

## بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

05 جمادى الثاني 1447

26 نوفمبر 2025

### تقرير لجنة الرقابة الشرعية

تقرير لجنة الرقابة الشرعية إلى مساهمي شركة الخليجية العامة للتأمين التعاوني حول توافق أنشطة الشركة مع الضوابط والمعايير الشرعية خلال السنة المالية المنتهية في 31 ديسمبر 2024.

#### 1. المقدمة:

الحمد لله رب العالمين والصلاة والسلام على أكرم الأنبياء والمرسلين سيدنا محمد وعلى آله وصحبه أجمعين، أما بعد:

بصفتنا لجنة الرقابة الشرعية ("اللجنة") الخاصة بشركة الخليجية العامة للتأمين التعاوني ("الشركة") يسرنا أن نقدم لكم التقرير السنوي الخاص باللجنة عن أعمال وأنشطة الشركة عن السنة المالية المنتهية في 31 ديسمبر 2024، وفق نطاق العمل المتفق عليه.

#### 2. الرأي:

- الرأي العام:

هذا التقرير وما يتضمنه من رأي مستند على إشرافنا على أعمال الشركة المتعلقة بالالتزام بالضوابط والمعايير الشرعية أولاً، ومراجعة عملياتها وأنشطتها للفترة المحددة ثانياً، وعليه فإننا نؤكد على أن الترتيبات المالية الخاصة بالشركة والعقود والمعاملات المنفذة مع عملائها والأطراف الأخرى التي أجريت في السنة المالية المنتهية في 31 ديسمبر 2024 قد تمت وفق الضوابط والمعايير الشرعية المعتمدة.

- الرأي التفصيلي:

- أ. عقدت اللجنة أربع اجتماعات خلال السنة المالية.
- ب. تم إصدار القرارات وإبداء الآراء فيما يتعلق بأعمال الشركة التي عرضت على اللجنة.
- ت. تم الاطلاع على تفاصيل احتساب الزكاة الخاصة بالشركة، حيث تم احتسابها من قبل الهيئة العامة للزكاة والدخل.
- ث. اتبعت الشركة مبادئ إعداد التقارير المالية التي تعكس الطبيعة الحقيقية لخصائص المعاملات بما يتماشى مع الضوابط والمعايير الشرعية ولم يظهر لنا ارتكابها أي مخالفة لها، لا سيما فيما يتعلق بإثبات الإيرادات والمطلوبات وحساب الأرباح والخسائر وتحديد أرصدة الأطراف ذات العلاقة والإبلاغ عن الأرصدة النقدية، وغير ذلك.
- ج. أنشأت الشركة آلية مناسبة لتقييم مخاطر عدم الالتزام بالضوابط والمعايير الشرعية بما يتناسب مع طبيعة وحجم عملياتها ووضعت تدابير الوقاية والتصحيح اللازمة لإدارة هذه المخاطر.
- ح. تم فصل أموال المساهمين وأموال حملة وثائق التأمين بصورة صحيحة.
- خ. تم التحقق من طريقة توزيع الفائض وطريقة معالجة العجز في حساب حاملي الوثائق في حالة حدوثها.

### 3. مسؤوليتنا:

تشمل مسؤولياتنا فيما يتعلق بالتزام الشركة بالمعايير والضوابط الشرعية في الإشراف على تطبيق هذه المعايير والضوابط على منتجات وخدمات وعمليات الشركة، لا سيما فيما يتعلق بتصميم المعاملات (بما في ذلك الموافقة على العقود والوثائق ذات الصلة، إلخ.). كما أننا مسؤولون أيضاً عن الإشراف وتقديم آرائنا عند الحاجة حول كيفية تنفيذ مثل هذه المعاملات وتوضيح الإجراءات اللازمة لتنفيذ قراراتنا. ونحن مطالبون أيضاً بإجراء تدقيق دوري لحالة التزام الشركة بالمعايير والضوابط الشرعية.

### 4. المبادئ والمعايير الشرعية المطبقة:

التزمت الشركة بالمعايير والضوابط الشرعية خلال تنفيذها للعقود والمعاملات المالية للسنة المنتهية في 31 ديسمبر 2024 للمبادئ والقواعد والمعايير، على النحو المحدد وبما يتماشى مع الترتيب المنصوص عليه أدناه (أو كما هو محدد من قبل السلطات التنظيمية المعنية):

- أ. المعايير الشرعية الصادرة عن هيئة المحاسبة والمراجعة للمؤسسات المالية الإسلامية (الأيوبي) والمتطلبات المالية ذات العلاقة الواردة في معايير المحاسبة المالية المعمول بها والصادرة عن هيئة المحاسبة والمراجعة للمؤسسات المالية الإسلامية.
- ب. القرارات والضوابط الشرعية الصادرة عن لجنة الرقابة الشرعية [بما في ذلك التفسير المقدم من لجنة الرقابة الشرعية للمتطلب (أ) أعلاه].

### 5. الاستقلالية والاعتبارات الأخلاقية:

نؤكد التزامنا بالاستقلالية وبجميع المتطلبات الأخلاقية خلال فترة التعاقد. وتشمل هذه المتطلبات تلك المحددة في معايير الحوكمة الصادرة عن الجهات التنظيمية وتلك الصادرة عن هيئة المحاسبة والمراجعة للمؤسسات المالية الإسلامية (الأيوبي)، إضافة إلى قواعد أخلاقيات المهنيين في التمويل الإسلامي الصادرة عنها.

### 6. مسؤوليات الإدارة ومجلس الإدارة:

#### مسؤوليات مجلس الإدارة

يتحمل مجلس إدارة الشركة مسؤولية الإشراف على ضمان وجود بيئة وثقافة فعالة للالتزام بالمعايير والضوابط الشرعية، كما يتولى مجلس الإدارة مسؤولية إيجاد إطار عمل جيد للحوكمة والرقابة الشرعية للشركة، ووضع استراتيجية للالتزام بالمعايير والضوابط الشرعية، والإشراف على الإدارة في تنفيذها وتحقيق الأهداف المرجوة.

#### مسؤوليات الإدارة

تتحمل الإدارة مسؤولية تنفيذ إطار الحوكمة الشرعية والتأكد من أن الالتزام بالمعايير والضوابط الشرعية جزء لا يتجزأ من الأداء اليومي للشركة، كما أن الإدارة مسؤولة عن ضمان أن الترتيبات المالية والعقود والمعاملات المالية ذات الأثر الشرعية والمبرمة مع عملاء الشركة والأطراف الأخرى والسياسات والإجراءات ذات الصلة، في جوهرها وفي شكلها القانوني، متوافقة مع مقتضيات المعايير والضوابط الشرعية. هذا وإن الإدارة مسؤولة أيضاً عن تصميم وتنفيذ ومتابعة إجراءات الرقابة الداخلية المناسبة فيما يتعلق بالآليات المحاسبية ذات الصلة.

## 7. المصادقة:

تمت الموافقة على هذا التقرير وتوقيعه من قبل جميع أعضاء لجنة الرقابة الشرعية.

نسأل الله تعالى التوفيق والسداد،،،

رقم	الاسم	المنصب	التوقيع
1	الشيخ محمد أحمد	رئيس لجنة الرقابة الشرعية	
2	الشيخ الدكتور صلاح الشلهوب	عضو اللجنة الشرعية	



SHARIYAH  
REVIEW BUREAU  
C.R. 56329-01  
KINGDOM OF BAHRAIN



SHARIYAH  
REVIEW BUREAU



26 November 2025

## The Shari'ah Supervisory Committee Report

**Shari'ah Supervisory Committee's report to the shareholders of Gulf General Cooperative Insurance Company on the state of compliance with Shariah standards and guidelines during the year ended 31 December 2024**

### 1. Introduction

Praise be to Allah, Lord of the worlds, and peace and blessings be upon Mohammed, the leader of Prophets and Messengers, and upon his family and Companions, and upon those who follow his Guidance Until the Day of Judgment.

We, collectively, having been appointed as the Shari'ah Supervisory Committee ("SSC") of Gulf General Cooperative Insurance Company (the "Company"). We have fulfilled our responsibilities in respect of ensuring the Company's compliance with Shari'ah standards and guidelines approved by us and are pleased to issue this report.

### 2. Opinion

#### Primary Opinion

Based on our (i) oversight and supervision of the Company's affairs related to Shari'ah compliance, and (ii) a period-specific review of the activities performed, we report that in our opinion, the Company's financial arrangements, contracts and transactions with its customers, other financial companies and stakeholders for the year ended 31 December 2024 are in compliance with Shari'ah standards and guidelines approved by us.

#### Additional Opinions

- a. Convening four meetings during the year.
- b. Issuing fatwas, resolutions and opinions on matters presented to the SSC in relation to the Company's activities.
- c. Verifying the Zakat Certificate, as it is calculated by the Zakat, Tax, and Customs Authority.
- d. Approving corrective and preventive measures related to identified incidents to preclude their reoccurrence in the future.
- e. Providing direction to relevant parties in the Company – to rectify (where possible) incidents cited in the reports prepared by Shari'ah audit – and issuance of resolutions to set aside revenue derived from transactions in which non-compliance were identified to be disposed towards charitable purposes.

- f. Confirming that the Company's two accounts, namely the shareholder and the Policyholders account, are being segregated.
- g. Verifying both the surplus distribution method and deficit treatment method in the policy holders account in the event of their occurrence.

### **3. Our Responsibilities**

Our responsibilities in respect of the Company's compliance with Shariah standards and guidelines include providing supervision, Shari'ah rulings on the products, services and operations of the Company, particularly regarding the design of the transactions (including approval of contracts, related documents, process flows, etc.). We are also responsible for supervising and providing our input where needed about the execution of such transactions and implementation of our decisions. We are also required to perform a period-specific review of the state of compliance of the Company with Shariah standards and guidelines.

### **4. Shariah Standards and Guidelines as Applicable to the Company**

The Shariah Standards and Guidelines contained herein sets out as at today's date certain matters of Sharia compliance as adopted and interpreted by us for the year ended 31 December 2024, and defined for the purposes of this report (in no particular order) as follows:

- a) the Shari'ah standards issued by the Accounting and Auditing Organization for Islamic Financial Companies (AAOIFI) and Shari'ah-related requirements of the applicable financial accounting standards issued by AAOIFI;
- b) Shari'ah rulings of the Company's SSC [including the interpretation provided by the SSC of the requirements of (a) above, where needed].

### **5. SSC's Independence and Ethical Considerations**

We confirm that we have complied with all ethical and independent requirements, as applicable to us, during the year/period of the report, until the date of issuance of this report. These requirements include those specified in [IFSB-AAOIFI RSGF/AAOIFI GS 1 and 5] and AAOIFI Code of Ethics for Islamic Finance Professionals.

### **6. The Responsibilities of the Management and the Board of Directors**

#### ***The Responsibilities of the Board***

The board of directors (the "Board") of the Company has an oversight responsibility to ensure that an effective and robust Shari'ah compliance environment and culture exists at the company. The Board is responsible for the establishment of a good governance and control framework for the Company and the development of a strategy for compliance with Shariah standards and guidelines, and for oversight of the management in implementing the same and in achieving the desired objectives.

## Responsibilities of the Management

Management has the responsibility to implement the Shari'ah governance framework and to ensure that Shari'ah compliance is embedded in the day-to-day functioning of the company. The management is responsible for ensuring that the financial arrangements, contracts, and transactions having Shari'ah implications, entered into by the company with its customers and other stakeholders and related policies and procedures, are, in substance and in their legal form, in compliance with the requirements of Shariah standards and guidelines. Management is also responsible for the design, implementation and maintenance of appropriate internal control procedures with respect to compliance and maintenance of relevant accounting records.

## 7. Report Approval and Authentication

This report is duly approved and signed by all the members of the SSC, as follows. The report has been approved unanimously except for the dissenting opinion(s) provided below.

We beg Allah the Almighty to keep us on the right path and to grant us success.

No	Name	Designation	Signature
1	Shaikh Muhammad Ahmad	Chairperson (Shari'ah scholar)	
2	Shaikh Dr. Salah Alshalhoob	Member (Shari'ah scholar)	



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# Gulf General Cooperative Insurance Company

SHARI'A AUDIT REPORT

1st January 2024 – 31st December 2024

SHARIA ADVISOR LICENSED BY  
THE CENTRAL BANK OF BAHRAIN



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# Part 1: Preface

## 1. Introduction

This report has been prepared after conducting Shari'a Audit ("Audit") for Gulf General Cooperative Insurance Company ("The Company"), covering the period from 1<sup>st</sup> January 2024 till 31<sup>st</sup> December 2024. In accordance with the agreed-upon scope of work, our responsibility as Shari'a Auditors on behalf of the Company's Shari'a Supervisory committee ("SSC") includes carrying out Audit on the products, pertinent activities, systematic controls, and operations in place at the Company based on the Shari'a directives and guidelines issued by the Company's Shari'a Supervisory committee ("SSC").

## 2. Standards and Guidelines

The Audit was conducted in light of the Shari'a guidelines issued by the Company's SSC while taking in consideration the Shari'a standards issued by Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI").

### 3. Responsibility

The Management of the Company is responsible for ensuring that the financial arrangements, contracts, and transactions having Shari'a implications, entered into with its customers, other financial institutions, and stakeholders and related policies, procedures, and systems are, in substance and their legal form, in compliance with the requirements of Shari'a rules and principles laid down by the SSC. The management of the Company is also responsible for:

- > Design, implementation, and maintenance of appropriate internal Shari'a control procedures with respect to such compliance and maintenance of relevant product documents approved by the SSC, internal control manuals, and Islamic accounting records;
- > Prevention and detection of fraud and breaches in Shari'a Compliance for identifying and ensuring that the Company complies with SSC requirements, laws, and regulations applicable to its activities;
- > Arranging training and/or orientation programs on Islamic insurance and Takaful for the staff and appropriate training programs for senior executives to improve their understanding and general acumen in Islamic insurance;
- > Arranging programs on a regular basis for orienting and sensitizing the key executives about the business utility and importance of enabling Shari'a compliance environment and the key distinguishing features of Islamic insurance products vis-à-vis conventional insurance products; and
- > Providing us with access to all information of which you are aware that is relevant to the Company's compliance with the Shari'a rules and principles such as records, source documentation, and other matters, additional information that we may request for the purpose of the engagement; and unrestricted access to persons within the Company from whom we determine it necessary to obtain evidence.

## 4. Procedures Performed

The procedures selected by us for the Shari'a Audit and the factual findings resulting therefrom with respect to each of the aspects covered in this report were depended on our judgment, based on risk assessments of the products and services with the Shari'a standards and guidelines, audit planning sampling and documentation. In making those Shari'a risk assessments, we considered and tested the internal Shari'a controls on a sample of transactions relevant to the Company's compliance with the laid down SSC rules and principles and designed procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control on Shari'a rules and principles.

Because of the inherent limitations in any control environment, misstatements due to error or fraud may occur and not be detected. Our engagement cannot ensure that errors, fraud, or other illegal acts, if present, will be detected; in the case where we detect any fraud or red flags, we will escalate the issue to the audit committee. Our procedures have not been planned or conducted in contemplation of reliance by any third party or with respect to any specific transaction. Therefore, items of possible interest to a third party have not been specifically addressed, and matters may exist that would be assessed differently by a third party. Accordingly, our report should not be provided to a third party without our prior written consent. Such consent will be granted on the basis that such reports are not prepared for the use or benefit of anyone other than the Company.

## 5. Scope of Work

The Shari'a Audit was carried out in accordance with the professional Auditing standards laid down by AAOIFI Governance Standards [GSIFI 2] and in accord to the guidelines laid down by the SSC. Our review covered the following scope:

- > Ensuring that the Company's two accounts namely the shareholder and the Policyholders account are segregated.
- > Examining the investments in both accounts to ensure their congruence with Shari'a standards.
- > Confirming that the Company's deficit treatment methodology in the Policyholders account is in congruence with the SSC guidelines.
- > Reviewing the documents to ensure surplus in the insurance account is distributed to Policyholders as per the directives of the Insurance Authority (IA) and the SSC guidelines.
- > Reviewing the products documentation such as plan wording, proposal, schedule, and quotation to verify the compliance with the Shari'a standards and SSC guidelines.
- > Checking the risks covered by the Company are approved by the SSC and are in accord with the Shari'a standards.
- > Checking the insurance operations and its status of implementation in light of SSC guidelines.
- > Reviewing the financial statements to verify the Company's activities with the Shari'a standards and SSC guidelines.
- > Reviewing the administrative contracts executed by the Company's management to ensure their compliance with the Shari'a standards.
- > Activities performed by departments.
- > Administration of the documentation and their execution.
- > Follow up on the observations as noted in the last Audit cycle

## 6. Sampling Methodology

Our sampling methodology is based on the likelihood and Shari'a risk involved in a particular product; where likelihood and Shari'a risk are high, the sampling will be increased accordingly.

Population	Likelihood	Shari'a Risk	Samples Percentage
1 to 100	High	High	100%
	High	Medium	75%
	Medium	High	50%
	Medium	Medium	25%
	Low	Low	10%
101 to 300	High	High	50%
	High	Medium	50%
	Medium	High	25%
	Medium	Medium	20%
	Low	Low	10%
301 to 1000	High	High	25%
	High	Medium	25%
	Medium	High	20%
	Medium	Medium	15%
	Low	Low	10%
1001 and above	High	High	10%
	High	Medium	10%
	Medium	High	5%
	Medium	Medium	1%
	Low	Low	0.10%

## 7. Objectives And Notes

The report's main objective is to evaluate the products and control procedures relating to Shari'a compliance and governance structure and operations of the Company in light of Shari'a directives and guidelines issued by the SSC. This work is not primarily directed towards the discovery of weaknesses (other than those which would influence us in forming such a view) or the detection of fraud and should not, therefore, be relied upon to show that no other weaknesses exist. Accordingly, our Shari'a Audit would not necessarily allow us to identify all possible improvements that a more exhaustive systems review might develop. Our observations contained herein are of three types:

### **Observations on the Shari'a compliance environment of the Company**

These observations aim to assess the internal Shari'a supervisory system of the Company and to improve the level of compliance in accord with the Shari'a standards and guidelines of the SSC and to ensure that policies and procedures were designed in line with SSC and other regulatory directives.

### **Observations on the different departments of the Company**

The purpose of these observations is to review the Shari'a control systems of the departments making up the Company, which aims to ensure work within these departments is in accordance with the policies and procedures that govern its activities and that the different departments complement each other to better comply with the approved Shari'a standards and guidelines.

### **Observations on the executed transactions of the Products**

These observations are a result of the Audit procedures carried out on the Shari'a compliant products. They exhibit shortcomings in implementing and executing such products in light of the directives approved by the SSC.

## 8. Ratings

The issues identified have been graded based on our assessment of possible risks on the Shari'a Compliant products of the Company. The ratings used in this Audit report are explained in the table below:

Observation Category	Risk Rating
High/serious impact on Shari'a compliance, the achievement of its objectives or serious implications on general/controls or adherence to internal Shari'a directives or applicable external Shari'a compliance requirements (such as AAOIFI, IFSB etc.).	High
Moderate impact on the overall position of Shari'a compliance or significant implications on general/ controls or adherence to internal Shari'a directives or applicable external Shari'a compliance requirements (such as AAOIFI, IFSB etc.).	Moderate
When an absence, weakness or deficiency in Shari'a controls exists, that has or could have a limited/low impact on the immediate or future performance of Shari'a compliance but still requires attention.	Low

## 9. Confidentiality

This report's contents are strictly confidential and are being submitted to the management of the Company and are not to be distributed to the departments not involved in the Audit process or which do not have the authority to respond to the observations made hereunder.

# Part 2: Observations

## I. Observations on the Environment of the Shari'a Compliance

*The Shari'a control environment requires the Company to ensure that key organs must maintain and administer Shari'a compliance, including the oversight mechanism, internal Shari'a audit, and enforcement of Shari'a committee directives by executive management are operative and effectively undertaking their respective functions. Taking into consideration the internal make-up of the Company, our evaluation noted the following:*

### Finance Department

We have reviewed the Financial Statements for the Company for the period from 1<sup>st</sup> January 2024 to 31<sup>st</sup> December 2024 in accordance with agreed upon Shari'a Guidelines, and the below points were verified by the Shari'a Audit team.

- > The Insurance operations account has been segregated from the shareholder's account in accordance with Shari'a Standard No. 26 - Islamic Insurance - issued by AAOIFI.
- > The Company has not pursued any non-compliant financing or loans.
- > No issues or observations were noted regarding Zakah, as it was calculated by the Zakat, Tax, and Customs Authority.
- > The deficit in the insurance bank account is being addressed through a Hiba (gift) provided from the shareholder's account, as verified by the received confirmation on January 18<sup>th</sup>, 2023, and approved by the Shari'a Supervisory Committee (SSC), as acknowledged by the company's management.
- > The purification responsibility falls on the management of the company as per the received confirmation dated January 29<sup>th</sup>, 2023, which is approved by the SSC of the company.

During the audit the following observations were noted by the Shari’a Audit team:

**1.1 Due to the investments made in a companies mixed stocks, purification is required:**

Observation	Risk Rating: High	
	Impact	Recommendation
<p>Upon examining the portfolio statement, it has come to our attention that the portfolio manager has allocated investments in Aramco, Sabic and Etihad Etisalat shares, which generate income from interest-bearing investments. As these income sources are deemed non-permissible, it is necessary to purify them. Please (refer to <b>Appendix I Table 1&amp;2</b>) for further details.</p>	<p>The receipt of non-Shari’a compliant income is in violation of the directives and guidelines issued by the Shari’a Supervisory Committee (SSC) as non-Shari’a compliant income must be directed towards charitable purposes.</p> <p>Furthermore, if the percentage of non-permissible income exceeds the designated threshold, it will adversely affect the Shari’a compliant status of the company shares.</p>	<p>As of December 31, 2024, the investment has generated a revenue of <b>SAR 34,526.40</b> (refer to <b>Appendix I Table 1&amp;2</b>).</p> <p>The management has two options: either dispose of this amount to a charity organization under the supervision of the Shari’a Supervisory Committee (SSC) or declare the purification percentage in the Company’s Shari’a annual report, allowing it to be purified by the equity holders.</p>

Reference
<ul style="list-style-type: none"> <li>&gt; According to AAOIFI Shari’a Standard No. 21: Financial Paper (Shares and Bonds) (3/4/3),</li> <li>&gt; According to AAOIFI Shari’a Standard No. 21: Financial Paper (Shares and Bonds) (3/4/4),</li> <li>&gt; According to AAOIFI Shari’a Standard No. 21: Financial Paper (Shares and Bonds) (3/4/6),</li> </ul>

**Root Cause**

Considering the company’s investments in a mixed stock, it is important to note that certain stocks within the portfolio generate non-permissible income, such as interest-based from investments. Consequently, any gains obtained from these particular instruments have been designated as purification items.

Management Response	Responsibility	Target Date
<p>The management has noted the above mentioned investment revenue of SAR 34,526.40 will declare as purification percentage in the Company’s Shariah Annual Report</p>	<p>Chief Financial Officer</p>	

## Operations department

The audit process consisted of reviewing the products being offered by the Company (**please see Appendix II**), and verifying the relevant Shari'a approvals, to ensure that the activities were in accordance with the guidelines and controls approved by the SSC, and the below points were verified by the Shari'a Audit team:

- The management of the Company has provided a confirmation, dated 26/01/2023, stating that all insurance products offered by the Company (refer to Appendix II Table 1) adhere to the approved structure outlined by the Shari'a Supervisory Committee (SSC).
- It has come to our attention that within the company there exist 1 product that has yet to be reviewed by the Shari'a Supervisory Committee (SSC). This product was not included in the 2024 portfolio. As a result, it is necessary for the company to submit this product to the Shari'a Supervisory Committee (SSC) for assessment, seeking their approval and issue a certificate. For additional details please see (**Appendix II Table2**).

## 1.2 Implementing insurance products using document versions that have not been approved by the Shari'a Supervisory Committee (SSC)

Observation	Risk Rating: Moderate	
	Impact	Recommendation
During our audit of the insurance products, it was revealed to the Shari'a audit team that the requested changes from the Shari'a Supervisory Committee (SSC) have not yet been implemented in the issued insurance plans. (See appendix 2 table 3)	Since neither an approval certificate number nor the required changes from the Shari'a Supervisory Committee (SSC) have been implemented. Consequently, the management is exposed to the risk of executing products that may contain non-Shari'a compliant terms or conditions. This situation could potentially necessitate the purification of the revenue generated from these activities	It is imperative that the product documents include the Shari'a compliance number and that the required changes mandated by the Shari'a Supervisory Committee (SSC) are implemented.
<b>Reference</b>		
<ul style="list-style-type: none"> <li>&gt; In accord to the SSC charter Article 4.3</li> <li>&gt; In accord to the SSC charter Article 4.4</li> </ul>		
<b>Root Cause</b>		
The insurance products were previously reviewed, approved, and separate approval certificates were issued. However, the management is currently using document versions that have not been approved by the Shari'a Supervisory Committee (SSC), which has been brought to the attention of the Shari'a Auditor as an observation.		
Management Response	Responsibility	Target Date
The management has noted the above mentioned recommendation made by the Shari'a audit team and the mentioned products will be presented to the Shari'a Supervisory Committee for approval	Technical Director	

### 1.3 The Management is involved in conducting business with conventional reinsurance companies.

Risk Rating: Moderate		
Observation	Impact	Recommendation
<p>Upon reviewing the list of re-insurance companies that the Company re-insured with last year, we noticed that the management signed agreements with SCOR, Deutsche Re, R+V, Helvetia, New Re, Africa Re, and CCR Re etc... which are conventional re-insurance providers. However, the Shari'a auditor was unable to obtain permission or approval from the SSC for the management to re-insure their activities with conventional re-insurance companies.</p>	<p>The Management's current practice is not aligned with the directives and guidelines issued by the Shari'a Supervisory Committee (SSC), as the management is required to engage with Re-Takaful or Shari'a compliant reinsurance companies. If the company is unable to find suitable coverage from a Shari'a compliant reinsurance provider, they should formally request exceptional approval from the SSC.</p>	<p>The management is advised to compile a comprehensive list of reinsurance companies and submit it to the Shari'a Supervisory Committee (SSC) for their approval. Furthermore, the management should make efforts to transition towards Shari'a compliant reinsurance companies or Retakaful companies whenever feasible. In addition, it is crucial for the management to establish a robust control system that ensures all future reinsurance activities receive prior approval from the SSC.</p>
Reference		
<ul style="list-style-type: none"> <li>&gt; According to AAOIFI Shari'a Standard No. (41) Islamic Reinsurance (3/2),</li> <li>&gt; In compliance with the professional Auditing standards outlined by AAOIFI Governance Standards [GSIFI 2],</li> <li>&gt; In accordance with Article 4.2 of the SSC charter,</li> </ul>		
Root Cause		
<p>Engaging with conventional reinsurers contradicts the Shari'a standards and guidelines established by the Shari'a Supervisory Committee (SSC). Furthermore, the permission or approval from the SSC to enter into agreements with these conventional reinsurance companies was not presented to the Shari'a auditors.</p>		
Management Response	Responsibility	Target Date
<p>The management has noted the above mentioned recommendation made by the Shari'a audit team and list of reinsurers will be presented to the Shari'a Supervisory Committee for approval</p>	<p>Technical Director</p>	

### 1.4 When feasible, the management should strive to expand the utilization of Shari'a compliant reinsurance

Observation	Risk Rating: Low	
	Impact	Recommendation
<p>After examining the re-insurance companies that the company utilized last year, we have discovered a limited number of Shari'a compliant reinsurance providers. The management exclusively engaged with Saudi re and Hannover Re (which offers takaful).</p> <p>Although it is recognized that the Shari'a compliant reinsurance market may not currently have the capacity to fully cover all of the company's risks due to various factors, we urge the management to make every effort to increase the use of Shari'a compliant reinsurance whenever feasible.</p>	<p>The utilization of conventional reinsurance companies contradicts the directives and guidelines set forth by the SSC.</p> <p>To adhere to these guidelines, the management should prioritize the use of Shari'a compliant reinsurance and consider dealing with Re-Takaful or other Shari'a compliant reinsurance providers whenever feasible.</p>	<p>It is recommended that the management prioritize the use of Shari'a compliant reinsurance providers or Retakaful companies whenever feasible.</p> <p>Furthermore, the implementation of a control system could assist in increasing the utilization of Shari'a compliant reinsurance as much as possible.</p>
Reference		

- > **The AAOIFI Shari'a Standard No. (41) Islamic Reinsurance (3/2)**
- > **As per the professional Auditing standards laid down by AAOIFI Governance Standards [GSIFI 2]**
- > **In accord to the SSC charter Article 4.2**

**Root Cause**

The primary cause of the issue is the use of conventional reinsurers, which does not align with the Shari'a standards and SSC guidelines. However, the management received Dharora approval from the SSC to utilize the mentioned conventional reinsurance companies for their activities. As a result, the management is urged to prioritize the use of Shari'a compliant reinsurance whenever possible to address this issue.

Management Response	Responsibility	Target Date
The management has noted the above mentioned recommendation made by the Shari'a audit team and will do its best to implement this as feasible as possible.	Technical Director	

### 1.5 Insurance product has not yet undergone review or approval by the current members of the Shari'a Supervisory Committee (SSC)

Observation	Risk Rating: Moderate	
	Impact	Recommendation
This year the audit report highlighted one product that was not reviewed and approved by the SSC. The same product (refer to <b>Appendix 2, Table 2</b> ) has been found to have been introduced or implemented without undergoing the necessary review and approval from the SSC.	The failure to provide the requested documents to the SSC members poses a risk to the overall compliance and assurance of the organization's operations from a Shari'a perspective. Without the necessary document review and certification, it becomes difficult to ascertain the organization's adherence to Shari'a principles and regulatory guidelines.	Request to promptly submit the requested documents to the SSC, ensuring that they are complete and accurate, for their review and approval.  The management should establish robust mechanisms to ensure all future products undergo a rigorous review process by the SSC before being introduced to the market. This includes clearly defined procedures for product evaluation, approval, and monitoring to prevent similar oversights.
Reference		

- > In compliance with the professional Auditing standards outlined by AAOIFI Governance Standards [GSIFI 2],
- > In accordance with Article 4.2 of the SSC charter,

#### Root Cause

The insurance product is still pending review and approval by the current members of the Shari'a Supervisory Committee (SSC). Therefore, the management is currently using document versions that have not been approved by the current Shari'a Supervisory Committee (SSC).

Management Response	Responsibility	Target Date
The management has noted the above mentioned recommendation made by the Shari'a audit team and the mentioned products will be presented to the Shari'a Supervisory Committee for approval.	Technical Director	



# Appendix I

<b>Table 1: Investments</b>		2024	%
Total SH Conventional Investments & Deposits	SAR 14,791,962.75		5%
Total SH Islamic Investments & Deposits	SAR 203,379,748.64		70%
Total PH Conventional Investments & Deposits	SAR -		0%
Total PH Islamic Investments & Deposits	SAR 74,000,007.00		25%
<b>Total</b>	<b>SAR 292,171,718.39</b>		<b>100%</b>
	<b>Amount</b>	<b>%</b>	<b>Threshold</b>
Total Conventional Investments	SAR 14,791,962.75	4%	33%
36 Month Market Cap	420,067,523.68		
Non-Permissible Income (Purification)	SAR 34,526.40	0.008%	5%
Total Revenues	SAR 429,419,000.00		
Total Number of Shares	30,000,000		
Purification Per Share	0.0001		

<b>Table 2: NPIN</b>	
SABIC	SAR 14,882.62
Saudi Aramco	SAR 4,186.19
Ethad Etisalat	SAR 15,457.59
<b>Total</b>	<b>SAR 34,526.40</b>

# Appendix II

## Insurance products List

**Table: 1**

No	Certificate Ref No	Product Name	Status
1	GGI-2446-40-04-02-23	Comprehensive insurance for private car insurance	Approved
2	GGI-2445-39-03-02-23	Motor Insurance policy	Approved
3	GGI-2443-38-02-02-23	Property All Risk ABI (Material Damage and Consequential Loss)	Approved
4	GGI-1331-28-28-12-19	Property All Risk (ABI -MD)	Approved
5	GGI-2433-37-01-01-23	company Announcement review report	Approved
6	GGI-2226-36-01-05-22	Polies & Procedures	Approved
7	GGI-1384-35-02-01-20	Marine Single Shipment	Approved
8	GGI-1336-33-33-12-19	Workmen s Compensation	Approved
9	GGI-1335-32-32-12-19	Truckmen Cargo Liability	Approved
10	GGI-1334-31-31-12-19	Travel Insurance	Approved
11	GGI-1333-30-30-12-19	Stevedoring Liability	Approved
12	GGI-1332-29-29-12-19	Property All Risks - LM7	Approved
13	GGI-1330-27-27-12-19	Property All Risks - ABI	Approved
14	GGI-1329-26-26-12-19	Personal Accident - individual	Approved
15	GGI-1328-25-25-12-19	Personal Accident - group	Approved
16	GGI-1327-24-24-12-19	Motor Comprehensive - Commercial	Approved
17	GGI-1326-23-23-12-19	Motor Comprehensive	Approved
18	GGI-1325-22-22-12-19	Motor - TPL	Approved
19	GGI-1324-21-21-12-19	Money Insurance	Approved
20	GGI-1323-20-20-12-19	Medical Malpractice	Approved
21	GGI-1322-19-19-12-19	Medical Expenses Insurance	Approved
22	GGI-1321-18-18-12-19	Marine Open Policy	Approved
23	GGI-1320-17-17-12-19	Marine Land Transit	Approved

24	GGI-1319-16-16-12-19	Marine Hull Yacht	Approved
25	GGI-1318-15-15-12-19	Marine Hull & Machinery	Approved
26	GGI-1317-14-14-12-19	Marine Cargo	Approved
27	GGI-1316-13-13-12-19	Machinery Breakdown	Approved
28	GGI-1315-12-12-12-19	Loss of Profit following Machinery Breakdown	Approved
29	GGI-1314-11-11-12-19	Jewellery All Risk	Approved
30	GGI-1313-10-10-12-19	Jewelers Block	Approved
31	GGI-1311-08-08-12-19	Fire Insurance	Approved
32	GGI-1310-07-07-12-19	Fidelity Guarantee	Approved
33	GGI-1309-06-06-12-19	Erection All Risks	Approved
34	GGI-1308-05-05-12-19	Electronic Equipment	Approved
35	GGI-1307-04-04-12-19	Deterioration of Stock in Cold Storage	Approved
36	GGI-1306-03-03-12-19	Contractors Plant & Machinery	Approved
37	GGI-1305-02-02-12-19	Contractors All Risks	Approved
38	GGI-1304-01-01-12-19	Commercial General Liability	Approved
39	GGI-1383-34-01-01-20	Burglary	Cancelled
40	GGI-1312-09-09-12-19	Group Life	Cancelled
41	GGI-3980-29-01-08-24	Auto Risk (Commercial Vehicles) Insurance Product	Approved
42	GGI-3981-30-02-08-24	Professional Indemnity (Architects & Civil Engineers) Insurance Products	Approved
43	GGI-3982-31-03-08-24	Directors & Officers Liability Insurance Products	Approved
44	GGI-3983-32-04-08-24	Visitor Insurance Products	Approved

**Table2: Product not reviewed by the SSC**

No	Product Name	SAMA ID	Management Response
1	Domestic Contract Worker	F-GGEN-1-I-24-037	

Table3: Audited products samples				
No	Plan Type Name	Shari'a opinion reference	Policy Number	Shari'a Auditor note
1	MACHINERY BREAKDOWN	GGI-1316-13-13-12-19	210-MB-2024-11478863-000	No certificate number and no SSC required changes applied to the documents
2	CONTRACTORS ALL RISKS POLICY	GGI-1305-02-02-12-19	100-CW-2025-11575476-000	No certificate number and no SSC required changes applied to the documents
3	CONTRACTORS PLANT & EQUIPMENT POLICY	GGI-1306-03-03-12-19	100-PE-2024-11578261-000	No certificate number and no SSC required changes applied to the documents
4	ERECTION ALL RISKS POLICY	GGI-1309-06-06-12-19	310-EW-2025-11624077-000	No certificate number and no SSC required changes applied to the documents
5	ELECTRONIC EQUIPMENT POLICY	GGI-1308-05-05-12-19	100-EE-2023-10979435-000/R02	No certificate number and no SSC required changes applied to the documents
6	PROPERTY ALL RISK (ABI) + BI POLICY	GGI-1330-27-27-12-19	100-BI-2023-10976936-000/R02	No certificate number and no SSC required changes applied to the documents
7	PROPERTY ALL RISK (LM7) + BI POLICY	GGI-1332-29-29-12-19	100-BI-2025-11592465-000	No certificate number and no SSC required changes applied to the documents
8	FIRE POLICY	GGI-1311-08-08-12-19	100-FP-2023-11001341-000/R0	No certificate number and no SSC required changes applied to the documents
9	PROPERTY ALL RISKS POLICY	GGI-2443-38-02-02-23	100-PR-2025-11591510-000	No certificate number and no SSC required changes applied to the documents
10	FIDELITY GUARANTEE POLICY	GGI-1310-07-07-12-19	100-FG-2025-11586495-000	No certificate number and no SSC required changes applied to the documents
11	MONEY INSURANCE POLICY	GGI-1324-21-21-12-19	100-MI-2025-11611416-000	No certificate number and no SSC required changes applied to the documents

12	WORKMENS COMPENSATION POLICY	GGI-1336-33-33-12-19	100-WC-2024-11252402-000/R01	No certificate number and no SSC required changes applied to the documents
13	DIRECTORS & OFFICERS LIABILITY POLICY	GGI-3982-31-03-08-24	210-DO-2024-11491913-000	No certificate number and no SSC required changes applied to the documents
14	PERSONAL ACCIDENT POLICY	GGI-1329-26-26-12-19	310-GA-2022-10962081-000/R02	No certificate number and no SSC required changes applied to the documents
15	MARINE YACHT POLICY	GGI-1319-16-16-12-19	100-AR-2024-11562500-000	No certificate number and no SSC required changes applied to the documents
16	MARINE HULL POLICY	GGI-1318-15-15-12-19	100-MH-2025-11572754-000	No certificate number and no SSC required changes applied to the documents
17	MARINE CARGO POLICY	GGI-1317-14-14-12-19	100-CM-2025-11634842-000	No certificate number and no SSC required changes applied to the documents
18	FIDELITY GUARANTEE	GGI-1310-07-07-12-19	0125/10/250011	No certificate number and no SSC required changes applied to the documents
19	MOTOR COMPREHENSIVE (RETAIL PRIVATE) POLICY	GGI-1326-23-23-12-19	20-PCI-2024-896719-000	No certificate number and no SSC required changes applied to the documents
20	Motor Comprehensive (HVV) Policy Schedule	GGI-1326-23-23-12-19	20-PCI-2025-943349-000	No certificate number and no SSC required changes applied to the documents

# Appendix III

## Assumptions

- > Our Shari'a Audit is based upon the assumption that:
- > All signatures and seals on all documents reviewed by us are genuine, all documents provided to us as certified copy or copy documents (whether provided in hard copy or electronically) are complete and conform to the originals approved by the Shari'a Supervisory committee, and all documents submitted to us as originals are genuine and complete and all translations are accurate translations of the original text thereof.
- > All documents examined by us are and remain up-to-date and effective and have not been amended or supplemented.
- > Neither the Company nor its division is carrying out activities that breach guidelines issued by the relevant central authority or other competent authority in the country.
- > The documents which we have examined and audited, and on which we base this report, are in the form in which the documents were executed.
- > Any translated document that we have reviewed is an accurate translation of the original text thereof.
- > Each statement of fact made to us by or on behalf of the Company or any of its employees or otherwise contained in the audited documents remains true, complete, and accurate in all material respects.