

Audit Committee Decision (09/2026) dated 15/15/1447, corresponding to 01/06/2026

قرار لجنة المراجعة رقم (2026/09) بتاريخ 1447/12/15 هـ الموافق 2026/06/01 م

With reference to Audit Committee Meeting No. (03/2026) held on Tuesday, 05/05/2026G, corresponding to 18/11/1447H, and after reviewing the proposals submitted by the external auditors for the audit and review of the Company's financial statements for the second and third quarters, the year-end of fiscal year 2026, and the first quarter of fiscal year 2027;

إشارة إلى اجتماع لجنة المراجعة رقم (03/2026) المنعقد يوم الثلاثاء 1447/11/18 م الموافق 05/05/2026م، 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 2026م، والربع الأول من العام المالي 2027م.

The Audit Committee Members unanimously adopted the following resolution:

عليه قرر أعضاء اللجنة ما يلي:

Resolution No. (09/2026):

قرار رقم (2026/09):

The Committee recommended that the Board of Directors of Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF) approve the appointment of PKF Al Bassam Chartered Accountants and RSM Allied Accountants Professional Services as the Company's external auditors for the review and audit of the financial statements for the second and third quarters, the year-end of fiscal year 2026, and the first quarter of fiscal year 2027, for audit fees amounting to SAR 780,000 for PKF Al Bassam Chartered Accountants and SAR 850,000 for RSM Allied Accountants Professional Services, subject to submission to the shareholders at the General Assembly for approval.

أوصت اللجنة لمجلس إدارة شركة المتوسط والخليج للتأمين وإعادة التأمين التعاوني (ميدغلف) بالموافقة على تعيين مكتب PKF Al Bassam Chartered Accountants ومكتب RSM Allied Accountants Professional Services كمراجعين خارجيين للشركة لمراجعة القوائم المالية للربع الثاني والثالث ونهاية السنة من العام المالي 2026م، والربع الأول من العام المالي 2027م، مقابل أتعاب وقدرها 780,000 ريال سعودي لمكتب PKF Al Bassam Chartered Accountants و 850,000 ريال سعودي لمكتب RSM Allied Accountants Professional Services. وذلك تمهيداً لعرضها على المساهمين في الجمعية العامة للموافقة عليها.

عضو لجنة المراجعة
الأستاذ / زياد البسام

رئيس لجنة المراجعة
الأستاذ / محمد الغامدي

عضو لجنة المراجعة
الأستاذ / رائد الجلاجل

عضو لجنة المراجعة
الأستاذ / سليمان العميري

أمين سر اللجنة
الأستاذ / ناصر الزهراني

Audit Committee Report to General Assembly for fiscal year 31/12/2025

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 2025, highlighting our unwavering commitment to maintaining independence and providing effective audit oversight, in accordance with the provisions as set forth in the applicable laws and regulations.

Members of the Audit Committee:

The Audit Committee's primary responsibility is to provide independent, risk-focused oversight to enhance the reliability of financial reporting and support the Board of Directors. Its duties include raising the level of regulatory compliance, improving the efficiency of internal controls, and the overall governance system. The Committee is committed to ensuring the integration of assurance activities across Finance, Compliance, and Internal Audit, consistent with the governance requirements stipulated by the Capital Market Authority (CMA) and the Insurance Authority.

The members of the Audit Committee are as follows:

1. Mr. Mohammed bin Saleh Al Ghamdi - Chairman of the Audit Committee, independent from outside the Board of Directors.
2. Mr. Ziad Bassam Al-Bassam – Committee Member, Independent Member of the Board
3. Mr. Suliman bin Abdullah Al-Omairy – Committee Member, Independent Member from outside the Board
4. Mr. Raeed bin Abdullah Al-Jalajel – Committee Member, Independent Member from outside the Board

The following are the names of the members who held Committee membership during the period ending May 8, 2025:

1. Dr. Ahmed bin Abdullah bin Ahmed - Member of the Audit Committee, independent from inside the Board of Directors.
2. Mr. Abdulaziz bin Kamel Al Hashimi - Member of the Audit Committee, independent from outside the Board of Directors.
3. 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 provide independent, risk-focused oversight that supports the Board of Directors in safeguarding the integrity of the Company's financial reporting, compliance posture, internal control environment, and overall governance framework. In carrying out this mandate, the Committee ensures that assurance activities across Finance, Compliance, Internal Audit operate cohesively and reflect modern governance expectations including at minimum Insurance Authority and Capital Market Authority. This comprises, but is not limited to, the following key responsibilities:

1. Financial Reporting and Accounting Governance

- Overseeing the quality, transparency, and reliability of interim and year-end financial statements.
- Evaluating critical accounting policies, significant estimates, and changes in local and international accounting standards, ensuring they align with regulatory expectations and sound financial judgment.

2. Compliance and Internal Control

- Assessing the effectiveness and maturity of internal controls, informed by Internal Audit, External Audit, Compliance, and Appointed Actuary.
- Ensuring robust IT controls, including ongoing updates to security protocols to address evolving digital and cyber risks.
- Reviewing and monitoring recommendations from regulators, supervisory bodies, and external auditors, ensuring timely and sustainable remediation.
- Evaluating the capabilities, resources, and professional competency of Internal Audit and Compliance to ensure they can operate at high maturity levels and deliver risk-based assurance.

3. Audit Oversight and Assurance Integration

- Promoting a unified, enterprise-wide approach to risk governance and assurance integration.
- Recommending the appointment or reappointment of the External Auditor and overseeing their independence, objectivity, and performance.
- Assessing the effectiveness and independence of Internal Audit and Compliance, ensuring no undue restrictions on their scope or access.
- Monitoring the execution of Internal Audit and Compliance plans, ensuring alignment with the Company's strategic risks and the evolving ecosystem

Committee's Primary Tasks in 2025:

Throughout 2025, the Audit Committee conducted a comprehensive and risk focused oversight of the Company's internal control environment. The Committee convened 9 times during the year, with active participation from key stakeholders; including senior management, Internal Audit, Compliance, External Auditors, Appointed Actuary, Risk Management function,

and IT Management. The Committee confirms that it received full and unrestricted access to management, Internal Audit, External Auditor, Appointed Actuary, and all information required to perform its oversight responsibilities.

The Committee's review encompassed a wide spectrum of strategic and operational control elements, including:

1. Integrity and Reliability of Financial Reporting:

Reviewed and discussed interim and year-end financial statements with management, actuaries and the External Auditor, focusing on matters significant to financial reporting. Assessed internal controls over financial reporting, focusing on key estimates, accounting judgments, actuarial assumptions, and the evolving requirements of local and international accounting standards.

2. Assessment of Internal Controls Across Different Domains:

Assessed the effectiveness of internal controls across key control domains, including financial reporting, regulatory compliance, operational processes, and technology- and cybersecurity-related controls, with emphasis on continuous control monitoring and digitalization efforts.

3. Integration with Control Functions:

Ensured internal control activities were aligned with the control functions framework including ERM, and that assurance roles across Internal Audit, Compliance, and External Audit were coordinated through an updated assurance integration to avoid overlap and strengthen coverage.

4. Internal Audit Independence and Maturity:

Reviewed Internal Audit Reports (quarterly and annually), assessed the outcomes of risk-based audits, evaluated the execution of the 3-year audit plan, and ensured Internal Audit maintained independence, appropriate resourcing, and alignment with emerging risk themes.

5. Regulatory Compliance and Supervisory Feedback:

Reviewed compliance reports, regulatory observations, AML, whistleblowing, and management responses to ensure sustainable remediation and strengthened compliance culture.

6. Governance, Ethical Conduct, and Regulatory Alignment:

Reviewed the implementation of the Code of Conduct, conflict-of-interest practices, and related-party transactions oversight, ensuring alignment with modern governance expectations.

7. IT Controls and Cybersecurity Resilience:

Monitored IT security protocols, cybersecurity controls, automation initiatives, and digital transformation efforts that materially impact the Company's internal control ecosystem.

8. Legal, Operational, and Customer Protection Controls:

Considered significant litigation matters, complaints reports across regulatory bodies, and control implications for customer-facing operations.

9. Strategic and Forward-Looking Governance:

Reviewed the Company's solvency margin and recovery plans, assessed alignment between internal controls and the 2025–2027 Corporate Strategy, and conducted periodic updates of the Audit Committee Charter to reflect evolving regulatory standards and best practices.

10. Management Accountability and Action Plans:

Oversaw the monitoring of corrective action plans, ensured accountability for remediation timelines, and validated the strength of risk ownership at all levels of management.

The opinion of the Audit Committee on the adequacy of the internal and financial control systems and risk management systems in the Company:

Based on the work performed during 2025, the Audit Committee is of the view that the Based on the work performed during 2025, the Audit Committee views positively that the company's internal, financial and risk management control continued to provide reasonable assurance over the financial report, regulatory compliance, and operational governance. The Committee acknowledges steady strengthening of the control environment, supported by ongoing post-merger integration efforts.

The Committees also acknowledges management continued progress in automation key insurance processes and enhancing data driven pricing and claims capabilities across medical, motor, general and commercial lines. These initiatives through unfolding in phases are expected to materially reinforce the governance efficiency and regulatory alignment as they mature.

The Committee further recognizes the steps taken toward developing a more comprehensive liquidity plan, stress testing and strengthened ALM oversight. In addition, the Committees appreciates management commitment to support transparency and coordination across all functions for the effective execution of control functions plans.

Overall, the Audit Committee considers the company internal control system to have operated at a sound and improving level during the year, providing reasonable assurance although not absolute. The Committee will continue to oversee the management advancement of automation, liquidity planning, ALM practice, investment governance, and pricing as part of the its forwards looking mandates.

Chairman of the Audit Committee:

Mr. Mohammed bin Saleh Al Ghamdi

