

Audit Committee Report 2025 for General Assembly

1. Introduction:

The Audit Committee of General Gulf Cooperative Insurance Company is pleased to present its annual report for the fiscal year ending on December 31, 2025, to its esteemed shareholders. This report includes detailed information on the committee's performance of its duties and responsibilities as stipulated in the Corporate Law, its Implementation Regulations, and the Audit Committees Regulations in Insurance and / or Reinsurance Companies. The report also contains the committee's opinion on the adequacy of the company's internal control systems, financial management, risk management, and compliance management. It outlines the tasks and activities undertaken by the committee within its scope of responsibilities, in accordance with the provisions of Corporate Law and related regulatory requirements.

Shareholders' inquiries will be addressed following the presentation of the report at the General Assembly Meeting.

2. Audit Committee Responsibilities:

The Audit Committee is responsible for monitoring the company's operations. To this end, it has the right to access the company's records and documents and request any clarification or statement from the executive management members. The committee performs its approved duties, including overseeing the Internal Audit Department, Compliance Department, and Anti-Money Laundering and Counter-Terrorism Financing Department, and reviewing their reports. It also assesses the results of the internal control system's evaluation, reviews the preliminary and annual financial statements, the adopted accounting policies, and recommends auditors for appointment to the Board of Directors. Additionally, the committee reviews regulatory reports concerning the company's compliance with laws and regulations and submits its recommendations to the Board of Directors.

In accordance with its assigned tasks and responsibilities through its charter and operating rules, the Audit Committee plays a crucial role in assisting the Board of Directors in fulfilling its duties related to the integrity of the company's financial statements, the qualifications and independence of external auditors, evaluating the company's disclosure procedures and controls and ensuring adherence to Code of Conduct policies and Whistleblowing Policy.

3. Audit Committee Charter:

In line with governance requirements, the committee's charter has been revised to comply with legal provisions and regulatory requirements. This update was approved by the General Assembly of the company, convened on Jumad Alawel 05, 1446 H, corresponding to November 07, 2024.

4. Audit Committee Members:

During the previous period, which ended 10 April 2025 (extended to 15 May 2025), the committee comprised the following members:

1. Dr. Abdulraouf Sulaiman Banaja: Chairman of the Committee.
2. Mr. Mohammed Hassan Dagestani: Committee Member – Independent
3. Mr. Faisal Rashid Faruqi: Committee Member - Independent
4. Dr. Ahmed Siraj Khogeer: Committee Member – within the Board.

In the current period, the committee comprises the following members:

1. Dr. Abdulraouf Sulaiman Banaja: Chairman of the Committee – within the Board
2. Mr. Mohammed Ahmed Babrouk: Committee Member – Independent
3. Mr. Abdullah Mohammed AlEtaish: Committee Member - Independent

5. Meetings of the Audit Committee:

The Audit Committee meets at least six times a year, and more frequently if necessary. During the period from January 1, 2025, to December 31, 2025, the Audit Committee held (7) meetings. The attendance of the members for each meeting was as follows:

(Previous Period) Name	16 Mar	18 Mar	5 May	Total	Attendance rate
Abdulraouf Suliman Banaja	✓	✓	✓	3	100%
Mohammed Hassan Dagustani	✓	✓	*	2	100%
Faisal Rashed Faruqi	✓	✓	✓	3	100%
Ahmed Siraj Khogeer	✓	✓	✓	3	100%

(v) attended (*) Resigned

(Current Period) Name	29 July	06 Aug	30 Sep	29 Oct	Total	Attendance rate
Abdulraouf Suliman Banaja	✓	✓	✓	✓	4	100%
Mohammed Ahmed Babrouk	✓	✓	✓	✓	4	100%
Abdullah Mohammed AlEtaish	✓	✓	✓	✓	4	100%

(v) attended

6. The performance of the Audit Committee in terms of its mandates and responsibilities as stipulated in the Corporate Governance Regulations issued by the Capital Market Authority, as well as the approved committee charters and rules of procedure:

During the year 2025, the Audit Committee performed its duties and responsibilities as stipulated in the Corporate Governance Regulations issued by the Capital Market Authority, as well as the approved committee charter and rules of procedure. The details are as follows, according to the areas of specialization:

a) Financial Reports:

- Review the quarterly and annual financial statements, verify provisions and technical reserves, and recommend them after discussions, and confirm by the external auditors regarding the absence of material observations affecting financial statement fairness and integrity.

b) Internal Audit:

- Monitor the implementation of the annual internal audit plan for 2025 . The Committee also reviewed internal audit reports, examined key observations, provided necessary guidance to address deficiencies, and met with relevant departments when required.

c) External Audit:

- Discuss observations in the annual management letter with external auditors, guiding internal audit management to follow the corrective plans with relevant departments.
- Recommend the appointment of external auditors (AlKharashi & Co. Certified Accountants and Auditors and El Sayed El Ayouty & Co. Certified Public Accountants) for the fiscal year 2025 and first Quarter of 2026, and ensure their independence

d) Compliance

- Discuss compliance group reports and monitor efforts to enhance compliance.

- Monitor Anti-Money Laundering and Counter-Terrorist Financing management, and implement the plan.
- Regularly monitor violation reporting reports and provide recommendations.

7. Confirmation of the Independence of the Internal Audit Function:

The Audit Committee confirms that the Internal Audit function within the company maintains its independence when performing activities and reviews. The internal audit plan is executed by the Internal Audit Department, following a risk-based approach in its activities according to the plan approved by the Audit Committee.

8. Confirmation of the Independence of the Compliance Function:

The Audit Committee confirms that the Compliance function within the company maintains its independence when performing activities and reviews.

9. Key Activities of Control Departments (Internal Audit, Anti-Money Laundering & Counter-Terrorist Financing, and Compliance Department) for the year 2025:

- ❖ Key areas covered in internal audit reports for the year 2025:
 - Underwriting, Quarterly Review (1st, 2nd, 3rd, 4th)
 - Claims Experience Forms- Medical, Quarterly Review (1st, 2nd, 3rd, 4th)
 - Claims Experience Forms – Motor, Quarterly Review (1st, 2nd, 3rd, 4th)
 - Underwriting (all classes)
 - Sales & Marketing
 - Customer Care and Complaints Unit.
 - Actuarial Reserving
- ❖ Key activities of the Compliance and AML\CTF Department carried out in the year 2025:
 - Ensuring compliance with the regulations and circulars of the Insurance Authority.
 - Ensuring compliance with the regulations and circulars of the Capital Market Authority.
 - Addressing instances of non-compliance and monitoring the implementation of corrective actions.
 - Quarterly reports on complaints expected to be escalated to the Insurance Disputes Committee.

- Compliance Reports cover all regulatory requirements, ensuring corrective measures are implemented.
- The adequacy of human resources to perform compliance and AML /CTF requirements.
- Discussion and approval of the comprehensive AML/CTF program.
- Monitoring internal policies, procedures, and controls to mitigate money laundering risks and terrorist financing.
- Monitoring and reviewing the implementation of the comprehensive AML/CTF Program.
- Monitoring the development and enhancement of the company`s systems for managing money laundering and terrorism financing risks.
- Monitoring penalties and fines imposed on the company and the corrective actions taken in response.
- Reviewing key legal cases filed by or against the company.
- Monitoring quarterly reports on reported whistleblowing cases reviewed through various reporting channels.

10. Results of the Annual Review on the Effectiveness of Internal Control

Procedures:

The company adopts an internal control framework based on three lines of defense. Different managements align their activities with established systems, regulations, policies, and procedures as the first line of defense. The internal control management—which includes Compliance, Risk management, and Cybersecurity unit—acts as the second line of defense. They focus on evaluating, measuring, and monitoring various risk levels in daily operations. This management provides regular reports to internal administrative committees and Board committees, including the Risk Committee. The Internal Audit department carries out the tasks of the third line of defense, conducting risk-based audits and reviews to evaluate the effectiveness and sufficiency of internal controls in the company.

A reasonable degree of assurance is obtained regarding the effectiveness of internal control procedures and systems in terms of covering critical control aspects that significantly impact compliance with regulations, instructions, and the achievement of the company's strategic objectives.

11. The Adequacy of the Company's Internal Control Systems:

Internal control systems and governance systems have been developed internally, with the assistance of directives and requirements from the Insurance Authority, Companies Law, Capital Market Authority regulations, and the implementation regulations. Additionally, to ensure that the company operates in the most complete

manner, several other matters that affect the adequacy and effectiveness of control systems have been addressed, such as information systems, policies, and procedures.

12. Opinion of the Audit Committee on the Adequacy of the Internal Control System and its Recommendations.

It is important to note that any internal control system, regardless of its design soundness and implementation effectiveness, cannot provide absolute assurance. based on periodic reports presented to the Audit Committee, internal audit reports, and external auditors' reports, the Audit Committee finds that the internal control, finance and risk management systems operates with the need for continuous improvement and monitoring and recommends that management take the necessary actions to address the observations raised by the control functions and expedite the implementation of technological solutions to enhance operational efficiency and support their functions effectively.

13. Financial Statements and External Auditors' Report:

The Audit Committee reviewed the draft audited financial statements prepared by the external auditors and conducted several analyses compared to the previous financial year. The Committee received the required explanations from the external auditors. Based on the Audit Committee's recommendation and the approval of the Board of Directors, the auditors` report for the fiscal year 2025 was issued unqualified.

Chairman of the Audit Committee



Dr. Abdulraouf Suliman Banaja

Date: 30/11/1447 AH
17/05/2026 AD

The Audit Committee`s Recommendation to Appoint the External Auditors

Based on the invitation sent to a number of certified auditors` offices to submit their offers to examine, review, and audit the second quarter, third quarter, and annual financial statements of the fiscal year ending 2026 AD, and the first quarter of the fiscal year 2027 AD. Which were as follows:

#	Accounting Firm	Offer Amount
1	PKF Al Bassam Chartered Accountants*	925,000 SAR
2	PKF Al Bassam Chartered Accountants**	770,000 SAR
3	Professional Consultants Company	900,000 SAR
4	El Sayed El Ayouty & Co. Certified Public Accountants	675,000 SAR

*If nominated to work with firms other than the Big 4.

**If nominated to work with one of the Big 4.

The following accounting firms did not submit their offers to examine, review, and audit the second quarter, third quarter, and annual financial statements of the fiscal year ending 2026 AD, and the first quarter of the fiscal year 2027 AD.

#	Accounting Firm	Response
1	Dr. Mohamed Al-Amri & Co.	Apologized
2	Baker Tilly Professional Services	Apologized
3	Crowe Solutions for Professional Consulting	Apologized
4	Deloitte and Touche & Co. Chartered Accountants	No response

As required by the regulations of the Capital Market Authority and the regulations of the Audit Committee in Insurance Companies issued by the Insurance Authority, to recommend the appointment of the external auditors for joint stock companies, and after reviewing the offers sent by these firms, the Audit Committee recommends appointing PKF Al Bassam Chartered Accountants for a fee of 925,000 Saudi riyals, and the appointment of El Sayed El Ayouty & Co. Certified Public Accountants, for a fee of 675,000 Saudi riyals, with a total amount of 1,600,000 Saudi riyals, as external auditors with their offers to examine, review and audit the second quarter, third quarter, and annual financial statements of the fiscal year ending 2026 AD, and the first quarter of the fiscal year 2027 AD, and they were nominated based on the technical and financial suitability of their offer.

Audit Committee Chairman



Dr. Abdulraouf Sulaiman Banaja