

Annual Report

AXA COOPERATIVE INSURANCE COMPANY
FOR THE YEAR ENDED DECEMBER 31, 2020

BOARD OF DIRECTORS AND COMMITTEES

Board of Directors	
Mr. Yousef Abalkhail	Chairman & Independent Director
Mr. Nicolas De Nazelle	Vice Chairman & Non-Executive Director
Mr. Paul Adamson	Executive (Managing) Director
Mr. Ali Abdulla Kanoo	Non-Executive Director
Mr. Stephen Wagstaff	Non-Executive Director
Mr. Hani Al Obaid	Independent Director
Mr. Omar Al Jeraisy	Independent Director
Vacant*	Non-Executive Director

*Mr Wilm Lagenbach resigned from the membership of the Board of Directors on 31 July 2019 and position has been vacant.

COMMITTEES OF THE BOARD AS AT DECEMBER 31, 2020

AUDIT COMMITTEE

Dr. Mazen Hassounah (Chairman & non-member)
Saleh Al Fadhel
Hani Al Obaid

INVESTMENT & ALM COMMITTEE

Erick Decker (Chairman & non-member)
Sergios Voskopoulos
Omar Al Jeraisy
Babar Ali Khan

REMUNERATION COMMITTEE

Hani Al Obaid (Chairman & Independent Director)
Despo Michaelides
Omar Al Jeraisy

EXECUTIVE COMMITTEE

Paul Adamson (Chairman & Executive Director)
Gary Lewin¹
Babar Ali Khan
Akram Tairi
Suhaib Al Zaid

RISK MANAGEMENT COMMITTEE

Marc Audrin (Chairman & non-member)
Stephen Wagstaff (Board member)
Hani Al Obaid (Board member)

¹ Mr. Gary Lewin Passed away on March 12,2021

CHIEF EXECUTIVE OFFICER

Gary Lewin²

CHIEF FINANCIAL OFFICER

Babar A. Khan

BOARD SECRETARY

Khalid Al-Shuwaier

REGISTERED HEAD OFFICE (as at Dec 31, 2020)

Kanoo Tower, 2nd Floor

King Abdul Aziz Road

P.O. Box No.753, Riyadh 11421

Saudi Arabia

Telephone: + 966 11 477 6706

Telefax: + 966 11 478 0418

² Mr Gary Lewin Passed away on March 12 ,2021

AUDITORS

PricewaterhouseCoopers
15th & 19th Floors
Al-Hugayet Tower
King Fahd Road
Al Khobar
Kingdom of Saudi Arabia

And

Al Kharashi & Co Al Manfaluti Street, Malaz Area
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Riyadh
Kingdom of Saudi Arabia

BRANCHES**CENTRAL PROVINCE OFFICE**

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Telefax: +966 11 478 04 18

WESTERN PROVINCE OFFICE

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REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

The Board of Directors (BOD) of AXA Cooperative Insurance Company ("AXA" or the "Company") have the pleasure of presenting the 11th Annual Report accompanied by the audited financial statements for the year ended December 31, 2020, and the notes to the financial statements. This report is a presentation of the most significant developments, financial results, operational activities and disclosures based on regulations.

1. PRINCIPAL ACTIVITY

AXA Cooperative Insurance Company is a public listed Saudi Joint Stock Company registered in Saudi Arabia. The Company was incorporated vide Ministerial Order No Q/192, dated 10 Jumada II 1430H, corresponding to June 3, 2009 (date of incorporation). The Company is registered in Riyadh with the Ministry of Commerce and Industry under commercial registration No. 1010271203 dated 20 Rajab 1430H, corresponding to July 13, 2009. The Company's registered address is P.O. Box 753, Riyadh 11421, Kingdom of Saudi Arabia. The principal activity of the Company is insurance and reinsurance (inward) business in the Kingdom of Saudi Arabia according to cooperative insurance principles as provided in Saudi Arabia Cooperative Insurance Laws & Regulations issued by the Saudi Central Bank ("SAMA"). The Company obtained its licence from SAMA to practice general and medical insurance and reinsurance business in the Kingdom of Saudi Arabia vide license No. TMN/25/20101, dated 11 Safar 1431H (corresponding to January 26, 2010).

The Company provides diversified products in various classes including Engineering, Fire and Property, Marine (Cargo), Motor, Health and Group & credit Life insurance. The Company's Head Office is based in Riyadh with three regional branches in Riyadh, Jeddah and Al Khobar and Points of Sale spread across Central, Eastern and Western Province. The Company has no subsidiaries or associates operating inside or out of the Kingdom.

2. SIGNIFICANT DEVELOPMENTS AND FUTURE PROSPECTS

a) Significant developments in the Company in 2020

- AXA Cooperative Insurance Company ("AXA CIC") has been notified by its shareholder AXA Mediterranean Holding S.A. ("AXA Med") that the AXA Group has decided to sell its insurance operations in the Gulf region. Accordingly, AXA Med has entered into a share purchase agreement with Gulf Insurance Group K.S.C.P ("GIG") dated 14/04/1442H (corresponding to 29/11/2020G) to sell its insurance operations in the Gulf region, which includes the sale of its 18% shareholding in AXA CIC at a price of SAR 24.23 per share (being USD 6.46 per share converted into SAR at a rate of 3.75 SAR per USD). As part of the overall transaction in the Gulf region, GIG will also acquire 100% of the share capital of AXA Insurance (Gulf) B.S.C in Bahrain (which is a 50:50 joint venture between the AXA Group and YUSUF BIN AHMED KANOO COMPANY W.L.L), which owns 32% of the share capital of AXA CIC at an equivalent value of SAR 24.23 per share.
- The company deployed all necessary business continuity measures during the year to manage COVID-19 circumstances. All operations of the Company were operative during lock down period.
- In accordance with instructions of Saudi Central Bank, the Company provided free 2 months extensions to its customers.
- In accordance with Cooperative Insurance Law and its Regulations, the Company has distributed SR 9,679 thousand as surplus to policyholders.

- The Company renewed its accreditation from the Council for Cooperative Health Insurance (CCHI) during the year.
- The Company completed the review of its pricing exercise for motor and health insurance in accordance with regulatory requirements.
- Saudisation remained a key focus for the Company. The Company's Saudisation ratio is currently above 75% and AXA is further investing in promoting Saudi nationals in key positions.
- The Company implemented several initiatives scheduled in line with its growth strategy.
- The Company has taken various initiatives to enhance customer journey with focus on customer care.
- Company laid down learning and development program with aim to enhance insurance skills of Saudi Nationals.
- The company has moved to new head office in 2020 located on King Abdullah road.

b) Future prospects, plans and strategy

The Board of Directors have ratified the business strategy of the Company aimed at the enhancement of the Company's competitive capabilities to increase its market share. The Company has prepared its plan to further improve its infrastructure and various other initiatives to support growth and profitability.

The Company is well positioned for further growth and investment to provide a superior service to its customers and distributors, in line with its strategy. The Company has also obtained the approval for launching key products in the market.

The company is investing further in the development of its centralised platforms to manage Healthcare and Motor claims including toll free numbers to better serve its clients' needs. A Call Centre has been established to serve individual customers and further investments has been made in 2020 to enhance the Call Centre facilities. The Company also continued to invest in digital space to provide online services to its customers with ambition to become innovative insurer. The Company will continue to explore into new business segments to increase its market share with focus on sustainable and profitable growth.

3. Risk management

a) Risk governance

The Company's risk governance is established in a set of policies, procedures and controls, which use the existing organisational structure to meet strategic objectives. The Company's philosophy revolves on willing and knowledgeable risk acceptance commensurate with the risk appetite and strategic plan approved by the Board of Directors of the Company. Risk Management function is carried out by "Risk Management Committee".

The Company is exposed to credit, liquidity, market, insurance and operational risks.

Risk management structure

Board of Directors

The apex of risk governance is the centralised oversight of the Board of Directors providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

Risk Management Committee

The Committee is the operating governance body overseeing all main risks (insurance, financial, operational, and all other potential risks) and acts as the main decision-making risk body.

- Identifying risks that may imperil the Company and maintaining an acceptable risk profile for the Company;
- Overseeing the risk management system and assessing its effectiveness;
- Defining a comprehensive risk management strategy for the Company, overseeing its implementation, and reviewing and updating it on a regular basis by taking into account developments that are internal and external to the Company;
- Setting and periodically reviewing risk management policies;
- Re-evaluating the Company's tolerance for, and exposure to, risk on a regular basis (e.g., through stress testing exercises);
- Reporting to the Board details of risk exposures and recommending actions to manage them.
- Advising the Board on issues related to risk management;
- Setting the Risk appetite for the company and periodically reviewing the same;
- Reporting any breach of risk management to the Board;
- Reviewing the adequacy of the reinsurance arrangements of the company; and
- Facilitating implementation of a risk culture throughout the company.

Senior Management

Senior management is responsible for the day to day operations towards achieving the strategic goals within the Company's pre-defined risk appetite.

The Risk Manager

The Risk Manager, being part of the overall risk management governance structure, is responsible for coordinating all activities relating to risk management. He is part of the risk management committee and has full access to Audit Committee. The risk management committee reports to the Board of Directors. .

The risks faced by the Company and the way these risks are mitigated by the management are summarised below.

b) Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claim payments or the timing thereof may differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent developments of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The risk is further reduced by careful selection and implementation of underwriting strategy guidelines, structured claims management, quarterly review of reserves as well as the use of reinsurance arrangements.

c) Accident, Liability and Motor

Accident and Liability

The accident category includes personal accident insurance, money insurance, business all risk insurance and business travel insurance. Liability insurance includes general third-party liability, product liability and workmen's compensation/employer's liability protection arising out of acts of negligence during their business operations.

Motor

Motor insurance is designed to compensate policy holders for damage suffered to their vehicles or liability towards third parties arising through accidents. Policyholders could also receive compensation for fire damage or theft of their vehicles.

For accident, liability and motor policies the main risks are claims for death and bodily injury and the replacement or repair of vehicles. The Company has observed significant increases in the amount awarded for blood money. The Company has well developed risk acceptance procedures based on critical underwriting factors such as driver's age, driving experience and nature of vehicle to control the quality of risks that it accepts. It also has risk management procedures in place to control the costs of claims.

d) Property

Property insurance is designed to compensate the policyholders for damages suffered to properties or for the value of properties lost. Policyholders could also receive compensation for the loss of earnings caused by the inability to use the insured properties.

Significant risks underwritten by the Company are physically inspected by qualified risk engineers to make sure adequate fire protection and security measures are in place. Additionally, the Company also tracks the potential of risk accumulation.

e) Marine

Marine insurance solutions are mainly designed to compensate policyholders for accidents at sea, on land or in air resulting in the total or partial loss of their merchandise (cargo insurance).

The underwriting strategy for marine class of business ensures that coverage is provided based on the quality of vessels used and shipping routes followed. Vessel details are validated through international agencies while making the underwriting decisions.

f) Engineering

Engineering covers two principal types as summarised below:

(i) "Contractors All Risk" insurance offers insurance coverage during erection or construction of buildings or civil engineering works including houses, shops, blocks of flats, factories, roads, bridges, sewage works and reservoirs.

(ii) "Erection All Risk" insurance offers insurance coverage during the erection or installation of plant and machinery including power stations, oil refineries, chemical works, cement works, metallic structures or any factory with plant and machinery.

The Engineering line of business also offers insurance covers for machinery and electronic equipment failures.

Significant risks underwritten by the Company are physically inspected to make sure adequate fire protection, security and project management are in place.

g) Health & Protection

Health insurance is designed to cover the medical expenses incurred as a result of a disease or an illness or an injury. The policy provides the policyholder and their employees with access to first-rate medical facilities comprising of latest treatments and technologies, subject to the terms of the relevant policy and the policyholders' personal circumstances.

Protection insurance covers the risks of death or disability following accidents or illnesses and compensates the member or dependents in the event of loss.

The main risk faced in health insurance is the increase in medical costs which may exceed beyond the expectation or an increase in the claims due to exceptional events like outbreak of pandemic diseases.

The underwriting strategy includes management of exposures and concentrations within acceptable risk appetite and risk tolerance levels and optimization of reinsurance strategies through a combination of reinsurance cession with approved and well-rated reinsurers and retrocession arrangements. The Company's centralized claims management platform controls and manages its medical insurance claims.

h) Reinsurance Risk

Similar to other insurance companies, in order to minimise financial exposure arising from large claims, the Company, in the normal course of business, enters into contracts with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from increased risks and provide additional capacity for growth. A significant portion of the reinsurance is affected under treaty, facultative and excess-of-loss reinsurance contracts.

To minimise its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers. The Company only deals with reinsurers approved by the Board of Directors of the Company. The criteria may be summarized as follows:

- a) Minimum acceptable credit rating by agencies as per regulations;
- b) Reputation of particular reinsurance companies.
- c) Existing or past business relationships.

Furthermore, the financial strengths and managerial and technical expertise as well as historical performance, wherever applicable, are thoroughly reviewed by the Company before placement of reinsurance.

i) Regulatory Framework Risk

The operations of the Company are subject to regulatory requirements in the Kingdom of Saudi Arabia. Such regulations not only prescribe the approval and monitoring of activities but also impose certain restrictive provisions, e.g. capital adequacy, to minimise the risk of default and insolvency on the part of the insurance companies and to enable them to address any unforeseen liabilities if they may arise.

In management's opinion, the Company has complied with all such regulatory requirements.

j) Financial Risk

The Company's principal financial assets and liabilities are cash and cash equivalents, available-for-sale investments, statutory deposits, receivables and payables arising from insurance and reinsurance contracts, receivables from / payables to related parties and accrued and other liabilities.

Financial assets and liabilities are offset and the net amount is reported in the financial position, when there is a legally enforceable right to offset the recognized amounts and the Company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The main risks arising from the Company's financial instruments are commission rate risk, credit risk, liquidity risk and market price risks. The finance committee appointed by the Board of Directors of the Company reviews and agrees policies for managing each of these risks which are summarised below.

Commission Rate Risk

Commission rate risk arises from the possibility that changes in commission rates will affect future profitability or the fair values of financial instruments. The Company is exposed to commission rate risk on its time deposits, short-term deposit and available-for-sale investment. The Company limits commission rate risk by monitoring changes in commission rates. The Company does not have any interest bearing liabilities.

Credit Risk

Credit risk is the risk that one party to a financial transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company only enters into insurance and reinsurance contracts with recognised and credit worthy parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables from insurance and reinsurance contracts are monitored on an ongoing basis in order to reduce the Company's exposure to bad debts. The Company limits its credit risk with regard to time deposits by dealing with reputed banks only.

The Company limits its credit risk with respect to agents and brokers by setting credit limits for individual agents and brokers and monitoring outstanding receivables.

There are no significant concentrations of credit risk within the Company.

Liquidity Risk

Liquidity risk, also referred to as funding risk, is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with insurance contracts. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Management monitors liquidity requirements on a regular basis and ensures that sufficient funds are available to meet any commitments as they arise. The Company has sufficient liquidity and, therefore, does not resort to borrowings in the normal course of business.

All significant financial liabilities of the Company are due within one year of the date of the statement of financial position.

Market Price Risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. Available for sale investments of the Company are exposed to market risk.

Market risk is limited by investing in companies with good credit rating. In addition, the key factors that affect the market are monitored, including operational and financial performance of the company.

k) Capital Risk Management

The Company's objectives when managing capital are:

- To comply with the insurance capital requirements as set out in the Law. The Company's current paid up capital is in accordance with Article 3 of the Law;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

The Company meets the solvency requirements as at December 31, 2020.

I) Fair Value of Financial Assets and Liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable and willing parties in an arm's length transaction. The Company's financial assets consist of cash and cash equivalents, receivables, investments, accrued income and financial liabilities consisting of payables and accrued expenses. The fair values of financial assets and liabilities are not materially different from their carrying values at the statement of financial position date. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the identical assets or liabilities (i.e. without modification or repackaging). Level 2: quoted prices in active markets for similar financial assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and Level 3: valuation techniques for which any significant input is not based on observable market data.

4. COMPANY'S FINANCIAL PERFORMANCE

a) Basis of preparation of the Financial Statements

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as required by Implementing Regulations issued by SAMA.

The basis of preparation of the financial statements and significant accounting policies are explained in further detail in notes to the financial statements.

b) Written Premiums

Motor and Medical are major lines of business which are consistent with the overall insurance market in the Kingdom of Saudi Arabia. The distribution of premiums written during the year ended at December 31, 2020 (in thousand Saudi Riyals) is as follows:

Segment	2020	2019	2018	2017	2016
	SR'000				
Accident and Liability	37,748	34,136	24,273	26,693	20,704
Motor	746,764	803,675	899,230	1,022,646	646,556
Property	104,054	77,955	62,795	71,314	59,894
Marine	45,818	45,414	51,164	51,200	45,549
Engineering	43,289	32,694	27,572	34,713	30,927
Other General Insurance	1,395	10,787	9,832	5,642	10,295
Health	392,819	389,529	357,623	265,866	319,719
Protection	45,940	15,587	13,371	21,403	20,331
Total	1,417,826	1,409,777	1,445,860	1,499,477	1,153,974

The Company's business is conducted in the Kingdom of Saudi Arabia. The regional premium breakdown is provided below.

c) Geographical Analysis

The Company Head Office is in Riyadh with three regional offices in Riyadh, Jeddah and Al Khobar and Points of Sale spread across Central, Eastern and Western Province.

The geographical mix of the Company's business is as follows:

Region	2020	2019	2018	2017	2016
	SR'000				
Central Region	625,559	540,324	482,281	484,573	403,010
Western Region	506,813	602,454	689,238	792,951	539,411
Eastern Region	285,454	266,998	274,341	221,953	211,553
Total	1,417,826	1,409,777	1,445,860	1,499,477	1,153,974

d) Total Revenue

The Company's total revenues for the year ended 31 December 2020 amounted to SR 1,228 on compared to SR 1,264 million in the previous year. Consistent with GWP, motor and medical insurance remained the largest contributor in the revenue. The segmental analysis of the total revenues for the year is as follows:

Operating segment	2020	2019	2018	2017	2016
	SR'000				
Accident and Liability	32,043	25,214	22,108	22,325	25,748
Motor	724,200	771,108	826,833	846,110	608,751
Property	53,276	37,363	31,096	28,323	26,351
Marine	38,212	34,721	33,888	30,417	30,785
Engineering	20,599	17,727	18,548	23,286	20,433
Other General Insurance	1,738	10,097	10,541	5,452	3,798
Health	383,566	355,927	318,811	291,253	332,721
Protection	24,026	11,697	12,211	17,018	15,293
Total	1,227,660	1,263,854	1,274,036	1,264,184	1,063,880

e) Claims cost

The decrease in net claims incurred is a result of changes in insurance portfolio of the Company. The analysis of claims cost is as follows:

Description	2020	2019	2018	2017	2016
	SR'000				
Gross Claims Paid	824,945	887,351	912,574	911,992	801,969
Net Claims Paid	798,457	863,840	825,739	839,534	765,291
Net Claims Incurred	879,321	940,915	968,355	993,946	861,215

f) Other costs and Expenses

The movement in Policy acquisition cost and other general expenses for insurance operations is consistent with overall premiums and operations of the Company. Comparative information is as follows:

Description	2020	2019	2018	2017	2016
	SR'000				
Policy Acquisition Costs	107,691	92,166	102,504	104,239	72,378
General and Administrative Expenses	165,884	165,278	163,534	133,713	107,408

g) Surplus from insurance operations

The surplus in insurance operations increased compared to previous year mainly on account of improvement in overall loss ratio. Comparative information is presented below:

Description	2020	2019	2018	2017	2016
	SR'000				
Surplus / (Deficit) from Insurance Operations	165,613	97,158	74,322	55,304	39,430

As per Implementing Regulations, the Company has allocated 10% the surplus from insurance operations to the policyholders' surplus funds. Distribution of the surplus for 2020 will be made in accordance with the SAMA rules on Policyholders Surplus Distribution. Customers have been notified through website of the Company and email.

h) Insurance operations Investment income

Comparative information on investment income of policyholders is as follows:

Description	2020	2019	2018	2017	2016
	SR'000				
Insurance Operations Investment Income	41,549	32,025	34,682	23,018	16,551

i) Shareholders' Operations Investment Income

Comparative information on investment income of shareholders is as follows:

Description	2020	2019	2018	2017	2016
	SR'000				
Shareholders' Operations Investment Income	19,514	22,706	11,447	12,165	8,929

j) Net Income

Profit before zakat and tax has increased from SR 108 million to SR 167 million. Zakat and tax is computed in accordance with rules laid down by the General Authority of Zakat & Taxation (GAZT). Unrealized gain (loss) represent the gain / (loss) on investments held under shareholders' operation. Performance share re-measurement reserves are recorded for Performance Shares Incentive Scheme in accordance with IFRS 2. Comparison of the net and comprehensive income is as follows:

Description	2020*	2019*	2018	2017	2016
	SR'000				
Shareholders' Net Income for the Year	166,836	108,474	76,426	60,187	42,677
Zakat and Taxes	(28,335)	(21,787)	(17,433)	(15,125)	(12,587)
Total income attributable to shareholders	138,501	86,687	58,993	45,062	30,090
Net change in fair value available for sale	21,978	33,225	(6,538)	(1,094)	813
Total Comprehensive Income for the Year	160,479	119,912	52,633	43,854	30,448

*Year 2019 and 2020 are full comprehensive income for both shareholders and policyholders.

k) Financial Highlights

Summarized financial position for 5 years is as follows:

Description	2020	2019	2018	2017	2016
	SR'000				
Gross Written Premium	1,417,826	1,409,777	1,445,860	1,499,477	1,153,974
Net Premium Written	1,288,241	1,321,723	1,295,375	1,299,874	1,060,142
Net Earned Premium	1,264,916	1,251,712	1,248,428	1,238,120	1,048,999
Total Revenues	1,277,660	1,263,854	1,274,034	1,264,184	1,063,880
Gross Claims Paid	824,945	887,351	912,574	911,992	801,969
Net Claims Incurred	879,321	940,915	968,355	993,946	861,215
Total Cost and Expenses	987,012	1,033,081	1,070,860	1,231,898	1,041,001
(Deficit) Surplus from Insurance Operations	165,613	97,158	74,323	55,304	39,430
Net Shareholder's Income (before Zakat and Income Tax)	166,836	108,474	76,426	60,187	42,677
Earnings per share	2.77	1.73	1.18	1.34	0.95

Summary of Assets and Liabilities

Description	2020	2019	2018	2017	2016
	SR'000				
Insurance operations' assets					
Cash and Cash Equivalents	278,949	209,030	46,064	117,776	132,662
Insurance Operation Investments	1,214,051	1,121,392	1,100,418	923,005	597,384
Receivables-net	214,308	190,435	196,334	153,398	122,672
Other Insurance Operations' Assets	281,253	250,276	226,404	238,083	186,034
Total insurance Operations' Assets	1,988,561	1,771,133	1,569,220	1,432,262	1,038,752
Shareholders' Operations Assets					
Cash and Cash Equivalents	52,087	25,810	-	-	-
Shareholders' Operation Investments	619,668	533,931	485,625	396,973	396,716
Statutory Deposit	50,000	45,000	45,000	45,000	45,000
Other Shareholders; Operations Assets	181,941	141,265	107,946	132,561	79,673
Total Shareholders' Operations' Assets	903,696	746,006	638,571	574,534	521,389
Total Assets	2,892,257	2,517,139	2,207,791	2,006,796	1,560,141
Insurance operations liabilities					
Reinsurers' balance payable	41,066	27,294	51,134	59,093	33,547
Technical Reserves	1,544,945	1,423,668	1,286,204	1,110,316	852,871
Other Insurance Operation's Liabilities	376,011	306,611	238,363	255,919	145,019
Total Insurance operation liabilities	1,962,022	1,757,573	1,575,701	1,432,262	1,038,752
Shareholders' Operations Liabilities	59,333	49,754	42,208	30,789	21,840
Shareholders' Equity & statutory deposit	844,363	696,252	596,363	543,745	499,549
Insurance operations' equity	26,539	13,560	(6,481)	-	-
Total Insurance operations and Shareholders' Equity and Liabilities	2,892,257	2,517,139	2,207,791	2,006,796	1,560,141

The technical reserves are validated by the Company's appointed external actuary and reflect the developments in the insurance portfolio. The Company has major investments in various deposit schemes

offered by Saudi Arabian banks, Sukuk and bonds offered by various corporates, governments and shares listed on the Saudi Stock Exchange. Shareholder's equity has increased due to profits during the year.

I) Difference between Operating Results compared to last year

The Increase in net income before Zakat by SR 58.36 million or (53%) is attributed to improvement in overall loss ratio which improved from 75% in 2019 to 70% in 2020 mainly driven by commercial motor and other P&C lines of business. In addition, increase in investment income (Policy holders & Shareholders combined) by SR 6 million in current year compared to last year has also contributed to increase in net income.

Description	2020	2019	Variation	Variation %
	SR'000			
Net UW Surplus (net of income from policy holders' fund)	290,648	230,773	59,875	25.95
Net income before zakat & surplus	183,397	118,190	65,207	55.17
Surplus attributed to insurance operations	(16,561)	(9,716)	(6,845)	70.45
Net income before zakat	166,836	108,474	58,362	53.80
Zakat & income tax	(28,335)	(21,787)	(6,548)	30.05
Net income	138,501	86,687	51,814	59.77
Net change in fair value of investments	21,978	33,225	(11,247)	-33.85
Total comprehensive income	160,479	119,912	40,567	33.83

5. DIVIDEND POLICY

The dividend policy of the Company is set out in Article 44 of its Articles of Association. The Company is required to notify the Capital Markets Authority ("CMA") of: (i) any resolutions as to the distribution of dividends; and (ii) any recommendation to distribute dividends. Dividends shall be paid to the Shareholders at such a place and at such times as specified by the Board in accordance with the directives issued by the Ministry of Commerce and Industry and subject to the prior written approval of SAMA.

The Dividend shall be distributed as follows:

- i. The Zakat and Income Tax for the year shall be deducted from the shareholders' profit.
- ii. 20% of the net profits shall be transferred to legal reserve. The Ordinary General Meeting may discontinue such transfers when the said reserve equals the total paid up capital.
- iii. The Ordinary General Meeting shall upon a proposal of the Board of Directors, set aside an annual percentage of the net profits to form an additional reserve to be allocated for a certain purpose or purposes as decided by the General Meeting. An interim payment, being not less than 5% of the paid up capital, shall be distributed to the shareholders from the remaining balance.
- iv. There shall be distributed from the balance remaining an interim payment to the shareholders being no less than 5% of the paid up capital.
- v. The balance amount shall be used for distribution to the Shareholders a share of the profits or otherwise shall be transferred to the retained earnings account.

- vi. Subject to a resolution of the Board of Directors, the Company may distribute regular profits after deducting from the annual profits as indicated in the aforesaid Paragraph (iv) according to the applicable rules issued by the concerned authorities.

The dividend decision will be based on the level of capital required by the Company to support the Company's operations, the Company's financial position, market conditions, business prospects as well as any legal and regulatory conditions.

There has been no arrangement under which any shareholder has waived any rights to dividend.

During the year the Board of Directors have recommended a dividend of SR 35 million (0.7 per share). The request of dividend was not approved due to Company's non-compliance with dividend approval process laid down by SAMA.

6. SURPLUS DISTRIBUTION TO POLICYHOLDERS

The Company has adopted the policy issued by Saudi Central Bank for policyholder's surplus distribution. During the year, the Company has distributed a surplus of SR 9,679 thousand.

The company has communicated to its policyholders regarding the distribution of 2019 surplus using electronic means.

The distribution of the surplus depends on a number of factors including profits of the company, its financial position and regulatory considerations. There is no guarantee for the regular distribution of profits and there is no guarantee for the annual distribution of profits to policyholders. The distribution of the surplus to policyholders is subject to regulatory approval.

AXA Cooperative Insurance Company operates in accordance with principles of Cooperative Insurance rules and has obtained Shariya Compliance Certificate for some of its products. The Company invests proceeds from insurance operations with various corporates and governments and not all financial instruments comply with provision of Shariya rules.

7. SHARES, OPTIONS, SUBSCRIPTION RIGHTS, DEBT INSTRUMENTS

a) Interest in class of voting shares held by person (other than issuer's Directors, Senior Executives and their spouses and minor children)

There is no individual person or company, other than AXA Insurance (Gulf) B.S.C.(c) ("AXA Gulf"), AXA Mediterranean Holding S.A. and Abdulmohsin Ibrahim Abdulmohsin Alsultan who has more than 5% interest in a class of voting shares of the Company. Further, the Company has not received any notification in pursuant of Article 30 of the Listing Regulation.

b) Interest in class of voting shares held by issuer’s Directors and their spouses and minor children

Details of the shares holding of Directors (in AXA Cooperative) is given below:

Name of beneficiary	Shares at the beginning of the year	Shares at the end of the year	Net change	Shares held as per Articles of Association*
Mr. Yousef Abalkhail	1,000	1,000	Nil	1,000
Mr. Nicolas De Nazelle	1,000	1,000	Nil	1,000
Mr. Paul Adamson	1,000	1,000	Nil	1,000
Mr. Ali Abdulla Kanoo	1,000	1,000	Nil	1,000
Mr. Stephen Wagstaff	1,000	1,000	Nil	1,000
Mr. Hani Al Obaid	1,000	1,000	Nil	1,000
Mr. Omar A. Al Jeraisy	1,000	1,000	Nil	1,000
Vacant*	1000	-	1,000	1,000

*AXA Insurance (Gulf) B.S.C. (c) pledged 8,000 shares as security shares for the Directors of the Company. The above shares have been allotted to Directors in line with Articles of Association of the Company, which requires that members of the Board shall own non-negotiable shares having a face value of Saudi Riyals 10,000.

* Mr. Wilm Lagenbach resigned as member of the Board of Directors on 31 July 2019 and position has been vacant since then.

Upon resignation, retirement or termination of any of the above Director(s), the Shares held will be transferred to the new Director(s) who is/are appointed in replacement of the Director(s) in existing Board.

c) Interest in class of voting shares held by issuer’s Senior Executives and their families

The table below shows the ownership percentage of the top executives or their family members in the Company’s shares:

Name	Title	Number of shares owned in AXA	Number of shares owned by their spouse and minor children
Paul Adamson	Director	Nil	Nil
Gary Lewin ³	Chief Executive Officer	Nil	Nil
Babar A. Khan	Chief Financial Officer	Nil	Nil
Khalid Al-Shuwaier	Company Secretary	Nil	Nil
Akram Tairi	Head of Healthcare	Nil	Nil

³ Mr Gary Lewin passed away on March 12, 2021

None of the Senior Executives, their spouses and children have any interest in the shares of the Company, except as disclosed above.

d) Borrowings, Debts, options, subscription rights, Redemption of Securities, convertible debt instrument

The Company confirms that it has neither borrowed any funds nor has issued any convertible or redeemable debt instruments, options, subscription rights, warrants or any other rights of a similar nature. The Company has no outstanding loan or redeemable or convertible debt instrument as at the end of period, nor has made any repayments of any loan or converted any redeemable or convertible debt instruments during the year.

Further, no directors, executives and their spouses or minor children have any convertible or redeemable debt instruments, options, subscription rights, loan, warrants or any other rights of a similar nature issued by the company.

e) Employee Share Plan Scheme

The Company has offered its employees a voluntary share plan scheme to subscribe to AXA Group Shares at a discount offered by AXA Group. Subscriptions are deducted from monthly salaries. AXA Cooperative made no contribution on behalf of employees and this plan has no financial impact on the financial position of the Company, with the exception of fee paid to financial advisor in Saudi Arabia. During the year, 71 employees have participated in the plan and the total contribution from employees was SR 1,298 thousand

8. RELATED PARTY DISCLOSURE

The Board of Directors or their affiliates or spouses or minor children have no direct or indirect interest in any of the transactions / contracts of the Company except for:

Transactions with Board members

Nature		Amount (SR'000)	Description	Renewal , other details
Board fee	Sitting	322	The sitting fee to the Board of Directors	The sitting fee to the Board of Directors is provided in accordance with the Articles of Association of the Company for which ratification will be sought from shareholders at the upcoming General Assembly.
Board Remuneration	Annual	1,250	The remuneration of the Members of the Board of Directors	The remuneration of the Members of the Board of Directors has been accrued in accordance with Articles of Association of the Company for which ratification will be sought from shareholders at the upcoming General Assembly.

Transactions with related parties of board members or related parties of significant shareholders

There are certain transactions entered into with entities relating to shareholders and Member of Board of Directors. These transactions have been made in normal course of business and were considered by the Board to be at arm's length basis and in the best interest of the Company. The Board of directors have not identified any conflict of interest other than related party transactions (on arm's length basis) for which ratification will be sought from General Assembly Meeting. Details of these transactions are as follows:

Nature	Amount (SR'000)	Description	Renewal , other details
Gross Written Premium	45,976	Insurance contracts issued to YBA Kanoo Group Companies (SR 20,008), Jeraisy Group (SR 25,968) and AXA Corporate Solutions (Nil). These contracts have been made in the normal course of business and on arm's length basis and some of Company's directors have interest in the entities.	These insurance contracts are issued on annual basis and are renewable.
Claims Paid	32,632	Claims paid for contracts entered with companies in which directors have interest, Kanoo (SR 13,057) Jeraisy (SR 19,575), AXA Corporate Solutions (Nil). No conflict of interest has been identified and all transaction are on arm's length basis.	These insurance contracts are issued on annual basis and are renewable.
Expenses charged by related parties	2,223	These include annual rent for Riyadh and Jeddah office, maintenance charges, car parking, employee tickets and other expenses paid to YBA Kanoo. These transactions have been made during the normal course of business and on arm's length basis; however, no conflict of interest has been identified.	Rent agreements are renewable on annual basis. Other expenses are paid upon receiving invoices.
Reinsurance Ceded	91,856	Reinsurances are placed with AXA Group entities during the normal course of business and are on an arm's length basis. AXA Group is one of strategic shareholders of the Company. No conflict of interest has been identified in this regard.	These reinsurance contracts are renewable annually.
Reinsurers' share of gross Claims Paid	21,230	As a result of cession with AXA Group entities, the Company has recorded reinsurers' share of gross outstanding claims. AXA Group is one of the strategic shareholders of the Company. No conflict of interest has been identified in this regard.	These reinsurance contracts are renewable annually.
Reinsurance Commission	5,774	As a result of cession with AXA Group entities, the Company has recorded reinsurers commission on reinsurance policies. AXA Group is one of strategic shareholder of the Company. No conflict of interest has been identified in this regard.	These reinsurance contracts are renewable annually.
Savings Schemes	815	The Company has also arranged a Saving scheme for its employees with AXA Winterthur and during the year paid a contribution of SR 0.82 million. AXA Group is one of strategic shareholder of the Company. No conflict of interest has been identified in this regard.	Contribution is paid on annual basis.

<p>Performance share payment</p>	<p>573</p>	<p>AXA Group (“The Group”) has introduced a performance share based plan for employees of AXA entities world-wide which is designed to reward them for their role in achievement of the entities’ long-term objectives. This scheme incentivizes employees after completion of certain number of years with the Company, with shares of AXA SA without any cost to employee. These shares are issued outside Saudi Arabia and eligible employees have an option to convert shares into cash. The Company absorbs cost of these shares under a Group recharge arrangement paid directly to AXA SA. Company paid SR 0.57 million to AXA SA under this scheme.</p>	<p>The Company absorbs cost of these shares under a group recharge arrangement paid directly to AXA SA.</p>
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Transactions with executives

Nature	Amount (SR'000)	Description	Renewal , other details
Salaries and benefits	10,168	Salaries of executives including Chief Executive Officer and Chief Financial Officer	Salaries and remuneration are paid in accordance with the employment agreement.

In addition, the employee benefits insurance provided as part of the employment contract to executive directors and other insurance contracts are issued in the normal course of business on an arm's length basis.

Besides these, the Company confirms that, there were no contracts / transactions to which the Company was a party and in which a member of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer or any associate, spouse or minor children had a material interest.

9. OUTSTANDING STATUTORY DUES

The company has no outstanding statutory dues as of the end of the year except for the following:

Authority	Amount (SR '000)	Reason
Department of Zakat and Income Tax	50,155	Provision for Zakat, tax and withholding tax, due upon filing of return by April 30 and prior years under review with GAZT.
General Organization for Social Insurance	703	GOSI (partial) contribution for the month of December 2020 and settled in subsequent months.
Saudi Central Bank (SAMA)	5,118	Supervision fee for the fourth quarter ended December 31, 2020. Settled on quarterly basis.
Council for Cooperative Health Insurance (CCHI)	9,745	Accrual of CCHI fee, Settled on quarterly basis.

10. EMPLOYEE BENEFITS

The Company has not set up any investment fund or any reserves for the benefits of employees other than those required under the applicable laws and regulations in the Kingdom of Saudi Arabia, namely General Organization for Social Insurance (GOSI) contributions and voluntary savings scheme with AXA Winterthur. During the year the Company has paid SR 0.82 million. The employees have an option to subscribe to AXA Group Shares under the scheme of AXA Group. In addition, Performance Shares are awarded to certain employees of the Company offered by AXA Group.

11. BOOKS OF ACCOUNTS

The Company has maintained proper books of accounts as per applicable laws and regulations in the Kingdom of Saudi Arabia.

12. CORPORATE GOVERNANCE

Implementing sound corporate governance principles has been a priority at AXA. AXA's system of corporate governance is built on the central role of the Board of Directors:

- to provide strategic guidance;
- to ensure that there is transparency of operational decisions, both internal and in relation to the market;
- to have an efficient and effective internal control system;
- to regulate potential conflicts of interest.
- to make rules for transactions with related parties.

The Company ensures that there is a continuous review of practices adopted to ensure that they meet the standards set by AXA and other international standards and best practices. The Company also ensured compliance with all local laws and regulatory requirements applicable in the Kingdom of Saudi Arabia.

The Company has implemented all the provisions of the Corporate Governance Regulations issued by CMA with the exception of the following [Article 9(a)]:

i. General Rights of Shareholders [Article 3, 4(a)]

The Corporate Governance Rules entitles the shareholders certain rights attached to the shares, in particular, the right to a share of the distributable profits, the right to a share of the company's assets upon liquidation; the right to attend the General Assembly and participate in deliberations and vote on relevant decisions; the right of disposition with respect to shares; the right to supervise the Board of Directors activities and file responsibility claims against board members; the right to inquire and have access to information without prejudice to the company's interests and in a manner that does not contradict the Capital Market Law and the Implementing Rules. These rights are not specifically provided for in the By-Laws (Articles of Association) of the Company.

The Corporate Governance Regulations do not specify the number of shares which a shareholder is required to own in order to attend and vote in the General Assembly; however, the Bye-Laws of the Company require each shareholder to own at-least twenty (20) shares.

ii. Voting Rights of Shareholders [Article 6 (c)]

The Articles of Association / Bye-Laws of the Company have been drafted in accordance with SAMA requirements and allow a shareholder to appoint another person as proxy who is not a Board Member and not specifically require such person to be an employee of the Company.

iii. Investment funds [Article 6 (d)]

Article 6(d) requires that "*Investors who are judicial persons and who act on behalf of others - e.g. investment funds- shall disclose in their annual reports their voting policies, actual voting, and ways of dealing with any material conflict of interests that may affect the practice of the fundamental rights in relation to their investments*"

The above article is not applicable to the Company.

i. Minutes of General Assembly [Article 5(i)]

The Article 5(i) of the Corporate Governance Regulations has become mandatory for all listed Companies from 1/1/2013G, which enables shareholders to peruse the minutes of the meetings of the General Assembly Meeting. The Company will ensure the implementation of this rule in the upcoming shareholders' meetings. However, this rule is not specifically covered in the Articles of Association of the Company. These articles also require companies to provide minutes of the meetings to the Authority within 10 days. The Company will ensure the Compliance of this article in all upcoming shareholders' meetings.

iv. Rules for appointment of Audit Committee [Article 14 (c8)]

The article requires that the Audit Committee should review the interim and annual financial statements prior to presentation to the Board of Directors; and to give opinion and recommendations with respect thereto. During the year the Audit Committee has reviewed all financial statements and recommended to the Board for approval. In the absence of physical audit committee meeting, the members reviewed the financial statements and gave their approval by electronic means.

v. Remuneration of senior executive

The Company has not implemented CMA Article 2018-35-1 regarding remuneration paid to senior executive.

13. BOARD OF DIRECTORS AND COMMITTEES

The Company is controlled through the Board of Directors which comprises one executive and seven non-executive directors (including three independent directors). The responsibilities of the Board have been defined in the Articles of Association of the Company.

i) Composition of the Board of Directors

The Board of Directors shall be managed by eight (8) members appointed by General Assembly for a period not exceeding three years.

The composition of the Board at 31st of December is as follows:

Name of Director	Position	Classification	Representation
Yousef Abalkhail	Chairman	Independent Director	--
Nicolas De Nazelle	Vice Chairman	Non – executive Director	AXA Med nominee
Paul Adamson	Director	Executive Director / Managing Director	AXA Gulf nominee
Ali Abdulla Kanoo	Director	Non – executive Director	AXA Gulf nominee
Stephen Wagstaff	Director	Non – executive Director	AXA Gulf nominee
Vacant	Director	Non – executive Director	AXA Med nominee
Hani Al Obaid	Director	Independent Director	--
Omar Al Jeraisy	Director	Independent Director	--

The term of the current Board is expiring on 23-May-2021.

ii) **Names of Company(ies) in which Members of the Board of Directors act as a Member of Board of Directors (other than AXA Cooperative)**

Name of Director	Name of the Companies and Positions
Yousef Bin Saleh Bin Mansour Abalkhail	<ul style="list-style-type: none"> • Chairman of the board of directors of Arabian Pipes Company (listed joint stock company) • Chairman of the board of directors of Saudi Ceramics Company (listed joint stock company) • Member of the board of directors of Arabian Cement Company (listed joint stock company)
Omar A Al Jeraisy	<ul style="list-style-type: none"> • Member of the board of directors of Al Jeraisy Group Co. (limited liability company)
Ali Abdulla Kanoo	<ul style="list-style-type: none"> • Member of the board of directors of Arab Paper Manufacturing Co. (limited liability company) • Member of the board of directors of Alujain Corporation (listed joint stock company) • Member of the board of directors of Yusuf Bin Ahmed Kanoo (Holdings) W.L.L. (limited liability company) • Member of the board of directors of Baroid SA Ltd. Co. (limited liability company) • Member of the board of directors of Inspectorate International (limited liability company) • Member of the board of directors of United Arab Shipping Agencies (limited liability company) • Member of the board of directors of Yusuf Bin Ahmed Kanoo Company Ltd. (limited liability company) • Member of the board of directors of Arabian Sulfonates Co. (limited liability company)
Paul Adamson	<ul style="list-style-type: none"> • None
Nicolas De Nazelle	<ul style="list-style-type: none"> • None
Hani Obaid	<ul style="list-style-type: none"> • None
Steve Wagstaff	<ul style="list-style-type: none"> • None

None of the member of Board of Directors acts as a member in more than five Listed Joint Stock Companies in Saudi Arabia.

a) Role of the Board:

The role of the Board is to determine the Company's strategy and provide vision and entrepreneurial leadership. The Board has a formal schedule of matters reserved to it and meets a minimum of four times a year. It has the specific responsibility to approve the main objectives and the strategic plans of the company and supervising its implementation. Their responsibilities include:

- Ensuring that appropriate systems and processes are in place so that the business of the Company is properly managed in an honest, ethical, responsible and safe manner;
- Ensuring that effective audit, risk management and compliance systems are in place to protect the Company's assets and to minimise the possibility of the Company operating beyond legal requirements or beyond acceptable risk parameters;

- Approving and reviewing at least annually systems and controls framework;
- Approving and reviewing at least annually the overall business performance and strategy;
- Reviewing regularly the implementation of the strategy and operational performance;
- Analysing and reviewing material acquisitions, divestments and capital expenditure;
- Reviewing and approving the corporate plan, financial and dividend policies and the operating budget and monitor financial performance and integrity of reporting;
- Appointing, removing the Managing Director & Chief Executive Officer and oversee succession plans for the senior executive team;
- Monitoring management performance;
- Carrying out periodic evaluation of Directors;
- Acting in such a way that Board meetings and discussions promote focused debate within a supportive team atmosphere;
- Setting out clearly, and reviewing on a regular basis, who has authority to enter the Company into contractual obligations;
- Ensuring that the financial statements are prepared and which accurately disclose the financial position;
- Convening shareholder meetings;
- Monitoring conflicts of interest and prevent abusive related party transactions;
- Safeguarding and enhancing the image and reputation of the Company;
- Delegating the authorities as appropriate to Board committees or sub-committees;
- Conducting evaluation of the performance of the Board and Committees;
- Approving remuneration structure of the Company; and
- Such other responsibilities as may be delegated by the shareholders of the company or as required for the effective operation of the company.

b) Directors' Profile

Mr. Yousef Abalkhail

Position: Independent Director - non-executive member
Nationality: Saudi

Mr. Yousef Abalkhail brings over more than 30 years of experience in Entrepreneurship and Leadership with various entities in Saudi Arabia. Mr. Abalkhail holds an M Sc. in Systems Management from University of South California, USA in 1987 and B.Sc. in Computer Systems from Point Lama University, USA in 1985.

Mr. Paul Adamson

Position: Director
Nationality: British

Mr. Adamson is the Managing Director of AXA Cooperative with over 25 years' experience in the financial industry. He joined AXA (and erstwhile Norwich Union) in 2000 and has held various senior positions. Paul is an Associate Member of the Chartered Insurance Institute.

Mr. Ali Abdulla Kanoo

Position: Non- executive member
Nationality: Saudi

Mr. Ali Kanoo is currently working as Regional Director Saudi Arabia in the Yusuf Bin Ahmed Kanoo Group plus also director in different industries of the Group. He has over 10 years' experience of different industries. Mr. Ali Kanoo is a Graduate from the American University, Washington with major in Finance.

Mr. Stephen Wagstaff

Position: Non- executive member
Nationality: British

Mr. Steven Wagstaff is an Associate members of Chartered Insurance Institute and has over 30 years of experience in the field of insurance. Prior to joining Kanoo Group as Group Insurance Manager he worked as Country Manager for Bahrain in AXA Gulf.

Mr. Nicolas De Nazelle

Position: Non- executive member
Nationality: French

Mr. Nicolas is currently the Head of Corporate Finance & Strategy in AXA International Markets after serving for two years as the regional head of Corporate Finance in AXA Mediterranean & Latin American Region. Mr. Nicolas joined AXA in 2009 and has held several positions in the past 10 years. He is a Postgraduate (Finance) in Insurance and Risk Management from Dauphine University (Paris)-2009.

Mr. Hani Obaid

Position: Independent member
Nationality: Saudi

Mr. Hani Obaid has experience in financial services and wealth management and Board member for various entities. He is currently a Partner in Investcorp since April 2012. Mr. Hani is a graduate in Management of Technology.

Mr. Omar Al Jeraisy

Position: Independent member

Nationality: Saudi

Mr. Omar is currently the Deputy General Manager and also a member of the Board of Directors of the Jeraisy Group. He has been overseeing Jeraisy Group's investment in real-estate and capital markets for the past 10 years. Mr. Omar graduated in 2012 in Business Administration from Prince Sultan University. He also attended an executive education course in Strategic Investment Management from London Business School.

c) Meetings of the Board of Directors

During the period, the Board of Directors met four times. Board meetings were well attended and those attending are set out below:

Name of Director	March 9, 2020	June 25, 2020	September 28, 2020	November 24, 2020
Yousef Abalkhail	Attended	Attended	Attended	Attended
Paul Adamson	Attended	Attended	Attended	Attended
Ali Abdulla Kanoo	Attended	Attended	Attended	Attended
Steve Wagstaff	Attended	Attended	Attended	Attended
Hani Obaid	Attended	Attended	Attended	Attended
Nicolas De Nazelle	Attended	Attended	Attended	Attended
Omar Al Jeraisy	Attended	Attended	Attended	Attended

* Wilm Lagenbach resigned from the membership of the Board of Directors on 31 July 2019.

d) Compensation of the Board of Directors

The remuneration payable to the Chairman and the Directors of the Company, including the fee for attendance at Board and Committee meetings is defined in the By-Laws of the Company.

Sitting fee

A sitting fee is paid to every Director (including Chairman) for attendance of Board Meeting (SR 3,000 per meeting) and Committee meeting (SR 1,500 per committee meeting). Details of the sitting fee paid to Directors and Chairman is as follows:

Name of Director	Board meeting sitting fee	Board Committees sitting fee	Total
Mr. Yousef Abalkhail (Chairman)	12,000	0	12,000
Nicolas De Nazelle	12,000	0	12,000
Mr. Paul Adamson	12,000	0	12,000
Mr. Ali Abdulla Kanoo	12,000	0	12,000
Mr. Stephen Wagstaff	12,000	0	12,000
Mr. Hani Obaid	12,000	101,500	113,500
Omar A. Al Jeraisy	12,000	7,500	19,500

The fee will be ratified by the shareholders in the upcoming general assembly meeting. In addition to above, the Company has incurred/reimbursed other expenses incurred by directors on travelling and lodging and reimbursed by the Company. The Board has approved a specific remuneration for the members of the Audit Committee and the Management Committee of the Company.

Annual Remuneration for the Members of the Board of Directors (including Chairman)

The Company has accrued SR 150,000 for all Directors and SR 200,000 for the Chairman for the year ended December 31, 2020.

Details of the remuneration for current year is as follows:

Name of Director	2020	2019
Yousef Abalkhail (Chairman)	200,000	200,000
Nicolas De Nazelle	150,000	150,000
Paul Adamson	150,000	150,000
Ali Abdulla Kanoo	150,000	150,000
Stephen Wagstaff	150,000	150,000
Hani Obaid	150,000	150,000
Omar Al Jeraisy	150,000	150,000

The remuneration will be ratified by the shareholders in the upcoming general assembly meeting.

There were no arrangements or agreements under which a Board Member or any of Company's Senior Executives had waived any salary, remunerations or emoluments.

e) Main Decisions Adopted by the Board of Directors and review of the Company

During the year the Board has adopted the following key decisions:

- Reviewed financial performance of the Company and key business developments;
- Reviewed strategy of the Company;
- Approved of the financial statements for the year ended December 31, 2019 and interim financial statements for the quarters ended March, June and September 2020;
- Approved the strategic plan and budget for 2020 of the company;
- Approval of reinsurance arrangements;
- Review of solvency position of the Company;
- Review of technical reserving of the Company;
- Reviewed medical & motor pricing recommended by the appointed actuary;
- Reviewed updates from Board sub-committees including Audit, Investment, Executive, Nomination & Remuneration and Risk Committee;
- Reviewed update on capital increase process and utilization of proceeds;
- Reviewed update on head office of the company; and
- Received various communications from regulators.

f) Evaluation of the Board of Directors

The Company has adopted a self-evaluation method for to evaluate performance of the Board of Director. All Board members of the Board are given a checklist containing various criterion. Results of evaluation is consolidated by the Board of Directors and discussed and Nomination committee and communicated during the Board meeting.

g) Committees of the Board of Directors

The Board has set up five consultative committees with approved terms of reference and mandates to carry out the assigned functions. Some members of the committee are awaiting regulatory approval for their appointment.

These committees are:

Investment & ALM Committee

Composition

The finance and investment committee comprises of four members. The current composition of the committee is as follows:

Name	Designation	Role in Committee	Qualification & experience
Erick Decker	Non member	Chairman	Mr Decker is currently the CIO for AXA entities in the Mediterranean region including Spain, Greece, Italy, Morocco, Portugal and Turkey and Middle East and Mexico. He joined AXA in 1998 and was Head of Actuarial Banque Department at AXA France and Head of Strategic asset allocation at AXA France before taking up the current position. Mr Decker was awarded a Bachelor of Science degree in Finance from California State University in the USA in 1983 and a Master of Science in Finance from Texas Technical University in USA in 1985.
Omar Al Jeraisy	Independent Director	Member	Deputy General Manager & Member of the Board of Directors of the Jeraisy Group. Omar graduated in 2012 in Business Administration from Prince Sultan University. He also attended an executive education course in Strategic Investment Management from London Business School and an Intensive English Program from University of California in 2014.
Babar Ali Khan	Non – board member	Member	Mr. Babar began his career with PricewaterhouseCoopers in 2005 and worked in Assurance and Business

			<p>Advisory Services. During his tenure with PwC he predominantly served clients in financial services and Consumer Industrial Products & Services (CIPS). Mr. Khan joined AXA in 2010 and worked in various functions including finance Compliance, Risk and Strategy functions of the Company. Mr. Khan has strong background in business management, Insurance and Finance.</p> <p>Mr. Khan is a Graduate in Business & Commerce, Certified Practising Accountant (CPA) from Australia, Associate Chartered Management Accountant (ACMA) from United Kingdom and Associate Chartered Accountant (ACA). In addition he has various certifications namely from Chartered Insurance Institute and INSEAD.</p>
<p>Stergios Voskopoulos</p>	<p>Non – board member</p>	<p>Member</p>	<p>Mr. Voskopoulos is currently working as the Head of Investments in YBA Kanoo Group with over 20 years of experience. He leads the investments division under the asset management platform of YBA Kanoo Group including asset allocation strategy and the M&A advisory division. Prior to this position, he has held several investment roles in financial institutions such as Barclays Bank, Investcorp, SNV Capital, Seera Investment Bank and PineBridge Investments.</p> <p>Mr. Voskopoulos was awarded a Bachelor of Science (major in information science) from University of Athens and holds a master degree in business administration (major in finance and investments) from Zicklin School of Business, City University of New York.</p>

Meetings

The Finance and ALM Committee is required to meet at least four times in a year. During the year, the committee has met four times. Attendance of the meetings is as follows:

Name	Feb 18, 2020	May 12, 2020	Sep 16, 2020	Nov 10,2020
Eric Decker	Not yet a member	Yes	Yes	Yes
Omar Al Jeraisy	Yes	Yes	Yes	Yes
Babar Ali Khan	Yes	Yes	Yes	Yes
Stergios Voskoupoulos	Yes	Yes	Yes	Yes

Roles and responsibilities

- Oversee the investments of the Company;
- To review in the light of new developments in local regulations, changes in business profile of the company, its overall risk tolerance and long-term risk-return requirements, the Company's solvency position as well as the evolutions of market conditions and to make recommendations to the Board for any appropriate updates of the Policy and to take decisions on all investments of the Company in line with the Policy;
- To take decisions on all investments of the Company in line with the Policy;
- To review regularly the investments and their performance; and
- To ensure that a periodic review of the adequacy of the resources, procedures and systems for the management of investments is carried out by the Company's Senior Management and to report to the Board on any identified vulnerability or dependency.

Audit and Compliance Committee

Composition

The Audit and Compliance Committee comprises of three members. The composition of the committee is as follows (at the end of December 31, 2020):

Name	Designation	Role in Committee	Qualification & experience
Dr. Mazen Hassounah	Independent (Non-Board Member)	Chairman	Managing Partner of Mawakher Development Company Dr. Hassounah was awarded a PhD in planning from the University of Toronto in 1992 after completing an MSc in Planning from the University of Toronto in 1988 and a BSc in civil engineering from University of Petroleum and Minerals in 1982..
Mr. Saleh Al Fadhel	Independent (Non-Board Member)	Member	Mr. Saleh has vast experience in Accounting & Finance field.

			He is a Certified Public Accountant from USA & Saudi Arabia.
Hani Al Obaid	Independent Board Member	Member	Partner in Investcorp Mr. Hani is a graduate in Management of Technology from American University in Washington.

Meetings

The Audit and Compliance Committee is required to meet at least six times in a year. During the year, the committee has met six times. Attendance of the meetings is as follows:

Name	Feb 26, 2020	May 6, 2020	Aug 13, 2020	Sep 30, 2020	Nov 1, 2020	Dec 9, 2020
Dr. Mazen Hassounah	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Saleh Al Fadhel	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Hani Al Obaid	Yes	Yes	Absent	Yes	Yes	Yes

Roles and responsibilities

- To supervise the company's internal audit department and to ensure its effectiveness in executing the activities and duties specified by the Board of Directors;
- To review the internal audit procedure and prepare a written report on such audit and its recommendations with respect to it;
- To oversee the activities of Compliance Department;
- To review the internal audit reports and pursue the implementation of the corrective measures recommended in them;
- To recommend to the Board of Directors on the appointment, dismissal and the remuneration of external auditors, with due consideration to their independence;
- To supervise the activities of the external auditors and approve any activity beyond the scope of the audit work assigned to them during the performance of their duties;
- To review together with the external auditor, the audit plan and make any comments thereon;
- To review the external auditor's comments on the financial statements and follow up the actions taken about them;
- To review the interim and annual financial statements prior to presentation to the Board of Directors; and to give opinion and recommendations with respect thereto; and
- To review the accounting policies in force and advise the Board of Directors of any recommendations regarding them.

Remuneration

The Chairman of the Audit Committee is entitled to receive SR 15,000 per meeting and members of the Committee are entitled for SR 10,000 per meeting as remuneration.

Nomination and Remuneration Committee

Composition

The Nomination and Remuneration Committee comprises of three members. The current composition of the committee is as follows:

Name	Designation	Role in Committee	Qualification & experience
Hani AL Obaid	Independent Director	Chairman	Partner in Investcorp. Mr. Hani is a graduate in Management of Technology from American University in Washington.
Omar Al Jeraisy	Independent Director	Independent Director	Deputy General Manager & Member of the Board of Directors of the Jeraisy Group. Omar graduated in 2012 in Business Administration from Prince Sultan University. He also attended an executive education course in Strategic Investment Management from London Business School and an Intensive English Program from University of California in 2014.
Despo Michaelides	Non – member	Member	Ms. Despo brings along with her vast experience in the field of Human Resource. She is Chief Human Resource Officer at AXA Insurance Gulf and has been working since 2008.

Meetings

The Nomination and Remuneration Committee is required to meet at least once in a year. During the year, one meeting was held:

Name	September 27, 2020	December 29, 2020
Hani Al Obaid (Chairman)	Yes	Yes
Omar Al Jeraisy	Yes	Yes
Despo Michaelides	Yes	Yes

Roles and responsibilities

- Recommend to the Board of Directors for appointing as members of the Board in accordance with the approved policies and standards; the Committee shall ensure that no person who has been previously convicted of any offence affecting ethical behaviour or integrity is nominated for such membership;

- Annual review of the requirement of suitable skills for membership of the Board of Directors and describing the required capabilities and qualifications for such membership, including, inter alia, the time that a Board member should reserve for the activities of the Board;
- Review the structure of the Board of Directors and recommend changes;
- Determine the points of strength and weakness in the Board of Directors and recommend remedies that are compatible with the company's interest;
- Ensure on an annual basis, the independence of the independent members and the absence of any conflict of interest in case a Board member also acts as a member of the Board of Directors of another company; and
- Draw clear policies regarding the indemnity and remuneration of the Board members and top executives.

Executive Committee

Composition

The Executive Committee comprises of five members. The current composition of the committee is as follows:

Name	Designation	Role in Committee	Qualification & experience
Paul Adamson	Executive Director & Managing Director	Chairman	Paul is an Associate Member of the Chartered Insurance Institute. Mr. Adamson is the Managing Director of AXA Cooperative with over 25 years' experience in the financial industry.
Gary Lewin	Chief Executive Officer	Member	Associate Member of the Chartered Insurance Institute, London, United Kingdom (1990G). Mr. Lewin is the Chief Executive Officer of the Company and has over 25 years of experience in the insurance industry. He joined the AXA Saudi in May 2008G having had nine years' experience working in the Saudi insurance market with Tawuniya.
Babar A. Khan	Chief Financial Officer	Member	Mr. Babar began his career with PricewaterhouseCoopers in 2005 and worked in Assurance and Business Advisory Services. During his tenure with PwC he predominantly served clients in financial services and Consumer Industrial Products & Services (CIPS). Mr. Khan joined AXA in 2010 and worked in various functions including finance Compliance, Risk and Strategy functions of the Company. Mr. Khan has strong background in business management, Insurance and Finance. Mr. Khan is a Graduate in Business & Commerce, Certified Practising Accountant (CPA) from Australia, Associate Chartered Management Accountant (ACMA) from

			United Kingdom and Associate Chartered Accountant (ACA). In addition he has various certifications namely from Chartered Insurance Institute and INSEAD.
Akram Tairi	Head of Healthcare	Member	<p>Bachelor's degree in Accounting from the King Saud University Riyadh, Saudi Arabia</p> <p>Mr. Tairi joined the Company in 2013G as Head of Healthcare Operations. Prior to joining the Company, he worked at the Company for Cooperative Insurance (Tawuniya) from 1994G to 2007G, Najm for Insurance Services from 2007G to 2009G and Malath Insurance Company from 2009G to 2013G. He has extensive experience in reinsurance, project management, medical insurance, human resource and administration</p>
Suhaib Al Zaid	Head of Human Resource	Member	<p>Master's degree in Human Resources Management from AL Yamamah University Riyadh, Saudi Arabia.</p> <p>Mr. Suhaib joined the Company in 2018 as Head of Human Resources KSA. Prior to working with AXA he was working with Banque Saudi Fransi 2014-2018 and Arab National Bank 2013-2014. He has extensive experience in Human Resource acquisition, development and management.</p>

Meetings

The Executive Committee is required to meet at least six times in a year. During the year, management committee has met six times during the year. Attendance of the meetings is as follows:

Name	January 15, 2020	March 10, 2020	June 7, 2020	August 28, 2020	November 28, 2020	December 28, 2020
Paul Adamson	Yes	Yes	Yes	Yes	Yes	Yes
Gary Lewin⁴	Yes	Yes	Yes	Yes	Yes	Yes
Babar A. Khan	Yes	Yes	Yes	Yes	Yes	Yes
Suhaib Al Zaid	Yes	Yes	Yes	Yes	Yes	Yes
Akram Tairi	Yes	Yes	Yes	Yes	Yes	Yes

Roles and responsibilities

- Exercise leadership and general managerial responsibilities over the work of the Company including decisions relating to daily operational management under the authority delegated by the Board;
- Establish policies and procedures in relation to all operational matters of the Company and oversee the implementation thereof;

⁴ Mr Gary Lewin Passed away on 12th March, 2021

- Review the budgets and plans of the Company and submit it to the Board for approval;
- Oversee all operational matters of the Company including recruitments of key staff;
- Review reports on the operations of the Company and implement recommendations;
- Perform all other duties and assume all other responsibilities as may be required by law or as directed by the Board; and
- Perform such other functions as may be advised by the Board of Directors.

Risk Management Committee

Composition

The Company has formed Risk Management Committee subsequent for receiving necessary regulatory approvals. Members of the Risk Management Committee are as follows:

Name	Designation	Role in Committee	Qualification & experience
Mr. Marc Audrin	Non - board member	Chairman	Mr. Marc Audrin is Chief Risk & Technical Officer of AXA International & New Markets. Marc joined the AXA Group in 1993 and has worked at global, regional and local levels in 4 different countries and has been involved in all of the lines of businesses of the Group. He holds a MBA from a French Business School and the DESCF degree (French CPA).
Mr. Hani Al Obaid	Independent Director	Member	Partner in Investcorp, Mr. Hani is a graduate in Management of Technology from American University in Washington.
Mr. Stephen Wagstaff	Director	Member	Associate members of Chartered Insurance Institute and has over 30 years of experience in the field of insurance. Prior to joining Kanoo Group as Group Insurance Manager, he worked as Country Manager for Bahrain in AXA Gulf.

Meetings

After receiving necessary regulatory approval, the management committee has met four times during the year. Attendance of the meetings is as follows:

Name	21 May 2020	12 August 2020	12 November 2020	16 December 2020
Mr. Marc Audrin	Present	Present	Present	Present
Mr. Hani Al Obaid	Present	Present	Present	Present
Mr. Stephen Wagstaff	Present	Present	Present	Present

Roles and responsibilities

- Identifying risks that may imperil the Company and maintaining an acceptable risk profile for the Company
- Overseeing the risk management system and assessing its effectiveness
- Defining a comprehensive risk management strategy for the Company, overseeing its implementation, and reviewing and updating it on a regular basis by taking into account developments that are internal and external to the Company
- Reviewing risk management policies

- Re-evaluating the Company's tolerance for, and exposure to, risk on a regular basis (e.g., through stress testing exercises).
- Reporting to the Board details of risk exposures and recommending actions to manage them
- Advising the Board on issues related to risk management

h) Remuneration Paid to Senior Executives

Details of the remuneration paid to top five executives including Chief Executive Officer and Chief Financial Officer are as follows:

Name	2020 (SR'000)
Salary & compensation	4,557
Allowances	2,163
Other benefits and incentives	3,448
Total	10,168

The executives and all employees are entitled for incentive scheme which is based on the individual performance of employee as well as performance of the Company.

i) Shareholding Pattern as at December 31, 2020

Shareholder	Number of shares	Value of shares	Percentage
Public	25,000,000	250,000,000	50%
AXA Insurance (Gulf) B.S.C (c)	16,000,000	160,000,000	32%
AXA Mediterranean Holding S.A.	9,000,000	90,000,000	18%
Total	50,000,000	500,000,000	100%

j) Role of Chairman and Executive Management

The roles of the Chairman, Managing Director and Chief Executive Officer are clearly defined. The Chairman has no involvement in the day to day management of the Company which is irrevocably delegated to the Managing Director and Chief Executive Officer. The Managing Director and Chief Executive Officer have been empowered with all of the requisite rights and powers necessary to undertake the daily operational management of the Company.

k) The Company Secretary

The Company Secretary is responsible for advising the Board through the Chairman on all governance matters. All Directors have access to the advice and services of the Company Secretary. The Company Secretary is also responsible for ensuring smooth information flow within the Board, its Committees and senior management.

14. EXTERNAL AUDITORS

PricewaterhouseCoopers and Al Kharashi and Co. are current auditors of the Company. The current term of the auditors is until March 31, 2021.

15. EXTERNAL AUDITORS' REPORT

The external auditors' have issued an un-qualified opinion on the financial statements.

16. GENERAL ASSEMBLY

During the year, the Company had a General Assembly and an Extra Ordinary General Assembly Meeting convened on 25 June 2021 The results of these meetings were published on the Saudi Stock Market (Tadawul). Shareholders have approved the following during the meeting:

Date	Results of the meeting
General Assembly Meeting held on June 25 2020	<ul style="list-style-type: none">- Approval of the Financial Statements for the year ended December 31,2020- Approval of the Board of Directors report for year 2020.- Discharging members of the Board of Directors for the year 2020.- Approval of the remuneration of SR 1,250,000 for Directors- Appointment of PricewaterhouseCoopers and Akharashi as auditors of the Company on the recommendation of the Board of Directors.- Approval of the related party transactions in which a member of the Board of Directors have interest.

The minutes of shareholder's meeting are documented and published on Tadawul. The company encourages its Directors to attend its Board meetings and if there is any matter raised by the shareholders, Chairman of the Board of Director communicates to the members of the Board. During the year, the company has requested shareholder register one time for AGM.

17. INTERNAL AUDIT

Internal Auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the Company. It assists the Company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the entity's risk management, control, and governance processes. The Internal Audit Department follows a risk based auditing approach. Internal audit reports to the Audit and Compliance Committee. The Audit Committee reviews the integrity and efficiency of this system periodically. The internal audit endeavours to provide assurance that internal controls in place are adequate to mitigate the risks and governance processes are efficient to ensure organizational objectives are met. It therefore conducts various operational audits and performs regular reviews of various key operations. It typically reports the most significant issues to the Audit Committee on a quarterly basis along with management progress towards resolution. During the year, internal audit conducted various audits and key issues were reported to the audit committee along with management's progress towards resolution.

18. INTERNAL CONTROLS

Internal Audit exists to help the Board and Executive Management protect the assets, reputation and sustainability of the Company by providing an independent and objective assurance activity designed to add value and improve the Company's operations. It helps the Company meet its objectives by bringing a systematic, disciplined approach to challenge Executive Management and evaluate the effectiveness of risk management, control and governance processes. The head of the internal audit function has a direct and unfettered reporting line directly to Audit Committee Chairman. The Company's Internal Audit functionally reports through to the AXA Global Head of Audit who reports to the AXA Group Audit Committee Chairman.

Internal Audit annually sets up an internal audit plan of work, based on an assessment of both the inherent risk and the adequacy of controls. Its performance is formally monitored and reported to the Audit

Committee. All audit items are subjected to internal audit according to audit cycle which is based on the item's inherent risk rating. Any exceptions identified are notified to the Audit Committee for ratification. A report is issued at the conclusion of each audit assignment to the relevant senior management. The results of the audits and resolution status of internal audit issues are presented to the Audit Committee and Executive Management on a regular basis

During the year, the audit committee performed, amongst others, the following activities:

- Reviewed and approved the internal audit plan as well as the adequacy of the resources to execute the plan;
- Assessed the effectiveness of the internal audit function and reviewed the findings reported with the internal audit reports;
- Review annual financial statements for the year 2020
- Reviewed and approved interim financial statements for the quarters ended March 31, 2020, June 30, 2020, September 30, 2020 and December 31, 2020. The Committee has also reviewed and approved Annual financial statements for the year ended December 31, 2020 (subsequent to the end of the year);
- Reviewed the report on risk management;
- Evaluated the activities of the compliance departments and approved the annual plan for 2020; and
- Reviewed the measures placed to ensure independence of the external auditors.
- Reviewed adequacy of actuarial reserves

19. RESULTS OF THE EFFECTIVENESS OF INTERNAL CONTROL PROCEDURES

The results of audits carried out during the year assured the effectiveness of the internal controls and revealed that internal monitoring and risk control applied by the Company is based on sound grounds and implemented effectively to ensure the reliability of the financial report and their compliance with applicable laws and regulations.

The internal auditors have conducted a number of reviews during 2020 and the results have been considered by the Audit Committee in building an opinion on the effectiveness of the internal control systems of the Company. All issues identified by the internal audit are addressed to the management and timelines are agreed with them for resolution of such issues. No major outstanding issues remain at the end of 2020.

The external auditors have also carried out their standard audit procedures to help them in expressing their opinion on the Company's financial statements. No material issues have been identified or raised by the external auditors either within their report or as part of the Management Letter.

The audit committee has conducted an overall review of the Company's system of internal controls during 2019 using a risk based approach to ensure scope and quality of management's on-going monitoring of risk and the work of internal and external audit. Compliance and risk functions provide assurance of Company's ability to meet strategic objectives.

The above aspects have collectively helped the board in gaining assurance that the Company's financial reporting, risk management and internal control arrangements are effective and the key risks faced by the Company are identified and managed.

The Board confirms that there is no significant issue and internal control function is operating effectively.

20. COMPLIANCE

The Company is firmly committed to the compliance of regulations and to combat money laundering. The Company has established policies and procedures that combine general principles with local regulations in force. The Compliance function is headed by Compliance and AML Manager who is responsible for

coordinating initiatives and circulating relevant information. At the branches, Compliance Coordinators are identified and it is part of their function to implement the guidelines, as well as to prevent, detect and put a stop to any money laundering that comes to their attention, conduct further investigations and report to the MLRO for further review and reporting to regulators where necessary. The Company has invested in maintaining high standards of compliance including e-training for staff, sanction list screening software, auto e-mail alerts for large transactions, automated tool for compliance monitoring and a dedicated e-fax number for regulators.

21. CODE OF CONDUCT

The Company is determined to enforce and promote sound professional ethics, as expressed in the Company's Corporate Governance & Ethics Guide. The Company's Code of Conduct provides a set of minimum standards and underlying ethical principles that serve as a guide to Company's directors, executive management and employees as they perform their duties and transact business. These standards reflect AXA's values and commitments and consequently the personal conduct that is expected of all AXA employees, in particular to avoid conflicts of interest. It covers how employees are expected to handle confidential information and disclosure practices, compliance with laws, relationships with government officials and how employees can help the Company fight against internal fraud and attempted money laundering. The Company's Corporate Governance and Ethics Guide have been distributed to all employees and is part of the staff manual handed out to new joiners.

22. CORPORATE RESPONSIBILITY

AXA delivers its Corporate Responsibility (CR) through 6 pillars, for 6 stakeholder groups:

- Shareholders - committed to conducting its business ethically, fairly and in a transparent way.
- Customers - committed to responsible customer relations through clear and transparent communication and marketing of our products, and by managing the claims process responsibly.
- Suppliers - committed to responsible supplier relations.
- Employees - being a responsible employer, placing employee engagement at the heart of our business strategy.
- Environment - committed to reducing its direct impact on the environment by actively managing our waste, emissions and our consumption of natural resources.
- Local Communities - committed to playing a positive role in society by building a culture that promotes employee volunteering and corporate giving to support the communities in which we operate.

23. REGULATORY FINES AND PENALTIES

During the year, the company received the following fines from the regulatory authorities:

SR 30,000 from SAMA for announcing the cash dividend recommendation without obtaining SAMA approval. SR 20,000 from SAMA for not providing SAMA with daily reports from the crisis committee as per SAMA circular. SR 5000 for not having enough space between employees which is against SAMA covid-19 protocols. SR 2000 fine from Riyadh Municipal for not following the precautions instructions. SR 500 fine from Riyadh Municipal for not having containers in shops.

24. ACKNOWLEDGEMENTS

The Board acknowledges with gratitude the co-operation and support extended by customers, intermediaries, regulators, banks and financial institutions. The Board also wishes to place on record their sincere appreciations of the services rendered by all employees of the Company and are thankful to the Shareholders for their continued patronage.

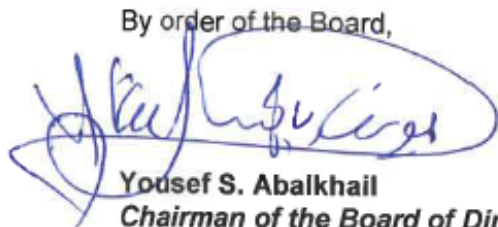
DECLARATIONS

The Board acknowledges its responsibility for the true and fair presentation of the financial position of the Company and do hereby declare that:

- Proper books of account have been maintained;
- The system of internal control is sound in design and has been effectively implemented; and
- There are no significant doubts concerning the Company's ability to continue as a going concern.

The Board of Directors also confirm their compliance with Corporate Governance Rules for insurance and reinsurance companies issued by SAMA.

By order of the Board,

By order of the Board,

Yousef S. Abalkhail
Chairman of the Board of Directors
March 18, 2021