members or executive employees in the Company.

An Audit Committee member must not be a board member or audit committee member of any other company operating in the insurance sector or be an executive board member. A member may not simultaneously serve on audit committees of more than four public joint-stock companies.

### 4. Committee Chairman:

The Committee Chairman shall be appointed from among its members by majority vote of Committee members. The Board Chairman may not chair the Audit Committee or be a member thereof. In cases where the Committee Chairman is absent from the meeting, one of the members shall be selected to chair the meeting.

The Audit Committee Chairman must not have family ties or financial or commercial relationships with any Board member, or have relationships with Company senior management that would affect his independence.

### 5. Membership Term:

The Audit Committee membership term shall be three years after obtaining written no-objection from the Insurance Authority. The Committee or any of its members may be renewed for one



additional three-year term only. Committee membership begins with the Board term and ends with its conclusion.

The Insurance Authority has the right to cancel its no-objection to the appointment of any Audit Committee member(s) if they violate provisions stipulated in the Audit Committee Regulations for Insurance and Reinsurance Companies and other regulatory and supervisory regulations, and to take appropriate measures against the Company and person concerned.

## **6. Dismissal of Audit Committee Members:**

The Board of Directors has the right - after obtaining written no-objection from the Insurance Authority - to dismiss any Audit Committee member in cases where the member loses any membership conditions or commits violations of provisions issued by the Insurance Authority.

## **7. Termination of Membership:**

An Audit Committee member may submit resignation provided it is submitted to the Board of Directors one month before the resignation request takes effect. The Company must notify the Insurance Authority within five (5) business days from the resignation date, stating the reasons.

A Committee member is considered resigned if absent from Audit Committee meetings for more than three consecutive meetings without presenting a legitimate excuse accepted by the Board of Directors.

If an Audit Committee member position becomes vacant during the membership term, the Board of Directors shall appoint another member to the vacant position within a maximum period of one month from the vacancy, after obtaining written no-objection from the Insurance Authority. The new member shall complete the remainder of his predecessor's term.

Audit Committee membership terminates immediately if any change occurs that breaches membership conditions stated in regulations, rules, instructions, and decisions issued by the Insurance Authority and Company internal regulations.

An Audit Committee member must notify the Company immediately upon such change occurring and may not attend any Committee meeting after the date of change.

## **8. Committee Secretary:**

A Secretary shall be appointed for the Committee from Company employees to handle Committee duties including, but not limited to, preparing agenda, recording meeting minutes, ensuring obtaining all necessary signatures in coordination with Committee Chairman. The Committee determines the Secretary's term. The Audit Committee has the right to reappoint the Secretary, determine his work term or replace him as deemed appropriate by the Committee. He shall commence his work as Committee secretary after obtaining no-objection from the Insurance Authority.

The Committee Secretary may not serve as secretary for any other Board committee.

## **9. Legal Quorum and Number of Meetings:**

The Audit Committee meets periodically, with not less than six (6) meetings per year. The meeting shall not be valid unless attended by at least half of the Committee members. The Audit Committee also meets periodically with the Company's auditor, internal auditor, Compliance Director, and appointed Actuary.



Committee meetings may be held when necessary, including but not limited to, requests from Board Chairman, external or internal auditor, compliance officer or actuary, or meetings regarding financial matters, conflicts of interest, and professional and ethical conduct rules.

Meetings may be held according to necessary protocols through personal attendance, telephone call, video call, or other necessary methods for holding the meeting.

### **10.Meeting Agenda and Notifications:**

Meetings shall be called according to dates predetermined and proposed by Committee Chairman or based on request from any Committee member. The Committee Secretary coordinates with the Chairman to determine topics that should be included in the agenda, meeting time and date. The meeting agenda shall be sent to all members with necessary supporting documents at least ten (10) business days before the meeting date.

When necessary, any required person may be invited to attend all or part of the meeting.

### **11.Meeting Minutes:**

The Committee Secretary records meeting minutes, obtains signatures from Committee Chairman and members, and documents them in an official register.

Committee meeting minutes must document attendees' names, discussed topics, main deliberations, voting, objections and abstentions with reasons if any, decisions taken and any reservations on these decisions. All records and documents reviewed during the meeting and/or referenced in the meeting minutes must be attached to the minutes.

Meeting minutes shall be distributed to Committee members within a period not exceeding fifteen (15) days, identifying the person or entity responsible for implementing decisions taken. At the beginning of each year, the Committee shall establish a specific timeline for receiving reports from all concerned parties and ensure that the mechanism for collecting, preparing and submitting reports is sound and consistent with approved internal policy, including preparing and presenting important information to the Board at specified times.

### **12.Voting Mechanism:**

Committee decisions shall be issued by majority vote of attendees. In case of tie, the side with which the meeting chairman voted shall prevail. Any objections or abstentions from voting and reasons, if any, shall be recorded in the minutes. Voting on Committee decisions by proxy or delegation on behalf of any member is not permitted.

### **13.Committee Member Compensation:**

Members shall receive compensation for each meeting attended, determined according to policy approved by the Board of Directors, which should be reasonable compared to Board member compensation.

The Audit Committee Secretary shall receive compensation for performing his duties for each Committee session, with the compensation amount determined by Board of Directors resolution.

### **14.General Assembly:**

The Committee Chairman must attend Company General Assembly meetings and respond to questions and inquiries from shareholders during the assembly. The Chairman may delegate another member to represent him during his absence.



## 15. Committee Responsibilities and Duties:

Committee members shall perform their duties and responsibilities with due care and work in good faith for Company success. The Audit Committee is responsible for monitoring Company operations and verifying the integrity and fairness of reports, financial statements, and internal control systems. The Committee's duties specifically include:

### A. Financial Reports:

- Study and discuss quarterly preliminary and annual financial statements with Company external auditors and senior management, vote on them, present them to the Board of Directors, and provide opinions and recommendations to ensure their integrity, fairness, and transparency.
- Provide technical opinion upon Board request regarding whether Board report and Company financial statements are fair, balanced, comprehensible, and contain information enabling shareholders and investors to evaluate Company's financial position, performance, business model, and strategy.
- Study any significant or unusual issues in financial reports.
- Carefully investigate any matters raised by Company CFO, compliance officer, or auditor.
- Verify accounting estimates in material matters contained in financial reports.
- Study important accounting policies and procedures and changes that may be made to them in the Company and provide opinion and recommendation to the Board.
- Study transactions between group entities and related party transactions.
- Study external auditors' plan.

### B. Internal Audit:

- Study internal audit reports and follow up implementation of corrective measures for noted observations and submit recommendations to the Board.
- Study and approve internal auditors' audit plan and monitor its implementation.
- Monitor and supervise performance and activities of internal auditor and internal audit department if existing to verify availability of necessary resources and effectiveness in performing assigned work and tasks. If the Company has no internal auditor, the Committee shall submit a recommendation to Board regarding need for appointment.
- Recommend to Board appointment or dismissal of internal audit unit/department director or internal auditor - after obtaining Insurance Authority no-objection.
- Verify independence of internal audit department or internal auditor in performing their duties and verify no restrictions on their work or existence of anything that might negatively affect their work.
- Evaluate efficiency, effectiveness, and objectivity level of internal audit department or internal auditor work.
- Determine monthly salary, incentive bonus, and other compensation for internal audit department or internal auditor in line with Company internal regulations approved by Board.

### C. External Auditor:

- Recommend to Board nomination or reappointment of external auditors, their dismissal, determining their fees, and evaluating their performance, after verifying their independence and reviewing scope of work and contract terms, and ensuring external auditors have necessary insurance business experience.

- Verify external auditors' independence from Company, Board members, and senior management, their objectivity and fairness, and audit work effectiveness, considering relevant rules and standards.
- Review Company auditor's plan and work, verify no technical or administrative work outside audit scope is provided, and express views.
- Answer Company auditor's inquiries.
- Study auditor's report and observations on financial statements, follow up actions taken, and submit recommendations to Board.
- Evaluate efficiency, effectiveness, and objectivity level of external auditors' work.
- Coordinate between internal and external auditors.

#### **D. Compliance Department:**

- Appoint and dismiss Compliance Department Director or Compliance Officer after obtaining Insurance Authority no-objection.
- Study and approve compliance plan and monitor its implementation and supervise Compliance Department activities.
- Review regulatory authorities' reports and verify Company takes necessary actions.
- Study regulatory control department or regulatory controller reports and submit recommendations to Board.
- Verify Company compliance with relevant regulations, policies, and instructions.
- Review proposed contracts and transactions between Company and related parties, and present views to Board.
- Raise matters requiring action from the Board and provide recommendations on actions to be taken.
- Verify the independence of Compliance Department or Compliance Officer in performing duties and ensure no restrictions or negative impacts on their work.
- Evaluate efficiency, effectiveness, and objectivity level of Compliance Department or Compliance Officer's work.
- Monitor important lawsuits filed by or against the Company with Compliance Director or Officer and submit periodic reports to Board.
- Determine monthly salary, incentive bonus, and other compensation for Compliance Department or Officer in line with Company internal regulations approved by Board.

#### **E. Regulatory and Supervisory Authorities:**

- Study Insurance Authority and relevant supervisory and regulatory authorities' observations regarding any regulatory violations or corrective action requests and submit recommendations to Board.
- Monitor reports issued by Insurance Authority and relevant supervisory and regulatory authorities and submit recommendations to Board.

#### **F. Actuary:**

- Study Actuary reports and submit recommendations to Board.



- Ensure Company implements Actuary's proposals and recommendations when mandatory under regulations and instructions issued by Insurance Authority and relevant supervisory and regulatory authorities.

#### **G. Other Matters:**

- Ensure availability of written professional conduct rules charter after Board approval to ensure Company activities are conducted fairly and ethically.
- Ensure optimal use of information technology and availability of necessary controls to obtain accurate and reliable information and data.

#### **16. Committee Responsibility:**

Audit Committee members are responsible to Insurance Authority, Company shareholders, and Board for implementing provisions issued by regulatory and supervisory authorities and implementing Audit Committee work plan issued by Board resolution.

Audit Committee members must prioritize Company interests over any other considerations that might affect their work and decisions while performing their duties.

#### **17. Audit Committee Work Plan:**

The Audit Committee must establish its work manual approved by Board resolution including rules, responsibilities, and obligations. The Audit Committee must also establish detailed annual work plan including main topics to be researched during the year and meeting dates.

#### **18. Audit Committee Relationship with External Auditors:**

Topics related between Audit Committee and external auditors include at minimum:

- Major amendments Company makes to accounting policies
- Material disagreements with management regarding protection of invested assets
- Violations of laws and regulations from supervisory and regulatory authorities or non-compliance with Company policies and procedures
- External auditors' views - for branches outside Kingdom - regarding accounting procedures, reports, and professional conduct
- Deficiencies in general structure and operation of internal control systems
- Material errors in financial statements
- Management decisions and bases external auditors relied upon regarding fairness of sensitive accounting estimates such as provisions and technical reserves
- Accounting principles, standards, and disclosure decisions related to unusual transactions
- Adequacy of provisions and technical reserves approved by Actuary
- Actuary reports related to financial statements
- Any major problems in dealing with management that may have affected audit work
- Internal control, asset valuation, and Company financial solvency
- Any other matters Audit Committee reviews within its responsibility
- Any amendments to audit scope and reasons
- Review management letter prepared by external auditors and Company management views about it

#### **19. Board of Directors' Responsibilities and Obligations:**



- The Board of Directors assumes responsibility for the Audit Committee's work under the regulations and instructions under which the Company operates.
- The Board of Directors assumes responsibility for ensuring the efficiency and effectiveness of systems and financial reports and maintaining Company assets. The Board of Directors and senior management must provide everything requested from them to facilitate the work of the Audit Committee.
- The Board of Directors must ensure the Audit Committee performs its supervisory and control role without exercising executive functions or making administrative decisions.
- The Board of Directors must ensure the existence of an organizational structure and internal regulations and systems for the Company with the necessity of periodic review, and that it has a system and methodology for reporting within the Company on various aspects that fall within the Audit Committee's scope of competence.
- The Board of Directors must formulate the responsibilities and authorities of the Audit Committee and document them in Board minutes, ensuring these authorities include the ability to investigate any activity within the Company within its responsibilities and access any information it needs.
- The Board of Directors must select Audit Committee members according to the rules for selecting Audit Committee members, the Committee's working method, and membership term issued by the Company's General Assembly based on the Board's recommendations.
- The Board of Directors must determine their term and succession and ensure their meetings are held regularly and sufficiently.
- The Board of Directors must monitor the work of the Audit Committee and verify its compliance with its assigned responsibilities and duties and discuss related matters including recommendations issued by this Committee. The Board of Directors must direct the Audit Committee to follow international and local developments in accounting standards in accordance with Insurance Authority regulations and instructions.
- The Board must ensure the Audit Committee performs its supervisory and control role without exercising executive functions or making administrative decisions.

## **20. Conflict Between Audit Committee and Board of Directors:**

If a conflict occurs between the Audit Committee's recommendations and Board of Directors' decisions, or if the Board refuses to accept the Committee's recommendation regarding the appointment, dismissal, fee determination and performance evaluation of the Company's auditor, or appointment of internal auditor or compliance director, the Board report must include the Committee's recommendation and its justifications, and the reasons for not accepting them.

## **21. Committee Observations:**

The Audit Committee must establish a mechanism allowing Company employees to confidentially submit their observations regarding any violations in financial or other reports. The Committee must verify the implementation of this mechanism by conducting an independent investigation proportionate to the size of the error or violation and adopt appropriate follow-up procedures.

## **22. Financial Transactions with Company:**

The Company must not issue or renew any insurance policy for any Audit Committee members or their related parties before full payment of the due premium. If any Audit Committee member submits a claim for compensation for an insurance policy issued to them by the Company, the claim

must be handled according to the procedures applicable to customer claims without preferential treatment, with notification to the Compliance Director/Officer of any compensation due.

### **23. Conflict of Interest:**

An Audit Committee member must not have direct or indirect interest in the business and contracts conducted for the Company's account.

An Audit Committee member must not participate in any work that would compete with the Company or trade in activities conducted by the Company, and the Company may claim compensation for any damage incurred as a result of this work or action.

### **24. Committee Evaluation:**

The Audit Committee conducts an annual performance evaluation of its work, with the evaluation including but not limited to discussing all matters that fall or should fall within its scope of work, Committee members' performance in meeting attendance and participation in deliberations and obtaining accurate and non-misleading information.

### **25. Confidentiality:**

Committee members are prohibited from disclosing confidential information obtained as part of exercising their responsibilities to shareholders or the public outside the scope of General Assembly meetings or using any of this information to achieve personal benefit or private gain.

### **26. Reporting:**

The Committee Chairman reports the actions taken by the Committee after each meeting to the Board Chairman and members. Another member may be delegated to perform this task.

The Committee also submits its reports, meeting minutes, and recommendations to the Board of Directors or as deemed appropriate within its scope to improve any procedure.

### **27. Authority Limits:**

- The Committee has the right to direct communication with the Board of Directors, senior management, all Company employees, committees, legal advisors, and internal and external auditors at headquarters and/or Company branches, as well as other parties related to the Company.
- The Committee has the right to access private and confidential documents and records necessary for performing its work.
- The Committee has the right to engage any external consulting body to perform specific tasks to assist in performing its work.
- Request any clarification or statement from Board members or executive management.
- Request the Board of Directors to call the Company's General Assembly to convene if the Board of Directors hinders its work or the Company faces serious damage or losses.

End



#	Subject	Before	After
4	The Committee Chairman	The Committee Chairman shall be appointed from among its members by majority vote of Committee members. The Board Chairman may not chair the Audit Committee or be a member thereof. In cases where the Committee Chairman is absent from the meeting, one of the members shall be selected to chair the meeting.	The committee chairman shall be one of its members to be appointed by a <b>decision of the board of directors</b> or the majority of the committee members' votes. The chairman of the board of directors cannot chair or be a member of the audit committee. If the chairman is not present in a committee meeting, a committee member shall be selected to head the meeting.
6	Audit Committee Members Dismissal	The Board of Directors has the right - after obtaining written no-objection from the Insurance Authority - to dismiss any Audit Committee member in cases where the member loses any membership conditions or commits violations of provisions issued by the Insurance Authority.	The board of directors may, after obtaining a written no-objection of the insurance authority, dismiss any member of the committee when such member lacks any membership condition or breaches the provisions issued by the insurance authority <b>or the capital market authority</b>
7	Membership Termination	Audit Committee membership terminates immediately if any change occurs that breaches membership conditions stated in regulations, rules, instructions, and decisions issued by the Insurance Authority and Company internal regulations.	Audit committee member's membership shall be terminated immediately in the event of any change that breaches the membership conditions stated in the laws, charters, instructions and decisions issued by the insurance authority <b>or capital market authority</b> and the company's internal charters.
10	Agenda and Meetings Notices	Meetings shall be called according to dates predetermined and proposed by Committee Chairman or based on request from any Committee member. The Committee Secretary coordinates with the Chairman to determine topics that should be included in the agenda, meeting time and date. The meeting agenda shall be sent to all members with necessary supporting documents at least ten (10) business days before the meeting date.	A meeting is called for in accordance with a predetermined and proposed dates by the committee chairman, or upon the request of any member of the committee. The secretary shall coordinate with the committee chairman to determine the subjects to be included in the agenda, the meeting date and time. The meeting agenda shall be sent to all members, along with the required supporting documents <b>at least five (5) days prior to the meeting date and at least ten (10) days from the financial statements</b> prior to the meeting date.
11	Meeting Minutes	Meeting minutes shall be distributed to Committee members within a period not exceeding fifteen (15) days, identifying the person or entity responsible for implementing decisions taken. At the beginning of each year, the Committee shall establish a specific timeline for receiving reports from all concerned parties and ensure that the mechanism for collecting, preparing and submitting reports is sound and consistent with approved internal policy, including preparing and presenting important information to the Board at specified times.	Meeting sessions shall be distributed to the committee members within no more than fifteen (15) days, determining person or authority responsible for execution of the determined decisions. At the beginning of each year, the committee must set a schedule for receiving reports from all parties concerned and ensure that the report collection, preparation and submission method is proper and complying with the approved internal policy, including preparation of the important data and presenting it to the board of directors at their specific times. <b>Minutes and recommendations shall be presented to the board of directors at least once a year.</b>

13	Committee Members' Remunerations	Members shall receive compensation for each meeting attended, determined according to policy approved by the Board of Directors, which should be reasonable compared to Board member compensation. The Audit Committee Secretary shall receive compensation for performing his duties for each Committee session, with the compensation amount determined by Board of Directors resolution.	A member shall be granted a remuneration for each meeting he attends, to be determined in <b>accordance with the company policy for remunerations of the board of directors, its committees and the executive management.</b> The committee secretary shall be granted an remuneration for performing his duties in each meeting, to be determined in <b>accordance with the company policy for remunerations of the board of directors, its committees and the executive management.</b>
15	The Committee Obligations and Duties	Internal Audit: - Determine the monthly salary and incentive bonuses for the Internal Audit Department in accordance with the company's internal regulations approved by the Board.	b) Internal Audit: - Determine salaries, incentives and other remunerations <b>and annual raises</b> for internal audit department or internal auditor in accordance with the company's internal charters approved by the board of director. - <b>Determine the need and appropriateness of external audit for the internal audit position.</b>
15	The Committee Obligations and Duties	Compliance: - Determine the monthly salary and incentive bonuses for the Compliance Department in accordance with the company's internal regulations approved by the Board	d) Compliance Department: - Determine salaries, incentives and other remunerations and annual raises for compliance department or official in accordance with the company's internal charters approved by the board of director.
15	The Committee Obligations and Duties		g) Other: - <b>Ensure that employees performance is assessed by the internal audit department and compliance department, and that their awards and annual raise are determined without any interference from the company's executive management, to ensure and promote neutrality and independence of these positions.</b>
19	The Board of Directors' Liabilities and Obligations	The Board of Directors shall ensure that the Audit Committee performs the supervisory and supervisory role and does not exercise executive functions or work or take administrative decisions.	Deleted (Duplicate)
20	Contradiction between Audit Committee and Board of Directors		In the event of contradiction between the audit committee recommendations and the board of directors' decisions, or the board rejects the committee recommendations on appointing, dismissing, determining fees and assessing performance of the company's auditor, or appointing internal auditor or compliance manager, the board's report must include such recommendation, its justification and reasons for rejection, and the board shall take the final decision.

24	The Committee Assessment		The audit committee shall assess its performance annually. Such assessment shall include but not be limited to discussion of all issues that fall or should fall within their work scope, the committee members performance in attending meetings and participating in deliberations, obtaining valid and non-misleading information, and reporting such information to the board directly, or to the nomination and award committee to present it to the board.
26	Reports		The committee shall submit reports, meeting minutes and recommendation to the board of directors as it deems fit within its work scope to improve any procedure, once a year at least.

## Article (10) Attachments

Voting on updating Audit Committee Charter.  
(After)



# AlSagr Cooperative Insurance Company

“Audit Committee Charter”



## Document Management

### The Document / Chart Owner

Role	Name
Owner	Audit Committee

### The Document / Chart History

Version no.	Date	Amendments Summary
1.0	February 2024 AD	The document was created and approved by the general assembly on 29/01/2025 AD
2.0	November 2025 AD	<p>The document was reviewed and updated as follows:</p> <ul style="list-style-type: none"> <li>– Some minor additions were made to the committee’s tasks.</li> <li>– Methods of appointing the committee chairman.</li> <li>– Evaluation of the performance of departments under the audit committee (Internal Audit Department and Compliance Department) was amended to comply with article no. 40 of the insurance companies charters.</li> <li>– Capital Market Authority was added to Insurance Authority in some joint matters.</li> <li>– Statement of the reference on which disbursement of awards to committee members and secretary is based.</li> <li>– Classification of documents types and the periods required to submit them to the committee before meetings.</li> <li>– Determination of the number of times reports and committee minutes are submitted to the Board of Directors.</li> <li>– Specification of the authority to which the committee's annual assessment of its work performance is submitted.</li> </ul>

### The Document / Chart Review and Approval

Procedure	Name	Date
Updated by	Audit Committee Secretary	November 2025
Reviewed and approved by	Audit Committee	
Approved and recommended by	Board of Directors	
Approved by	General Assembly	

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## **Audit Committee Work Charter**

### **1) Introduction**

The Audit Committee shall be constituted in accordance with the rules of audit committee members selection, their membership term and the audit committee work method issued by the company's general assembly based on the board of directors' recommendations. This charter shall be drafted and prepared under supervision and approval of the board of directors, provided that it identifies the committee's framework, term, responsibilities, powers and awards. This charter must comply with the instructions and directions of the regulatory and supervisory authorities issued by the Insurance Authority, the Capital Market Authority, the Ministry of Commerce and other authorities.

### **2) Membership**

The audit committee consists of no less than three (3) members and no more than five (5) members. All members must be independent, and the board member nominated to be a member of the committee must be independent as well.

The committee members must have the required collective experience relevant to the field of accounting and financial administration, and the majority of them must be from outside the board of directors.

### **3) Membership Organization**

An audit committee member cannot be one of the company's CEOs, employees or consultants.

An audit committee member cannot be a member of the board of directors, an employee, director, affiliate, or representative of a party related to the company, including but not limited to:

- a) Major shareholders or founders
- b) External auditors.
- c) Suppliers
- d) The company's customers.
- e) Legal persons financially, commercially related or have a first degree family relationship to the board of directors' members or the company's executive employees.

An audit committee member cannot be a member or executive member of the board of directors or audit committee of any other company of the insurance sector. A committee member cannot serve synchronously in audit committees of four public shareholding companies.

### **4) The Committee Chairman**

The committee chairman shall be one of its members to be appointed by a decision of the board of directors after obtaining a written no-objection from Insurance Authority. The chairman of the board of directors cannot chair or be a member of the audit committee. If the

chairman is not present in a committee meeting, a committee member shall be selected to head the meeting.

An audit committee chairman cannot be related to or have financial or commercial relationship with any member of the board of directors, or to the Company's senior management in a way that affects his independence.

#### **5) The Membership Term**

The audit committee membership term is three (3) years after obtaining the written no-objection of the insurance authority. Term of the committee or its members may be renewed for another three (3) years only. The committee membership commences and terminates with the board of directors' term.

The insurance authority may cancel its no-objection to appointment of audit committee member(s) if any of them breaches the provisions stipulated in the charter for audit committees of insurance and reinsurance companies, and other regulatory and supervisory laws, and may take proper measures against the company and the concerned person.

#### **6) Audit Committee Members Dismissal**

The board of directors may, after obtaining a written no-objection of the insurance authority, dismiss any member of the committee when such member lacks any membership condition or breaches the provisions issued by the insurance authority or the capital market authority.

#### **7) Membership Termination**

An audit committee member may resign by submitting his resignation letter to the board of directors one month prior to the resignation letter execution. The company must notify the insurance authority within five (5) business days from the resignation date, and state reasons for resignation.

An audit committee member shall be considered as resigned if he fails to attend more than three (3) consecutive committee meetings without providing a legitimate excuse acceptable to the board of directors.

In the event that there is a vacant position for a member of the audit committee during the term of membership, the board of directors shall, within one (1) month from such vacancy and after obtaining written no-objection from the insurance authority, shall appoint a member to fill the vacant position, and the new member shall complete the term of his predecessor.

Audit committee member's membership shall be terminated immediately in the event of any change that breaches the membership conditions stated in the laws, charters, instructions and decisions issued by the insurance authority or capital market authority and the company's internal charters. The audit committee member must notify the company of such change immediately, and he may not attend any committee meeting held after the date of such change.

### **8) The Committee Secretary**

One of the company's employees shall be appointed as the committee secretary to perform its tasks, including but not limited to preparing the agenda, recording meeting minutes, and obtaining all the required signatures in coordination with the committee chairman. The committee shall determine the secretary appointment term. The committee may also reappoint the secretary, determine his appointment term or replace him at its own discretion. The secretary may commence work after obtaining no-objection from the insurance authority, and may not work as a secretary for any other committee of the board of directors.

### **9) The Quorum and Number of Meetings**

The audit committee shall hold meetings periodically with no less than six (6) meetings a year. The meeting shall not be duly held unless at least half of the committee members are present. The committee shall also hold periodic meetings with the company's auditor, internal auditor, compliance department manager and the appointed actuarial expert.

The committee may convene when necessary, including but not limited to upon request of the board of director's chairman, external or internal auditor, compliance official, or the actuarial expert. The committee may also hold meetings to discuss financial issues, conflict of interest, and code of professional and ethical conduct.

The meetings shall be duly held by personal attendance, phone call, video conference, or other due means of meeting.

### **10) Agenda and Meetings Notices**

A meeting is called for in accordance with a predetermined and proposed dates by the committee chairman, or upon the request of any member of the committee. The secretary shall coordinate with the committee chairman to determine the subjects to be included in the agenda, the meeting date and time. The meeting agenda shall be sent to all members, along with the required supporting documents at least five (5) days prior to the meeting date and at least ten (10) days from the financial statements prior to the meeting date.

Whenever necessary, each person whose presence is required is invited to attend all or part of the meeting.

### **11) Meeting Minutes**

The secretary shall record the meetings minutes, to be signed by the committee chairman and members, and documented in an official record.

The committee meeting minutes must state the attendees' names, discussed topics, main deliberations, votes, objections, abstaining from voting with reasons, if any, determined decisions and any reservations about decisions. All records and documents reviewed and/or referenced during the meeting must be attached to the minutes.

Meeting sessions shall be distributed to the committee members within no more than fifteen (15) days, determining person or authority responsible for execution of the determined decisions. At the beginning of each year, the committee must set a schedule for receiving

reports from all parties concerned and ensure that the report collection, preparation and submission method is proper and complying with the approved internal policy, including preparation of the important data and presenting it to the board of directors at their specific times. Minutes and recommendations shall be presented to the board of directors at least once a year.

## **12) Voting Method**

Committee decisions are issued by a majority vote of those present, and when the votes are equal, the side that voted with the meeting chairman shall prevail. Any objections or abstention shall be stated in the minutes with reasons, if any. The committee decisions cannot be voted on by delegation or representation of any member.

## **13) Committee Members' Remuneration**

A member shall be granted an Remuneration for each meeting he attends, to be determined in accordance with the company policy for Remunerations of the board of directors, its committees and the executive management.

The committee secretary shall be granted an award for performing his duties in each meeting, to be determined in accordance with the company policy for awards of the board of directors, its committees and the executive management.

## **14) General Assembly**

The committee chairman must attend the company's general assembly meetings and respond to the shareholders' questions and inquiries. The chairman may be represented by another committee member to attend the meeting.

## **15) The Committee Obligations and Duties**

The committee members shall perform their obligations and duties with due diligence and work in good faith to ensure the company's success. The audit committee shall control the company's operations and ensure validity and integrity of reports, financial statements and its compliance with the internal control systems. The committee duties include the following in particular:

### **a) Financial Reports**

- Study and discuss the company's initial quarterly and annual financial statements with the company's external auditors and senior management, and vote on and present such statements to the board of directors, submit its opinion and recommendation on the same to ensure its integrity, justice and transparency.
- Express technical opinion upon the board of directors' request to clarify whether the board of directors' report and the company's financial statements are fair, balanced, comprehensible and includes the data that allows the shareholders and investors to assess the company's financial position, performance, business model and strategy.
- Examine any important or unfamiliar matter in the financial reports.
- Investigate accurately any issues raised by the company's financial manager or the person who assumes the duties of the company's compliance official or auditor.

- Verify accounting estimates of the substantive issues included in financial reports.
- Examine important company's accounting policies and procedures and proposed changes thereto, and provide opinion and recommendation to the board of directors in this regard.
- Study operations between the group entities and operations with relevant parties.
- Study external auditors plan.

#### b) Internal Audit

- Study the internal audit reports and follow-up execution of the measures to correct the notes stated therein, and report recommendations thereon to the board of directors.
- Study, approve and follow-up execution of the internal auditors' plan.
- Control and supervise performance and activities of the internal auditor department of the company, if any, to ensure availability of the required resources and their efficiency in performing their duties and obligations. If the company lacks internal auditor, the committee must submit recommendation to the board of directors on the need for appointment of an internal auditor.
- Recommend to the board of directors appointment or dismissal of the manager of internal audit department / unit or internal auditor, after obtaining no-objection from the insurance authority.
- Verify independence of the internal audit department or internal auditor in performing their duties, and verify that there are no restrictions thereto or anything that may negatively affect their performance.
- Assess efficiency, effectiveness and objectiveness of the performance of internal audit department or internal auditor.
- Determine salaries, incentives and other Remuneration and annual raises for internal audit department or internal auditor in accordance with the company's internal charters approved by the board of director.
- Determine the need and appropriateness of external audit for the internal audit position.

#### c) Audit / External Auditor

- Recommend the board of directors to nominate or reappoint and dismiss external auditors, determine their fees and evaluate their performance, after verifying their independence and review their work scope and employment conditions, and ensure that they have the required experience to perform insurance works.
- Verify that the external auditor is independent from the company, members of the board of directors and senior management, and that they are just and objective, and verify the audit works effectiveness, with consideration to relevant rules and standards.
- Review the company auditor's plan and works, and verify that no technical or administrative works not included in the audit works scope are submitted, and express opinion in this regard.
- Respond to the company auditors' inquiries.

- Study the auditor's report and notes on financial statements and follow-up actions taken in this regard, and provide recommendations thereon to the board of directors.
- Assess external auditors' work efficiency, effectiveness and objectiveness.
- Coordination between internal and external auditors.

d) Compliance Department

- Appoint and dismiss compliance department manager or officer after obtaining no-objection from the insurance authority.
- Study, approve and follow-up execution of the compliance plan and supervise compliance department activities.
- Review results of control authorities reports and ensure that the company takes the necessary actions in this regard.
- Study reports of legal control department or legal controller and provide recommendations thereon to the board of directors.
- Verify the company's compliance with the relevant laws, charters, policies and instructions.
- Review contract and deals proposed to the company to be concluded with relevant parties, and provide opinion in this regard to the board of directors.
- Submit any issues it deems necessary to take action on to the board of directors.
- Verify independency of compliance department or official in performing their duties, and verify that there are no restrictions thereto or anything that may negatively affect their performance.
- Assess efficiency, effectiveness and objectiveness of the performance of compliance department or official.
- Follow up significant cases filed by or against the company with the compliance department manager or official and submit periodic reports to the board of directors.
- Determine salaries, incentives and other Remuneration and annual raises for compliance department or official in accordance with the company's internal charters approved by the board of director.

e) Control and Supervisory Authorities

- Study notes of the insurance authority and relevant control and supervisory authorities on any violations or corrective action request, and provide recommendations thereon to the board of directors.
- Follow up reports issued by the insurance authority and relevant control and supervisory authorities, and provide recommendations thereon to the board of directors.

f) Actuarial Expert

- Study the actuarial expert report and provide recommendations thereon to the board of directors.
- Ensure that the company executes mandatory proposal and recommendations of the actuarial expert as per the charters and instructions issued by the insurance authority and relevant control and supervisory authorities.

g) Other

- Confirm that there is a written charter for professional behavior that is approved by the board of directors, to ensure that the company's activities are performed in an ethic and just manner.
- Ensure optimal use of information technology and availability of the required controls to obtain accurate and reliable information and data.
- Ensure that employees performance is assessed by the internal audit department and compliance department, and that their awards and annual raise are determined without any interference from the company's executive management, to ensure and promote neutrality and independence of these positions.

### **16) The Committee's Liability**

Audit committee members are liable before the insurance authority, company's shareholders and board of directors to execute the provisions issued by control and supervisory authorities, and the audit committee plan issued under the board of directors' decision.

While performing their duties, audit committee members must prioritize the company's interest over any other considerations that may affect their work and decisions.

### **17) The Audit Committee's Work Plan**

Audit committee must prepare a work guide approved by a decision of the board of directors. The guide shall include the committee's rules, responsibilities and obligations. The committee shall also prepare a detailed annual work plan that includes the main subjects to be investigated during the year and the committee meeting dates.

### **18) The Audit Committee's Relation to External Auditors**

Subjects relevant to the relation between the audit committee and external auditors include the following at least:

- Main amendment of the company to accounting policies.
- Material differences with the management regarding any issue related to invested assets protection.
- Violation of laws and charters of control and supervisory authorities or non-compliance with the company's policies and procedures.
- External auditors' opinions, for branches abroad, on accounting procedures, reports and professional behaviors.
- Deficiencies in the overall structure and performance of internal control systems.
- Material errors in financial statements.
- Decisions by the management and bases on which external auditors relied regarding the fairness of sensitive accounting estimates such as provisions and technical reserves.
- Accounting principles and standards and declaration decisions on unusual transactions.
- Efficiency of technical allocations and reserves approved by the actuarial expert.
- The actuarial expert's reports related to financial statements.

- Any main issues in dealing with the management that might have affected audit works.
- Internal audit, assets assessment and the company’s solvency.
- Any other issues reviewed by and fall within responsibility of the audit committee.
- Any amendments to the audit work scope and reasons for such amendments.
- Review letter to the management prepared by external auditors and the company’s management opinion thereon.

### **19) The Board of Directors’ Liabilities and Obligations**

- The board of directors is responsible for audit committee works as per the laws and instructions that apply to the company.
- The board of directors shall ensure efficiency and effectiveness of the financial systems and reports, and protect the company’s assets.
- The company’s board of directors and senior management shall grant all requests therefrom to facilitate the audit committee work.
- The board of directors ensures that audit committee performs the control and supervisory role and refrains from practicing executive positions or works or taking administrative decisions.
- The board of directors ensures that the company has organizational structure, charters and internal systems, and that they are reviewed regularly. It also ensures that the company has a reporting methodology for several aspects included in the audit committee work scope.
- The board of directors drafts and states responsibilities and powers of the audit committee in its minutes. Such powers shall include investigation of any activity inside the company that falls within its responsibilities, and access to any data it needs.
- The board of directors selects the audit committee members subject to the audit committee members selection rules and the committee’s method of work and membership term determined by the general assembly based on the board’s recommendations. The board also determines the members’ terms and succession, and ensures that their meetings are held regularly and sufficiently.
- The board of directors shall follow up the audit committee performance and ensure that it fulfills the duties and obligations assigned thereto, and discuss the relevant matters with the committee, including but not limited to the committee’s recommendations. The board shall also remind the audit committee to follow up international and national updates of accounting standards, in accordance with the insurance authority laws and instructions.

### **20) Contradiction between Audit Committee and Board of Directors**

In the event of contradiction between the audit committee recommendations and the board of directors’ decisions, or the board rejects the committee recommendations on appointing, dismissing, determining fees and assessing performance of the company’s auditor, or appointing internal auditor or compliance manager, the board’s report must include such

recommendation, its justification and reasons for rejection, and the board shall take the final decision.

### **21) The Committee Comments**

The audit committee must establish a mechanism that allows company employees to submit their comments on any violation in financial or other reports confidentially. The committee must verify that such mechanism is applied by conducting an independent investigation in proportion to the error or violation and adopt an appropriate follow-up procedure.

### **22) Financial Transactions with the Company**

The company shall not issue or renew any insurance policy for any of the audit committee members or parties related thereto prior to full payment of the due premium. If any audit committee member claims compensation for an insurance policy issued by the company for him, such claim shall be processed as per the procedures stated in the charter and apply to customers claims without preferential treatment, with notice to the compliance manager / official of any payable compensation.

### **23) Conflict of Interest**

Audit committee members may not have any direct or indirect interest in the business and contracts concluded for the company.

Audit committee members may not participate in any business that would compete with the company or trade in the activities carried out by the company, and the company has the right to claim compensation for any damage it incurs as a result of such action.

### **24) The Committee Assessment**

The audit committee shall assess its performance annually. Such assessment shall include but not be limited to discussion of all issues that fall or should fall within their work scope, the committee members performance in attending meetings and participating in deliberations, obtaining valid and non-misleading information, and reporting such information to the board directly, or to the nomination and award committee to present it to the board.

### **25) Confidentiality**

Audit committee members cannot disclose any confidential information they obtained as part of performing their duties to shareholders to the public outside the general assembly meetings, or use any of such information to achieve personal benefit or profit.

### **26) Reports**

The committee chairman shall report the procedures conducted by the committee after each meeting to the board of directors' members and chairman, and may be represented by any other committee member to perform the same.

The committee shall submit reports, meeting minutes and recommendation to the board of directors as it deems fit within its work scope to improve any procedure, once a year at least.

## **27) Limits of Authority**

- The committee is entitled to communicate directly with the company’s management, senior management, all employees, committees, legal consultant, internal and external auditors in the company’s head office and/or branches, and other parties related to the company.
- The committee has the right to review confidential and private documents required for performing its work.
- The committee is entitled to seek the assistance of any consulting entity outside the company to carry out specific tasks in order to assist it in performing its work.
- The committee may request any clarification or statement from the board of directors’ members and the executive management.
- The committee may request the board of directors to convene the company's general assembly if the board disrupted its work or the company suffers serious damage or losses.

