

**The Company for Cooperative Insurance (Tawuniya) is pleased to invite its shareholders to attend the Extraordinary General Assembly meeting (the first meeting) through means of modern technology (electronically)**

The Board of Directors of the Company for Cooperative Insurance (Tawuniya) is pleased to invite the Company shareholders to participate and vote in the Extraordinary General Assembly meeting (the first meeting) scheduled to be held at (06:30 PM) on Wednesday 17 Shawwal 1443H corresponding to May 18, 2022, Riyadh, Tawuniya's headquarter - via modern technology means (Online) via modern technology (electronically) using the link: <https://app.jameeah.com/meetings>. The following agenda will be discussed in this meeting:

- 1 التصويت على تقرير مجلس الإدارة للعام المالي المنتهي في ٣١ ديسمبر ٢٠٢١.  
Voting on the Board Annual Report for the fiscal year ended on 31 December 2021.
- 2 التصويت على القوائم المالية عن العام المالي المنتهي في ٣١ ديسمبر ٢٠٢١.  
Voting on the Financial Statements for the fiscal year ended on 31 December 2021.
- 3 التصويت على تقرير مراجعي حسابات الشركة عن العام المالي المنتهي في ٣١ ديسمبر ٢٠٢١.  
Voting on External Auditors Report for the fiscal year ended on 31 December 2021.
- 4 التصويت على إبراء ذمة أعضاء مجلس الإدارة عن العام المالي ٢٠٢١.  
Voting on releasing liability of Board members for the year ended on 31 December 2021.
- 5 التصويت على تعيين مراجعي الحسابات من بين المرشحين بناءً على توصية لجنة المراجعة وذلك لفحص ومراجعة وتدقيق القوائم المالية للربع (الثاني والثالث والرابع) والسنوي من العام المالي ٢٠٢٢م، والربع الأول من عام ٢٠٢٣م، وتحديد أتعابهم.  
Voting on the appointment of External Auditors among the nominated based on the recommendation of the Audit Committee to review and audit the financial statements of the second and third quarter and annual statements for the year ٢٠٢٢ and first quarter of ٢٠٢٣, and determination of their fees.
- 6 التصويت على صرف مبلغ (٥,٢٩٥,٠٠٠) ريال كمكافآت لأعضاء مجلس الإدارة عن السنة المالية المنتهية في ٣١ ديسمبر ٢٠٢١م.  
Voting on payment of total SAR (5,890,000) as remuneration to the members of the Board of Directors for the fiscal year ended on 31 December 2021.
- 7 التصويت على تعديل المادة (الحادية عشر) من النظام الأساس للشركة والمتعلقة بـ (إصدار الاسهم). (مرفق)  
Voting on the amended Article (11) company bylaw regarding to (issuing shears).
- 8 التصويت على تعديل المادة (الثالثة عشر) من النظام الأساس للشركة والمتعلقة بـ (زيادة رأس المال). (مرفق)  
Voting on the amended Article (1٣) company bylaw regarding the (Increase of Capital).
- 9 التصويت على تعديل المادة (الثلاثون) من النظام الأساس للشركة والمتعلقة بـ (دعوة الجمعيات). (مرفق)  
Voting on the amended Article (٣٠) company bylaw regarding the (Call for Assemblies).
- ١٠ التصويت على تعديل المادة (الحادية والثلاثون) من النظام الأساس للشركة والمتعلقة بـ (سجل حضور الجمعيات). (مرفق)  
Voting on the amended Article (٣١) company bylaw regarding the (Assembly Attendance Register).

Voting on the amended Article (٤٧) company bylaw regarding the (Company Losses).

١١ التصويت على تعديل المادة (السابعة والأربعون) من النظام الأساس للشركة والمتعلقة بـ (خسائر الشركة). (مرفق)

Voting on delegating the Board of Directors the vested powers of the General Assembly meeting as per article (71/1) of the Companies Law for one year from the date of the Assembly approval or the end of the delegated Board term, which comes first. Such delegation shall be in accordance with the requirements stipulated in the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies. Voting on the business relationship between the Company and Public pension agency which Board member Mr. Jasser Aljasser has an indirect interest. The business related to insurance policies. Note that transactions up to the end of the fourth quarter of 2021 amounted to 24,392,252 SAR without any preferential treatment.

١٢ التصويت على تفويض مجلس الإدارة بصلاحيه الجمعية العامة العادية بالتفويض الوارد في الفقرة (١) من المادة الحادية والسبعين من نظام الشركات، وذلك لمدة عام من تاريخ موافقة الجمعية العامة أو حتى نهاية دورة مجلس الإدارة المفوض أيهما أسبق، وفقاً للشروط الواردة في الضوابط والاجراءات التنظيمية الصادرة تنفيذاً لنظام الشركات الخاصة بشركات المساهمة المدرجة.

١٣ التصويت على الأعمال والعقود التي تمت بين الشركة والمؤسسة العامة للتقاعد والتي لعضو مجلس الإدارة الأستاذ/ جاسر الجاسر مصلحة فيها غير مباشرة وهي عبارة عن وثائق تأمين، علماً بأن التعاملات إلى نهاية الربع الرابع من عام ٢٠٢١ بلغت 24,392,252 ريال وذلك بدون أي شروط تفضيلية.

Voting on the business relationship between the Company and Tawuniya Real Estate Investment Company which Board members Mr. Ghassan Almalki and Mr. Jasser Aljasser have an indirect interest. The business related to insurance policies. Note that transactions up to the end of the fourth quarter of 2021 amounted to 399,367 SAR without any preferential treatment.

١٤ التصويت على الأعمال والعقود التي تمت بين الشركة وشركة أبراج التعاونية والتي لعضو مجلس الإدارة الأستاذ/ غسان المالكي وعضو مجلس الإدارة الأستاذ/ جاسر الجاسر مصلحة فيها غير مباشرة، وهي عبارة عن وثائق تأمين، علماً بأن التعاملات إلى نهاية الربع الرابع من عام ٢٠٢١ بلغت 399,367 ريال وذلك بدون أي شروط تفضيلية.

Voting on the business relationship between the Company and Tawuniya Real Estate Investment Company which Board members Mr. Ghassan Almalki and Mr. Jasser Aljasser have an indirect interest. The business related to Rental Contract. Note that transactions up to the end of the fourth quarter of 2021 amounted to 1,666,398 SAR without any preferential treatment.

١٥ التصويت على الأعمال والعقود التي تمت بين الشركة وشركة أبراج التعاونية والتي لعضو مجلس الإدارة الأستاذ/ غسان المالكي وعضو مجلس الإدارة الأستاذ/ جاسر الجاسر مصلحة فيها غير مباشرة، وهي عبارة عن عقد إيجار، علماً بأن التعاملات إلى نهاية الربع الرابع من عام ٢٠٢١ بلغت 1,666,398 ريال وذلك بدون أي شروط تفضيلية.

Voting on the business relationship between the Company and Saudi Investment Bank which Board member Mr. Abdulaziz Alkhamis has an indirect interest. The business related to insurance policies. Note that transactions up to the end of the fourth quarter of 2021 amounted to 30,787,760 SAR without any preferential treatment.

١٦ التصويت على الأعمال والعقود التي تمت بين الشركة والبنك السعودي للاستثمار والتي لعضو مجلس الإدارة الأستاذ/ عبدالعزيز الخميس مصلحة فيها غير مباشرة، وهي عبارة عن وثائق تأمين، علماً بأن التعاملات إلى نهاية الربع الرابع من عام ٢٠٢١ بلغت 30,787,760 ريال وذلك بدون أي شروط تفضيلية.

Voting on the business relationship between the Company and United Insurance Company which Board members Mr. Waleed Aleissa, Mr. Abdulaziz Alkhamis, Mr. Jasser Aljasser & CEO Mr. Abdulaziz Alboug & Properties and Casualties Sector Chief Executive Officer Mr. Sultan AlKhomshi have an indirect interest. The business related to insurance policies. Note that transactions up to the end of the fourth quarter of 2021 amounted to 940,874 SAR without any preferential treatment.

Voting on the business relationship between the Company and United Insurance Company which Board members Mr. Waleed Aleissa, Mr. Abdulaziz Alkhamis, Mr. Jasser Aljasser & CEO Mr. Abdulaziz Alboug & Properties and Casualties Sector Chief Executive Officer Mr. Sultan AlKhomshi have an indirect interest. The business related to insurance claims. Note that transactions up to the end of the fourth quarter of 2021 amounted to 5,907,273 SAR without any preferential treatment.

١٧ التصويت على الأعمال والعقود التي تمت بين الشركة والشركة المتحدة للتأمين والتي لعضو مجلس الإدارة الأستاذ/ وليد العيسى وعضو مجلس الإدارة الأستاذ/ عبدالعزيز الخميس وعضو مجلس الإدارة الأستاذ/ جاسر الجاسر والرئيس التنفيذي الأستاذ/ عبدالعزيز بن حسن البوق والرئيس التنفيذي لقطاع الممتلكات والحوادث الأستاذ/ سلطان الخمشي مصلحة غير مباشرة فيها وهي عبارة عن رسوم وثائق تأمين، علماً بأن التعاملات إلى نهاية الربع الرابع من عام ٢٠٢١م بلغت 940,874 ريال وذلك بدون أي شروط تفضيلية.

١٨ التصويت على الأعمال والعقود التي تمت بين الشركة والشركة المتحدة للتأمين والتي لعضو مجلس الإدارة الأستاذ/ وليد العيسى وعضو مجلس الإدارة الأستاذ/ عبدالعزيز الخميس وعضو مجلس الإدارة الأستاذ/ جاسر الجاسر والرئيس التنفيذي الأستاذ/ عبدالعزيز البوق والرئيس التنفيذي لقطاع الممتلكات والحوادث الأستاذ/ سلطان الخمشي مصلحة غير مباشرة فيها وهي عبارة عن رسوم مطالبات تأمينية، علماً بأن التعاملات إلى نهاية الربع الرابع من عام ٢٠٢١م بلغت 5,907,273 ريال، وذلك بدون أي شروط تفضيلية.

Voting on the business relationship between the Company and Saudi Entertainment Ventures Company which Board Chairman Mr. Abdulaziz Alnowaiser has an indirect interest. The business related to insurance policies, Note that transactions up to the end of the fourth quarter of 2021 amounted to 7,877,250 SAR without any preferential treatment.

١٩ التصويت على الأعمال والعقود التي تمت بين الشركة شركة مشاريع الترفيه السعودية والتي لرئيس مجلس الإدارة الأستاذ/ عبدالعزيز النويصر مصلحة فيها غير مباشرة، وهي عبارة عن وثائق تأمين، علماً بأن التعاملات إلى نهاية الربع الرابع من عام ٢٠٢١م بلغت 7,877,250 ريال وذلك بدون أي شروط تفضيلية.

Voting on the business relationship between the Company and Tahakom Group which Board Chairman Mr. Abdulaziz Alnowaiser has an indirect interest. The business related to insurance policies. Note that transactions up to the end of the fourth quarter of 2021 amounted to 168,704,528 SAR without any preferential treatment.

٢٠ التصويت على الأعمال والعقود التي تمت بين الشركة ومجموعة تحكم والتي لرئيس مجلس الإدارة الأستاذ/ عبدالعزيز النويصر مصلحة فيها غير مباشرة، وهي عبارة عن وثائق تأمين، علماً بأن التعاملات إلى نهاية الربع الرابع من عام ٢٠٢١م بلغت 168,704,528 ريال وذلك بدون أي شروط تفضيلية.

- ٢١ التصويت على الأعمال والعقود التي تمت بين الشركة وشركة اسمنت أم القرى والتي لرئيس مجلس الإدارة الأستاذ/ عبدالعزيز النويصر مصلحة فيها غير مباشرة، وهي عبارة عن وثائق تأمين، علماً بأن التعاملات إلى نهاية الربع الرابع من عام ٢٠٢١م بلغت 757,063 ريال وذلك بدون أي شروط تفضيلية.
- Voting on the business relationship between the Company and Umm Alqura Cement Company which Board Chairman Mr. Abdulaziz Alnowaiser has an indirect interest. The business related to insurance policies. Note that transactions up to the end of the fourth quarter of 2021 amounted to 757,063 SAR without any preferential treatment.
- ٢٢ التصويت على الأعمال والعقود التي تمت بين الشركة والشركة السعودية للخطوط الحديدية والتي لرئيس مجلس الإدارة الأستاذ/ عبدالعزيز النويصر مصلحة فيها غير مباشرة، وهي عبارة عن وثائق تأمين، علماً بأن التعاملات إلى نهاية الربع الرابع من عام ٢٠٢١م بلغت 41,082,202 ريال وذلك بدون أي شروط تفضيلية.
- Voting on the business relationship between the Company and Saudi Railways Company which Board Chairman Mr. Abdulaziz Alnowaiser has an indirect interest. The business related to insurance policies. Note that transactions up to the end of the fourth quarter of 2021 amounted to 41,082,202 SAR without any preferential treatment.
- ٢٣ التصويت على الأعمال والعقود التي تمت بين الشركة وطيران أديل والتي لرئيس مجلس الإدارة الأستاذ/ عبدالعزيز النويصر مصلحة فيها غير مباشرة، وهي عبارة عن وثائق تأمين، علماً بأن التعاملات إلى نهاية الربع الرابع من عام ٢٠٢١م بلغت 7,509,996 ريال وذلك بدون أي شروط تفضيلية.
- Voting on the business relationship between the Company and Flyadeal which Board Chairman Mr. Abdulaziz Alnowaiser has an indirect interest. The business related to insurance policies. Note that transactions up to the end of the fourth quarter of 2021 amounted to 7,509,996 SAR without any preferential treatment.
- ٢٤ التصويت على الأعمال والعقود التي تمت بين الشركة ومهارة للموارد البشرية والتي لرئيس مجلس الإدارة الأستاذ/ عبدالعزيز النويصر مصلحة فيها غير مباشرة، وهي عبارة عن وثائق تأمين، علماً بأن التعاملات إلى نهاية الربع الرابع من عام ٢٠٢١م بلغت 5,778 ريال، وذلك بدون أي شروط تفضيلية.
- Voting on the business relationship between the Company and Maharah company which Board Chairman Mr. Abdulaziz Alnowaiser has an indirect interest. The business related to insurance policies. Note that transactions up to the end of the fourth quarter of 2021 amounted to 5,778 SAR without any preferential treatment.
- ٢٥ التصويت على الأعمال والعقود التي تمت بين الشركة واتحاد الاتصالات موبيلي والتي لرئيس مجلس الإدارة الأستاذ/ عبدالعزيز النويصر وعضو مجلس الإدارة الأستاذ/ حمود التويجري وعضو مجلس الإدارة الأستاذ/ خالد الغنيم مصلحة فيها غير مباشرة، وهي عبارة عن وثائق تأمين، علماً
- Voting on the business relationship between the Company and Mobily which Board Chairman Mr. Abdulaziz Alnowaiser and the Board members Mr. Homoud Altuwaijri Dr. Khalid AlGhonaim have an

indirect interest. The business related to insurance policies. Note that transactions up to the end of the fourth quarter of 2021 amounted to 52,211,803 SAR without any preferential treatment.

بأن التعاملات إلى نهاية الربع الرابع من عام ٢٠٢١م بلغت 52,211,803 ريال، وذلك بدون أي شروط تفضيلية.

Voting on the business relationship between the Company and General Organization for Social Insurance which Board member Mr. Ghassan Almalki and Mr.Jasser AlJasser have an indirect interest. The business related to insurance policies. Note that transactions up to the end of the fourth quarter of 2021 amounted to 31,905,930 SAR without any preferential treatment.

التصويت على الأعمال والعقود التي تمت بين الشركة والمؤسسة العامة للتأمينات الاجتماعية والتي لعضو مجلس الإدارة الأستاذ/ غسان المالكي وعضو مجلس الإدارة الأستاذ/ جاسر الجاسر مصلحة فيها غير مباشرة، وهي عبارة عن وثائق تأمين، علماً بأن التعاملات إلى نهاية الربع الرابع من عام ٢٠٢١م بلغت 31,905,930 ريال، وذلك بدون أي شروط تفضيلية.

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Voting on the business relationship between the Company and General Organization for Social Insurance which Board member Mr. Ghassan Almalki Almalki and Mr.Jasser AlJasser have an indirect interest. The business related to Service Agreement. Note that transactions up to the end of the fourth quarter of 2021 amounted to 145,324SAR without any preferential treatment.

التصويت على الأعمال والعقود التي تمت بين الشركة والمؤسسة العامة للتأمينات الاجتماعية والتي لعضو مجلس الإدارة الأستاذ/ غسان المالكي وعضو مجلس الإدارة الأستاذ/ جاسر الجاسر مصلحة فيها غير مباشرة، وهي عبارة عن عقد تقديم خدمات، علماً بأن التعاملات إلى نهاية الربع الرابع من عام ٢٠٢١م بلغت 145,324 ريال وذلك بدون أي شروط تفضيلية.

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Voting on the business relationship between the Company and Saudi Exchange Company "Tadawul" which Board member Mr. Abdurrahman AlOdan has an indirect interest. The business related to insurance policies. Note that transactions up to the end of the fourth quarter of 2021 amounted to 14,445,034 SAR without any preferential treatment.

التصويت على الأعمال والعقود التي تمت بين الشركة وشركة السوق المالية (تداول) والتي لعضو مجلس الإدارة الأستاذ/ عبدالرحمن العودان مصلحة فيها غير مباشرة وهي عبارة عن وثائق تأمين، علماً بأن التعاملات إلى نهاية الربع الرابع من عام ٢٠٢١م بلغت 14,445,034 ريال وذلك بدون أي شروط تفضيلية.

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Voting on the business relationship between the Company and Saudi Exchange Company "Tadawul" which Board member Mr. Abdurrahman AlOdan has an indirect interest. The business related to Service agreements. Note that transactions up to the end of the fourth quarter of 2021 amounted to 742,879SAR without any preferential treatment.

التصويت على الأعمال والعقود التي تمت بين الشركة وشركة السوق المالية (تداول) والتي لعضو مجلس الإدارة الأستاذ/ عبدالرحمن العودان مصلحة فيها غير مباشرة وهي عبارة عن عقود تقديم خدمات، علماً بأن التعاملات إلى نهاية الربع الرابع من عام ٢٠٢١م بلغت 742,879 ريال وذلك بدون أي شروط تفضيلية.

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Voting on the business relationship between the Company and SNB Bank group which Board member Mr. Abdulrahman AlOdan has an indirect interest. The business related to insurance policies. Note that transactions up to the end of the fourth quarter of 2021 amounted to 285,226,789 SAR without any preferential treatment.

التصويت على الأعمال والعقود التي تمت بين الشركة ومجموعة البنك الأهلي السعودي والتي لعضو مجلس الإدارة الأستاذ/ عبدالرحمن العودان مصلحة غير مباشرة فيها وهي عبارة عن وثائق تأمين، علماً بأن التعاملات إلى نهاية الربع الرابع من عام ٢٠٢١م بلغت 285,226,789 ريال وذلك بدون أي شروط تفضيلية.

Voting on the business relationship between the Company and Waseel Company which CEO Mr. Abdulaziz Alboug, Health Sector Chief Executive Officer Mr. Othman Al Kassabi and CFO Dr. Ammr Kurdi have an indirect interest. The business related to insurance policies. Note that transactions up to the end of the fourth quarter of 2021 amounted to 886,735 SAR without any preferential treatment.

٣١ التصويت على الأعمال والعقود التي تمت بين الشركة وشركة وصيل والتي للرئيس التنفيذي الأستاذ/ عبدالعزيز البوق والرئيس التنفيذي للقطاع الصحي الأستاذ/ عثمان القصبي ورئيس الإدارة المالية الدكتور/ عمرو كردي مصلحة غير مباشرة فيها وهي عبارة عن وثائق تأمين، علماً بأن التعاملات إلى نهاية الربع الرابع من عام ٢٠٢١م بلغت 886,735 ريال وذلك بدون أي شروط تفضيلية.

Voting on the business relationship between the Company and Waseel Company which CEO Mr. Abdulaziz Alboug Health Sector Chief Executive Officer Mr. Othman Al Kassabi and CFO Dr. Ammr Kurdi have an indirect interest. The business related to Service Agreement. Note that transactions up to the end of the fourth quarter of 2021 amounted to 3,755,298 SAR without any preferential treatment.

٣٢ التصويت على الأعمال والعقود التي تمت بين الشركة وشركة وصيل والتي للرئيس التنفيذي الأستاذ/ عبدالعزيز البوق والرئيس التنفيذي للقطاع الصحي الأستاذ/ عثمان القصبي ورئيس الإدارة المالية الدكتور/ عمرو كردي مصلحة غير مباشرة فيها وهي عبارة عن عقد تقديم خدمات، علماً بأن التعاملات إلى نهاية الربع الرابع من عام ٢٠٢١م بلغت 3,755,298 ريال وذلك بدون أي شروط تفضيلية.

Voting on the business relationship between the Company and Bonyan Company which CEO Mr. Abdulaziz Alboug, and CFO Dr. Ammr Kurdi have an indirect interest. The business related to insurance policies. Note that transactions up to the end of the fourth quarter of 2021 amounted to 697,000 SAR without any preferential treatment.

٣٣ التصويت على الأعمال والعقود التي تمت بين الشركة وشركة بنيان والتي للرئيس التنفيذي الأستاذ/ عبدالعزيز البوق ورئيس الإدارة المالية الدكتور/ عمرو كردي مصلحة غير مباشرة فيها وهي عبارة عن وثائق تأمين، علماً بأن التعاملات إلى نهاية الربع الرابع من عام ٢٠٢١م بلغت 697,000 ريال وذلك بدون أي شروط تفضيلية.



We draw Tawuniya shareholders' kind attention to the following:

- Each shareholder registered in the Company's shareholders register at the Depository Center at the end of the trading session that precedes the Assembly meeting has the right to register electronic attendance and vote using *tadawulaty system* in the Assembly meeting pursuant to applicable laws and regulations.
- The right to register attendance at the Assembly meeting ends at the time of the Assembly's convening, and the right to vote on the Assembly's items for those present ends when the Votes Sorting Committee finishes counting the votes.
- The meeting of the Extraordinary General Assembly meeting is not valid unless attended by shareholders representing at least half of the Company's capital, and if the quorum required is not available to hold this meeting, the second meeting will be held an hour after the end of the period specified for convening the first meeting, and the second meeting is valid if attended by shareholders representing ( At least one-quarter of the Company's capital). If the necessary quorum is not met in the second meeting, an invitation is sent to a third meeting, and the third meeting shall be valid regardless of the number of shares represented therein, after the approval of the competent authorities.
- The right of the shareholder to delegate someone else to attend is not available, in order to be satisfied with holding the Assembly through modern technology.
- The shareholders registered in tadawulaty services will be able to vote remotely on the Assembly's items starting at (10:00 AM) on Sunday 14/10/1443H corresponding to 15/05/2022 until the end of the meeting time using the following link: [www.tadawulaty.com.sa](http://www.tadawulaty.com.sa). Noting that both registration and voting in tadawulaty services is available automatically and free of charge to all shareholders.
- If there is any inquiry, we hope to contact the Shareholders Relations Department, phone number: 0112526622, e-mail: [IR@tawuniya.com.sa](mailto:IR@tawuniya.com.sa)
- **Additional information:**

The Company would like to assure to its valued shareholders that registration and voting on the Assembly's agenda is confined through (remote electronic voting), which will be available to shareholders registered on the tadawulaty services website starting from 10:00 AM on Sunday 14/10/1443H corresponding to 15/05/2022 until the end of the Assembly time.

Therefore, the Company hopes that all its shareholders register in tadawulaty services to participate and vote remotely on the Assembly items through the website of tadawulaty services at the following link: [www.tadawulaty.com.sa](http://www.tadawulaty.com.sa), noting that registration and voting services in tadawulaty services is available free of charge to all shareholders.

Shareholders can also participate in the deliberations of the aforementioned General Assembly meeting, by contacting the numbers and e-mail shown below during the Assembly meeting:

**Mobile:** 0505208194

**Mobile:** 0503455559

Email: [ABAZ@tawuniya.com.sa](mailto:ABAZ@tawuniya.com.sa)

This Report has been prepared in accordance with Article (104) of the Companies Law applicable in the Kingdom of Saudi Arabia (July 2019 update) and Article (91) of the Corporate Governance Regulations issued by the Capital Market Authority.

#### **Audit Committee**

The Audit Committee of the Company for Cooperative Insurance is pleased to present to the company's esteemed shareholders its Annual Report for the financial year ending on December 31, 2021, which includes its opinion on the adequacy of the company's internal control systems, and the works done by the Committee within the scope of its competence based on the relevant regulatory requirements.

During Year 2021, the Audit Committee held nine meetings, either by attending personally or by virtual via video communication, where the attendance percentage of members reached (97%), as indicated by the attendance records contained in the Board of Directors' Annual Report.

The Audit Committee (the Committee) performed its tasks and activities in accordance with its terms of reference and in accordance with the relevant regulations, as indicated in the Committee's bylaw, which included the following:

#### **Financial Reporting**

The Committee has studied and discussed the interim annual and quarterly financial statements with the external auditors and made a recommendation to the Board of Directors thereon. In addition, the Committee studied the reports of the external auditors and made recommendations to the Board of Directors thereon too. In addition, the committee discussed with the Executive Management and the external auditors the management's plans to address the deficiencies in the control aspects, if any.

The Committee was also briefed on the reports of the appointed actuary and made recommendations thereon to the Board of Directors. Added to that, the Committee followed up on the company's commitment to implementing the actuary suggestions and recommendations when they are mandatory according to the regulations and instructions issued by the Saudi Central Bank (SAMA) and the relevant regulatory and supervisory authorities.

The Committee carried out due diligence towards estimating the impact of the Corona pandemic on the Company's operations/investments, including collection of receivable accounts, provisions for doubtful debts, deficit reserves in medical insurance premiums, assessment of impairment in the value of financial assets available for sale and review of its disclosures.

The Committee followed up the developments of calculating the insurance operations surplus for the past years.



**The Audit Committee Report to the General Assembly of Year 2021**

The Committee followed up and discussed with the Executive Management the stages and results of implementing the draft International Financial Reporting Standard 17 (IFRS 17) related to insurance contracts.

The Committee evaluated the experience, performance and independence of the external auditors. Then, studied the offers submitted by the auditors for auditing the annual financial statements for Year 2022, and accordingly recommended contracting with KPMG and BDO to audit the Company's annual financial statements for Year 2022, as well as for the second and third quarters of year 2022 and the first quarter of year 2023.

**External Auditors**

The Committee communicated with the partners / heads of the external auditors who provided the Committee with the information required on the performance of their activities. In respect of the performance of audit work, the Committee:

- examined the works completed and the results of their implementation through the submitted reports;
- ensured the independence of external auditors;
- reviewed the Audit Plan for the external auditors.
- perused the recommendations made by the external auditors (as documented in the management letter) and the plans approved by the Company's executive management to implement the same;
- The Committee studied the external auditors' evaluation of the internal control procedures.
- In addition, the Committee evaluated the quality of work performed by the external auditors.

**Internal Control System**

The Committee was informed of the improvements made by the executive management to the internal control system, the results of the internal audit activity, the risk management and cybersecurity systems. Moreover, the Committee:

- Oversaw the various reports prepared by the Internal Audit Department and the external auditors on the effectiveness of the internal controls related to the financial reporting system, where the Committee concluded that none of them caused any emergence of fundamental weaknesses in the financial reporting system.
- It studied the reports of the Compliance Department and made recommendations thereon to the Board of Directors.
- I reviewed the observations of the Saudi Central Bank and the relevant supervisory and supervisory authorities regarding any systemic violations or requesting corrective measures and submitted recommendations in this regard to the Board of Directors.

**The Audit Committee Report to the General Assembly of Year 2021**

- The Committee also followed up the reports issued by the Saudi Central Bank (SAMA) and the relevant regulatory and supervisory bodies, and made recommendations regarding them to the Board.
- In addition, the Committee ensured the availability of a written list of the professional conduct rules after being approved by the Board of Directors to ensure that the Company's business activities are carried out in a fair and ethical manner.
- The Committee was briefed on all major lawsuits filed by or versus the Company.
- The Committee also examined the quarterly performance reports related to the various customer complaints.
- Furthermore, the Committee reviewed the Company's risk management presentation of major risks and risk tolerance on a quarterly basis for Year 2021.
- The Committee reviewed the presentation of the CyberSecurity Department on a quarterly basis, which included the maturity status pursuant to the framework provided by the Saudi Central Bank, and followed up the status of implementation of the observations issued by the Saudi Central Bank and the National CyberSecurity Authority.

Accordingly, no fundamental weakness in the company's internal control systems was revealed to the Committee. Added to that, the Committee believes that the internal control system needs further improvements to suit the Company's growth and strategic trends, and the Committee will follow up such improvements.

**Internal Audit**

The Committee has reviewed and approved the management's Business Plan for the fiscal year 2021, and followed up its implementation and the necessary amendments thereto.

The Committee also monitored the performance of the Internal Audit Department and reviewed the reports issued by it. The Committee also approved nominating an external consultant to provide support to the Internal Audit Department team in implementing the review of Information Services Department and following up the Saudi Central Bank's observations related to cybersecurity according to the applicable regulatory requirements.

Moreover, the Committee followed up the Internal Audit Department's updates related to the quality assurance and continuous improvement program and monitored the implementation of corrective plans related to the program in line with best professional practices where the percentage of implementation of the corrective plans during 2021 exceeded 86%.

The Committee ensured the independence of the Internal Audit Department, and verified that there was no restriction on their work or the existence of anything that might negatively affect their smooth workflow.

Added to that, the Committee followed up on the stages of implementing the automated system for the Internal Audit Department.

The previous observations of the Internal Audit Department and the external auditor were reviewed until the end of Year 2021, and the Committee analyzed the unimplemented material observations and briefed the Board of Directors on them. The Committee also follow up the implementation of the executive management of such observations.

**Regulatory and Supervisory Compliance**

During the fiscal year, the Committee studied and approved the Business Plan of the Compliance Department and followed up its implementation. The Committee also reviewed the reports of the Compliance Department and made recommendations thereon. Furthermore, the Committee followed up the Compliance Department's progress in implementing the automation projects in the areas of regulatory compliance, anti-money laundering and terrorist financing, reporting violations, transactions with related parties and distributing the surplus to ensure proper reporting and full compliance in line with the Company's digital transformation strategy.

The Committee supervised and followed up the update of the compliance policy, money laundering, and the money laundering risk document.

During the year the Committee also assured sure that the Committee members have fulfilled all the statutory and regulatory requirements sought.



التعاونية Tawuniya

## Proxy Form

Dear Shareholders

The Proxy form is not available, as the Ordinary General Assembly will only be conducted through modern technology means, to ensure the safety of dealers in Stock Exchange Market, in the context of supporting the preventive and precautionary efforts conducted by relevant authorities to address the new Corona Virus (COVID-19)

The company urges the shareholders to register on Tadawulaty service, knowing that voting is provided free of charge for all shareholders through the following link:  
[www.tadawulaty.com.sa](http://www.tadawulaty.com.sa)

## نموذج التوكيل

السادة المساهمين الكرام

نموذج التوكيل غير متاح حيث سيتم الاكتفاء بعقد الجمعية العامة العادية عبر وسائل التقنية الحديثة وذلك حرصاً على سلامة المتعاملين في السوق المالية ودعماً للجهود والإجراءات الوقائية والاحترازية من قبل الجهات الصحية المختصة وذات العلاقة للتصدي لفايروس كورونا المستجد (COVID-19)

وتحث الشركة مساهميها بالتسجيل في موقع تداولاتي علماً بأن التسجيل والتصويت متاحاً ومجاناً لجميع المساهمين باستخدام الرابط التالي: [www.tadawulaty.com.sa](http://www.tadawulaty.com.sa)

(1) Voting on the Board Annual Report for the fiscal year ended on 31 December 2021.

# **Board of Directors' Report 2021**



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## Chairman's Statement

**Dear Shareholders,**

It gives me great pleasure, on the occasion of the issuance of the thirty-fifth annual report of the Company for Cooperative Insurance (Tawuniya), to congratulate you on another year of the Company's good performance and positive business growth achieved during Year 2021. The Company, after more than 35 years since its establishment in January 1986, has succeeded in ascertaining - with concrete numbers and obvious results - its worthiness to occupy its distinguished position in the Saudi insurance sector.

Despite the severe challenges of the emerging Corona Virus (Covid-19) pandemic that swept the whole world during years 2020 and 2021, our Company has proven its high ability to withstand crises, and has succeeded in managing the challenges of the stage with great effectiveness, enabling it to achieve positive results, whether in terms of business volume or profitability.

Being insurance pioneers in Saudi Arabia, we do measure our success by the financial indicators as well as our ambitious goals that achieve professional excellence, most notably increasing our customer base and supporting diversity and balance in our insurance portfolio. We are also interested in expanding digital transformation and innovation projects, increasing customer centricity, raising the efficiency of sales executives, supporting digital sales channels, and increasing the percentage of Saudization, while continuing the Company policy to enable and empower Saudi women.

In support of this trend, we launched the ambitious 2025 Tawuniya's strategy, which was built and developed, to accomplish our vision to be the largest insurance company in the Middle East and North Africa. To this end, we have established 8 strategic committees to support and enhance the implementation of 11 programs and 43 initiatives over the next five years.

Despite the challenges faced by the insurance industry, we expect continued improvement in our business based on several factors, most notably moving forward to improve the quality of life, innovating more products and programs, improving and raising awareness of foreseen risks for our customers. In addition, we understand the variables and developments in the markets and are taking appropriate proactive measures, as well as winning a number of major contracts that support the long-term partnership and investing in future programs within the framework of the transformation to enhance digital platforms, operations and capabilities of individuals. Moreover, we are expanding in specific geographical areas such as the Western region to increase our market share. This is in line with the trends of state projects in the west of the

Kingdom, and to achieve balance in Tawuniya portfolio, as well implementing a new organizational structure, and investing in developing the capabilities of the Company's employees and improving their skills, which contributes to raising the overall performance excellence.

Finally, I would like to thank you very much for your trust, and I extend my appreciation to our customers who showed great loyalty during this stage, and I also thank the Tawuniya management and its employees for their tremendous and sincere efforts.

With my sincere best wishes for Tawuniya continued growth and prosperity.

**Abdualziz I. Al-Nuwaier**  
**Chairman**

## **1- Introduction**

The Board of Directors (BOD) of The Company for Cooperative Insurance (Tawuniya) is pleased to present the 35<sup>th</sup> annual report to our shareholders, comprising of the Company's most significant plans, decisions, operating activities, along with the most important achievements and financial results during the year ending on December 31, 2021, in addition to information about the BOD and its committees, disclosures according to the regulations and other complementary information aiming to meet the needs of shareholders.

## **2- Tawuniya ..... Leadership and Excellence**

### **2-1 Saudi insurance pioneer**

The Company for Cooperative Insurance (Tawuniya) is the first licensed Saudi insurance company. It was established in Riyadh, Kingdom of Saudi Arabia by Royal Decree No. M/5, and was registered as a Saudi joint stock company on 8<sup>th</sup> of Jumada al Awwal 1406H (corresponding to 18<sup>th</sup> January 1986 G) with Commercial Registration No. 1010061695.

On 1<sup>st</sup> of December 2004 G (corresponding to 18<sup>th</sup> of Shawwal 1425 AH), Tawuniya obtained the first license from the Saudi Central Bank "SAMA" to transact insurance business in the Kingdom of Saudi Arabia in accordance with the Cooperative Insurance Companies Control Law and its implementing regulations.

The principal lines of business of Tawuniya include medical, motor, marine, fire, engineering, energy, aviation, Takaful and casualty insurance as well as many other types of insurance out of more than 60 insurance classes.

The issued and paid-up capital of the Company is 1,250 million Saudi riyal, being the highest capital among insurance companies operating in the Kingdom of Saudi Arabia.

### **2-2 Distinctive Awards and Ratings Assigned to Tawuniya in 2021**

The international credit rating agency, Fitch Ratings, has given Tawuniya Insurance Company a strong (A-) rating and Outlook Stable. In clarifying this rating, the agency's report that was issued in 2021, included that Tawuniya's IFS Rating reflects the company's strong capitalization and leverage, business profile and financial performance.

The following are the other awards and rankings that Tawuniya received in 2021:



|   |   |    |   |
|---|---|----|---|
| 1 | Excellence in Customer Service- KSA<br><i>By Global Business Outlook</i>                    | 2  | Best Health Insurance Brand in Saudi Arabia<br><i>By Global Brands Magazine</i>                                       |
| 3 | Best Auto Insurance Company-KSA<br><i>By Global Banking and Finance Review</i>              | 4  | Best Shared Value Insurance Concept – Tawuniya Vitality – Saudi Arabia 2021<br><i>By International Finance Awards</i> |
| 5 | Outstanding Contribution to Social Impact in Saudi Arabia<br><i>By CFI British Magazine</i> | 6  | Best Innovative Insurance Company<br><i>International Business Magazine</i>   |
| 7 | The best Takaful insurance company in the world<br><i>Global Islamic Finance Awards</i>     | 8  | To 10 Most Valuable Insurance Brands in the Middle East<br><i>By Brand Finance</i>                                    |
| 9 | Top 100 Companies in the Middle East<br><i>By Forbes Magazine</i>                           | 10 | Selection of Tawuniya CEO among Top 50 Influential Leaders-KSA<br><i>By Arabia Business Magazine</i>                  |

### 2-3 Important Plans and Decisions of the Company in 2021

Tawuniya has taken significant decisions, plans and initiatives during 2021, the most important of which are the following:

- Launching Tawuniya 2025 Strategy with an ambitious vision that aims to be largest insurer in the MENA region and aiming at keeping pace with the major changes in the insurance market, and contribute more to supporting the national economy and serving the whole Saudi community.
- Leading the pioneering national program to provide COVID-19 insurance for the Saudi citizens traveling abroad, in addition to providing COVID-19 insurance coverage for pilgrims, visitors and tourists coming to the Kingdom.
- Developing the management and governance of implementing transformation projects, building internal capabilities, and attracting distinguished competencies and expertise, which will definitely contribute to raising the quality of work and speed of completion.
- Developing the *Tawuniya-Vitality Health Program* launched by the Company during the past year, which had a positive impact in raising the level of health services provided to our customers, and improving their quality of life, which enhances the brand and supports the financial performance as well.
- Launching the *Tawuniya Drive Program*, which contributes to improving driving behavior, reducing accident rates, enhancing safety, and rewarding committed drivers, and thereby leads improving the quality of motor insurance operations by reducing the loss ratios, increasing customer retention rates, and creating an attractive factor for new customers.

- Continuing to provide support and insurance protection to the 21 "Taakad" centers for Covid-19 drive-through tests to combat coronavirus (COVID-19), which were established by the Company as part of its social responsibility.
- Evaluating the customer experience by conducting a number of opinion surveys, and improving the level of services provided according to the results of these surveys.

## **2-4 Summary of the Company's Operating Activities during 2021**

Tawuniya developed and implemented many initiatives and activities related to the Finance, Operating Segments, Sales, Customer Services, Marketing, Recruitment and Support Services. The following is a summary of the most important of these initiatives, activities and accomplishments achieved by the Company during year 2021:

- Launching the electronic billing system project by Finance Sector and completing it in record time according to the requirements and standards of the Zakat, Tax and Customs Authority.
- Completing the financial operations re-engineering project, which contributes to raising the efficiency and effectiveness of the governance and control of operations within Finance Sector and the Company, which will be positively reflected on the quality of the financial statements outputs.
- Incorporating the Investor Relations Department under the umbrella of Finance Sector and creating its new structure, which contributes to promoting effective communication with investors inside and outside the Kingdom, and to be a link with the senior management and the Board of Directors.
- Creating an organizational structure for the Financial Governance Department enabling it to exercise its role effectively to ensure an effective role in the governance and control of Finance Sector operations according to the highest standards in the insurance industry.
- Launching the ESG project by the Investor Relations Department with the Hovarth Consulting Office, as this project aims at keeping pace with international best practices in the (environmental, social, and governance) fields.
- The completion of the preparation of the first trial run phase for the application of the accounting standard IFRS17, IFRS9 on November 31 - 2021, and the second trial run phase is expected to be completed in May-2022 according to the requirements of the Saudi Central Bank.
- Launching the new Takaful insurance product, "Wafaa Group Takaful Insurance", which is an endorsement to the medical insurance policy, as it provides death by any cause benefit.
- Applying the mandatory standard contract to all medical service providers and applying the Saudi billing system during the period specified by the Council of Cooperative Health Insurance (CCHI) Circular No. 1197. The medical coding system has also been reviewed and unified, which greatly contributes in reducing the percentage of future technical rejections.

- Reviewing and reorganizing the medical network, and distributing service providers according to several factors criteria, including the level of medical service, its cost, and the client's actual need. The medical network was also expanded by adding a number of new medical service providers in remote areas and several countries outside the Kingdom, including Egypt, Jordan, India and Qatar.
- The medical coding team, which includes a number of certified coders, have reviewed and applied the pricing lists for medical service providers from the first batch of the “Nphies” platform during the period specified by CCHI, and the electronic link accreditation certificate for the “Nphies” platform was achieved, where Tawuniya was one of the first companies to achieve accreditation by CCHI.
- Developing medical claims processing and improving their quality through electronic linking of claims with the medical service providers at a rate of 97% of total claims, which supports the speed and accuracy of claim handling.
- Achieving remarkable accomplishments for the *Tawuniya-Vitality program* over a whole year, as it realized noticeable interaction rates that are considered the highest in the world compared to the countries that implemented the Program, and witnessed an increase in program members who took more than 6 billion steps and spent more than 200,000 hours of sports. In addition, Tawuniya organized more than 160 events at customer premises in the various regions of the Kingdom, more than 50 awareness sessions, and a number of outdoor sports activities and competitions with the customers.
- Designing of innovative products for the motor insurance market, most notably the **Motor Flex** product, which allows customers the flexibility to design their policies and choose from amongst seven additional insurance coverages in addition to the basic coverage.
- Launching an installment service for the premiums of retail motor insurance policies, which is the first of its kind in the insurance market, where the customer can pay in three or six monthly installments without any interest or additional fees.
- Restructuring the process of electronic issuing of motor insurance policies to facilitate the procedures required and raise operations efficiency.
- Developing the motor insurance sales portal for retail segment to be the easiest and fastest in the market, which improves the customer's journey and enhances the level of services provided.
- Launching a discount program for medical insurance customers who wish to purchase Al-Shamel motor insurance policy, which expands the customer base and increase their satisfaction.
- Developing the electronic claims submission service for Al-Shamel motor insurance clients, for corporate and retail segments, after the tangible success in launching TP electronic claims submission during the past year.
- Obtaining the approval of the Saudi Central Bank (SAMA) to sell the products of parcel insurance, Covid-19 travel insurance (for citizens), Unmanned Aerial Systems (drones) insurance for retail and businesses segments, events cancellation insurance, and political violence insurance.
- Organizing five virtual seminars to raise awareness of operational risks in several vital industries and sectors, including cement, medicines, healthcare, hospitals, building and construction, as well as commercial centers and warehouses.

- Adding the airport lounge entry permit feature for flight delay insurance policyholders, and selling the medical malpractice insurance product through the mobile application.
- The reinsurance activities witnessed during year 2021, a gradual increase in the retention rate, especially in the lines of property and engineering insurance, and a new reinsurance treaty with an automatic capacity for the events cancellation insurance product was concluded, a new reinsurance treaty to insure Covid-19 was concluded too. Moreover, the political violence insurance coverage was added to the reinsurance treaty relating to war risks. In addition, the reinsurance treaty for energy insurance was extended and the reinsurance program was renewed with a better credit rating reinsurance company.
- Implementation of many initiatives that would augment the value proposition of the Company's insurance programs and enhance relations with the major customers, which had a positive impact on the growth of sales of the corporate and key accounts by a large percentage compared to the last year and exceeding its financial goals for 2021.
- Tawuniya became the first insurance partner for most of the financial and banking sector entities in the Kingdom, as it succeeded in renewing the medical insurance contracts of the Saudi Central Bank and Al Rajhi Bank, and attracted the medical contract of the Saudi National Bank (Al-Ahli), which reflects the confidence of major customers in the quality of the Company's programs and distinguished services.
- Achieving the objectives of the expansion strategy in the western region by building a sales team that succeeded in promoting and growing the businesses of the corporate and key accounts sector in the region, and also contributed to the growth of small and medium enterprises (SME) sales by an estimated rate of 50% compared to last year.
- Concluding a framework agreement for medical insurance with the beneficiary government agencies with the Governmental Expenditure & Projects Efficiency Authority (EXPRO), where the Company was able to qualify for this project with a distinguished technical evaluation, which reflects the government sector's confidence in the technical capabilities and quality of the Tawuniya medical insurance programs.
- Improve the awareness of adopting a healthier and more active lifestyle, by organizing 160 events for *Tawuniya-Vitality Program* and 32 cycling events for employees of medical insurance partners.
- Implementation of the decentralization strategy for the SME telesales channel, which was positively reflected on the size of the business portfolio, with a growth rate of 94% for new sales and nearly 57% for the telesales channel sales.
- Raising the productivity and efficiency of SME sales, by taking several technical procedures and initiatives, the most important of which is enabling the sales team to sell the medical insurance product through the Customer Relation Management System (CRM), applying the e. Services system for medical insurance policyholders to effectively finalize electronic operations, and improving the process completion time to less than 3 hours instead of two working days, and activating the advance payment feature, which contributed to the process of collecting amounts. The percentage of customers using the system reached 75% of the total required transactions.
- Developing electronic sales for micro-enterprises segments. Work is underway to apply electronic policy renewal, and the service is expected to be launched in 2022.

- Taking several actions to improve the SME customer satisfaction level, and a program was launched to support the loyalty of SME customers with whom our partnership lasted for 3 years, and the program was very well received.
- Offering various financial solutions, allowing the SME customers to pay the health insurance premiums in installments for a period of up to 12 months, thereby contributed to enabling the SME sector to overcome the financial challenges it faces as a result of the Corona pandemic.
- Launching the e. Service for SME health insurance, and standardizing after-sales services to be central in the Sales Support Department, in order to unify the customer experience.
- Improving customer service, by creating a department to provide corporate sector with the e. Services technical support, updating of the Call Center system, and the modernization of the IVR system so that it became possible to know the movement of customers and pressure points and accordingly make immediate improvements.
- Establishing a department to provide after-sales services for the SME policies, expanding the Quality Department and creating a dedicated team to evaluate calls.
- Implementing 75% of the after-sales operations through the e. Services for the corporate segment, reducing the processing time from two working days to 4 working hours, and reaching the highest monthly number of transactions (more than 31,000 transactions per month).
- Launching the second phase of the Customer Voice Program, which includes adding eight new services for sales and medical insurance.
- Expansion of customer service social networks, and adding WhatsApp to the communication channels, in addition to Instagram, Facebook, and LinkedIn, which are managed by the Call Center employees.
- Sponsoring a number of external events, including the HR-Tech Conference, the Arabian Horse Beauty Championship, the concerts, Al-Hilal celebration of achieving the eighth Asian Championship, the Ramadan Tennis Academy competitions in Riyadh, and the Bicycle Race conducted on the occasion of the National Day in Riyadh, Jeddah and Dammam, and the Jeddah Marathon.
- Organizing a number of internal events, including the launch of 2025 Tawuniya Strategy, the 91st National Day, the World Food Day, the breast cancer awareness, the signing ceremony of a strategic partnership with Mobily, the installment service signing ceremony with Nayifat, and the signing ceremony of the medical insurance contract with Saudi German Health Hospitals. In addition, we conducted the First-year anniversary of the launch of the *Tawuniya-Vitality Program* and the employee's blood donation campaign.
- Implementation of distinguished digital marketing activities that contributed to increasing the number of Tawuniya followers on social media accounts by 30% over the previous year, increasing the number of visitors to Tawuniya's website by 121%, and increasing the collected database of social media and the website of potential customers.
- Implementation of an intensive public relations program that contributed to an increase in media publishing rates by 240% over the previous year, and also led to Tawuniya acquiring the equivalent of 95% of media exposure for the Saudi insurance sector.

- Implementation of marketing campaigns for a number of products, programs and special offers, the most important of which are the Motor Flex program, the Covid-19 travel insurance program, the Tawuniya Drive program and the Taj integrated healthcare program as well as special offers on the occasions of summer and winter, the National Day and Al-Hilal winning the Saudi League and Asian Cup.
- Organizing 389 events for Tawuniya's clients, including Tawuniya-Vitality, Tawuniya Health Zone, Taj Program, Healthy Eating Workshops, self-development workshops, breast cancer screening and awareness sessions, diabetes screening, yoga sessions, and cardiopulmonary resuscitation.
- Implementing a set of activities aimed at benefiting from the Tawuniya partnership with Al Hilal Sports Club, to promote a number of products and special offers such as the Motor Flex product, Al Hilal package, the Tawuniya Drive, the 17% discount offer and the 15% discount offer on the Leader's Night. The number of followers of the Company's accounts on social media has also been increased through messages and competitions that continue throughout the season and simultaneous with Al Hilal Club matches, as well as hosting the Asian Cup and the Prince Mohammed bin Salman Professional League Cup at the Tawuniya Head Office, and sponsoring the Volleyball Championship hosted by Al Hilal Club.
- Implementation of 16 researches and studies that focused mainly on customer satisfaction assessment, brand assessment, comparing the prices of Tawuniya products with competitors, testing new products, exploring opportunities and understanding the market.
- Increasing the percentage of Saudization in the company to 86%, which is one of the highest rates in the insurance market, as well as increasing the rates of female employment in the Company from 25% to 40% of the total workforce.
- Developing the performance management system to be more effective in achieving the Company's objectives and enhancing the performance culture.
- As part of its continuous approach to developing skills and raising the level of competencies, 1,478 male and female employees have been trained in administrative and technical fields with local and international bodies, and the e-learning platform has been activated with the global body SkillSoft. More than 441 employees have been trained for 2,809 hours in various fields, support 650 employee to pass IFCE tests. In addition, a group of employees also obtained professional certificates such as: CII Certificate in Insurance CII, CCO, ASA, IFSAH, PIC412A- Motor insurance.
- Establishing a comprehensive program specialized in organizational development to support the Company's strategy and raise the efficiency of institutional performance, review and update human resources policies to keep pace with market data, facilitate and simplify procedures, support the work environment, and work on developing the electronic system for the human capital sector.
- Completing a project to renovate and improve the work environment of the Western Regional Office (WRO) in Jeddah, where work stations were implemented commensurate with the open plan design.
  - Starting a project to renovate and improve the work environment in the company's Head Office in Riyadh to keep pace with the new strategic developments that reflect Tawuniya's passion for its employees as one of the company's strategy promises. The project



includes the complete change of the building plan, the expansion and increase in the number of allocated offices, the change of the entire lighting system, and the implementation of an open business area.

- Develop a program to redistribute and improve the quality of security systems in line with SAMA requirements, and add security protection detectors to protect the employees and offices.

## 2-5 Social Contribution

- Tawuniya continued to provide full support and insurance protection to the 21 "**Taakad**" centers for Covid-19 drive-through tests in the various regions of the Kingdom, with the aim of strengthening national efforts to combat coronavirus (Covid-19), and the Company also organized several campaigns to raise awareness of the importance of vaccination against this virus.
- Based on our belief in the values of our society and embodying our active social role, Tawuniya has participated in the national campaign for charitable work and donated one million Saudi riyals through the "Ehsan" platform.
- The Company launched the "**Aljar Lil Jar**" initiative through our social responsibility program (**Tawuniyat Al-Kheir**) where we shared the joy of Ramadan with our neighbors in Riyadh, Khobar and Jeddah.
- On the occasion of the International Children's Cancer Day, Tawuniya implemented the "**We achieved their wishes**" initiative in its second chapter for the children of King Abdullah Specialist Hospital in Riyadh in cooperation with the National Center for Social Responsibility to support their fight against cancer.
- Tawuniya cooperated with the "Naqa" Association to implement several activities to raise awareness of the harms of tobacco and help those wishing to quit smoking, on the occasion of the World No Tobacco Day.
- Tawuniya interacted with international days and health awareness months to improve the health of different groups of Saudi society by implementing a number of campaigns and events, most notably the activities of the International Breast Cancer Month, the International Day for Persons with Special Needs, the World Heart Day, and the World Diabetes Day.
- Under the slogan "**We can take a selfie**" and on the occasion of the International Prostate Cancer Month, the Tawuniya organized several events to raise awareness of men's health in Riyadh, Jeddah and Dammam.
- The Company carried out several activities during the National Day celebrations to spread awareness of the Kingdom's civilization, culture and its tourist and heritage areas by organizing a series of competitions and recreational trips to the National Museum and the city of Al-Ula.

## 2-6 Description of the Tawuniya's main lines of business

The Company consists of business units, according to its products and services, and it has sectors for which reports are submitted as follows:

- **Medical Insurance sector:** It covers health insurance.
- **Motor insurance sector:** It provides insurance plans for vehicles, third party liability insurance, and insurance for foreign motor vehicles transiting the territory of the Kingdom of Saudi Arabia (Manafeth).
- **Property and Casualty insurance sector:** which includes coverage for property, engineering, marine, aviation, energy and general accidents insurance.
- **Medical- Umrah:** It covers health insurance for pilgrims and its profit is shared with other insurance companies.
- **General Accident- Umrah:** It covers general accident insurance for pilgrims and its profit is shared with other insurance companies.
- **International Travel and Covid-19 insurance:** Compulsory international travel insurance coverage in addition to the insurance coverage related to (Covid-19).
- **Protection and savings.**
- **Shareholders Sector:** It includes reports on the shareholders' operations of the company and the balances of the subsidiary "Tijan Al Khaleej".

Operating expenses and other general expenses are allocated to this sector on the basis of appropriate allocation. The surplus or loss from the insurance operations is allocated basis on an appropriate allocation.

## 2-7 Statements and main lines of business of the subsidiaries and associates

A- The name of each subsidiary and associates company, its capital, the percentage of the company's ownership in it, its main activity, the country of its operations, and the country of incorporation:

| Name of subsidiary and associate           | Capital          | Percentage of ownership | Main business activity  | Country of its operations | Country of its incorporation |
|--|------------------|-------------------------|---|---------------------------|------------------------------|
| Tijan Al Khaleej Company<br>(A subsidiary) | SAR<br>7,500,000 | 100%                    | To develop technology-based solutions and provide consulting services to the insurance and healthcare businesses. | Kingdom of Saudi Arabia   | Kingdom of Saudi Arabia      |

|   |                   |     |   |                         |                         |
|---|-------------------|-----|---|-------------------------|-------------------------|
| United Insurance Company<br>(Associate company)                           | BD<br>5.000.000   | 50% | To provide insurance to all motor vehicles passing through the King Fahd Causeway in accordance with the Bahrain Insurance Company Law. | Kingdom of Bahrain      | Kingdom of Bahrain      |
| Waseel Electronic Information Transferring Company<br>(Associate company) | SAR<br>24,000,000 | 45% | To providing Internet and e-commerce services solutions between the companies for the health insurance market.                          | Kingdom of Saudi Arabia | Kingdom of Saudi Arabia |

**\*Tijan Al Khaleej Company:** began its commercial operations in August 2020 after being duly registered under Commercial Registration No. 1010644057.

The financial statements for the year ending on December 31, 2021 are the first financial statements for the Company.

**\*\*United Insurance Company:** is a closed joint stock company and was incorporated in Kingdom of Bahrain with CR No. 1-17337.

**\*\*\* Waseel Electronic Information Transferring Company:** is a limited liability company, and was established under Commercial Registration No. 1010186558 issued in the Riyadh on 13/02/1424H.

#### **B- Geographical analysis of the total revenues of the subsidiaries and associates in year (2020 - 2021):**

| Subsidiary/<br>Associate                   | Central<br>regional office<br>and HO | Western regional office | Eastern regional office | Other regional<br>offices and Countries | Total Revenues |
|--|--------------------------------------|-------------------------|-------------------------|---|----------------|
| Tijan Al Khaleej Company<br>(A subsidiary) | SAR 1,281,000                        | -                       | -                       | -                                       | SAR 1,281,000  |

|   |                   |   |   |                |                |
|---|-------------------|---|---|----------------|----------------|
| Waseel<br>(associate company)               | SAR<br>30,739,000 | - | - | -              | SAR 30,739,000 |
| United Insurance Co.<br>(associate company) | -                 | - | - | SAR 42,379,000 | SAR 42,379,000 |

### 3- Strategy and Future Prospects of the Company

#### 3-1 Evaluation of the Company's Strategy

Tawuniya launched its 2025 Strategy for the next five years, to keep pace with the fundamental changes in the market affecting locally and globally, and to contribute more in supporting the national economy and serving the Saudi society at large, where the entire world is witnessing today rapid and pivotal changes in the business sector and all areas of life. In addition, the needs and expectations of customers and requirements have varied as well the society and its perceptions, and the introduction of modern technologies to the labor market that made it more competitive and dynamic, and raised the limit of expectations and increased the challenges size.

Through its ambitious strategy, Tawuniya looks forward to new horizons that define unique features for the insurance sector in the Kingdom, and aspires to be the largest insurance company in the Middle East and North Africa region, through excellence in business, services and product innovation to excel in serving its valued customers, and progress in supporting the passion of its employees and achieving market leadership, providing digital solutions that stimulate the insurance sector, and expanding in the region to achieve sustainable financial results and profits that go beyond the market.

#### 3-2 Future Prospects for the Company's Business

Tawuniya expects to develop its business and improve its performance based on the following factors:

- Tawuniya is closely following the most important changes affecting the local and global markets due to the continuing impact of the Corona pandemic on various business sectors and changes in oil prices, and the company is taking the necessary proactive measures.

- To be in harmony with the directions of the Kingdom's Vision 2030 and the national transformation projects, to enhance the contribution to economic development and raise the level of services provided to the community to maximize the value proposition.
- Implementing Tawuniya strategy according to a solid work plan, which will greatly contribute in the coming years to transfer the Company a higher position befitting the size of its aspirations.
- Investing in strategic programs and initiatives that will transform Tawuniya into a stronger entity, capable of contributing more to stimulating the insurance sector in the Kingdom.
- Making internal improvements and developing the organizational structure to comply with the Company's strategic directions.
- Building a work environment aimed at corporate excellence, and improving the quality of work, by adopting the best international practices and providing integrated digital solutions for all stages of customer service.
- Paying real attention to modern technologies locally and globally, and providing the best digital solutions to integrate technology with insurance activity, which supports the speed of completion of insurance transactions and improves the quality of services provided.
- Building promising strategic partnerships to support the implementation of Tawuniya strategic programs and initiatives and to contribute to the establishment of an integrated insurance system that serves all clients.
- Taking due care with expansion in the western region to increase the market share in various sectors (corporate, small and medium enterprises "SME) in line with the orientations of state projects in the western region, and to achieve balance in a profitable portfolio.
- Obtaining new major contracts that support the partnership in the long term.
- Building human capabilities and providing employees with the skills and knowledge required to perform their work efficiently, which contributes to increasing customer centricity and raising the Company's performance excellence.
- Providing distinguished insurance solutions and innovative products available to all customers at reasonable prices and high quality while promoting the concept of "customer centricity" in internal and external procedures.

#### **4- Analysis of the Company's Financial Performance and Material Differences in Operating Results**

##### **4. 1 Statement of financial position for the years ending in (2017 – 2021)**

(SAR'000)

|   | December 31<br>2017 | December 31<br>2018 | December 31<br>2019 | December 31<br>2020 | December 31<br>2021 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>ASSETS</b>   |                     |                     |                     |                     |                     |
| Statutory Deposit                                     | 125,000             | 125,000             | 125,000             | 125,000             | 125,000             |
| Accrued income on statutory deposit                   | 1,997               | 2,254               | 2,513               | 2,774               | 3,050               |
| Property, equipment and Right – of - Use Assets, net  | 279,051             | 211,378             | 206,553             | 191,851             | 236,970             |
| Intangible assets                                     | 7,653               | 3,633               | 3,971               | 7,708               | 16,627              |
| Investment properties                                 | 9,861               | 64,716              | 63,427              | 62,138              | 60,850              |
| Equity-accounted Investments                          | 95,468              | 95,116              | 101,520             | 85,319              | 89,556              |
| Prepaid expenses and other assets                     | 191,369             | 261,088             | 243,912             | 776,263             | 583,726             |
| Mudaraba/ Murabaha deposits                           | 82,035              | 2,239,125           | 3,539,376           | 3,134,932           | 3,780,598           |
| Deferred excess of loss premiums                      | 11,293              | 8,775               | 7,714               | 12,723              | 7,501               |
| Deferred policy acquisition costs                     | 170,790             | 130,651             | 120,845             | 134,724             | 127,951             |
| Reinsurers' share of incurred but not reported claims | 391,207             | 191,837             | 327,724             | 289,784             | 329,243             |
| Reinsurers' share of outstanding claims               | 1,375,277           | 2,725,809           | 3,100,446           | 1,962,570           | 1,762,324           |
| Reinsurers' share of unearned premiums                | 591,125             | 544,839             | 715,959             | 683,698             | 717,382             |
| Available for sale investments                        | 5,525,209           | 2,905,130           | 2,746,748           | 3,018,566           | 2,370,943           |
| Receivables, net                                      | 2,257,678           | 1,517,987           | 1,495,894           | 3,480,553           | 3,222,001           |
| Accrued investment income                             | 158,093             | -                   | 6,333               | 2,397               | 11,029              |
| Cash and cash equivalents                             | 1,397,203           | 1,600,240           | 1,306,550           | 445,794             | 1,188,266           |
| <b>TOTAL ASSETS</b>                                   | <b>12,670,309</b>   | <b>12,627,578</b>   | <b>14,114,485</b>   | <b>14,416,794</b>   | <b>14,633,017</b>   |
| <b>LIABILITIES</b>                                    |                     |                     |                     |                     |                     |
| Return payable on statutory deposit                   | 1,997               | 2,254               | 2,513               | 2,774               | 3,050               |
| Surplus distribution payable                          | -                   | -                   | 207,586             | 252,086             | 258,163             |
| Defined benefit liabilities                           | 119,242             | 133,276             | 129,480             | 134,990             | 142,110             |
| Short-term borrowings                                 | -                   | -                   | -                   | 401,998             | -                   |



|  |                   |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Zakat payable  | 233,318           | 237,080           | 255,554           | 346,224           | 415,023           |
| Reserve for Takaful activities                         | 10,576            | 8,690             | 5,006             | 3,544             | 3,372             |
| Incurred but not reported claims reserve               | 1,700,269         | 1,684,183         | 1,925,584         | 1,549,350         | 1,770,241         |
| Gross outstanding claims                               | 2,374,764         | 3,271,156         | 3,684,891         | 2,516,652         | 2,400,729         |
| Premium deficiency reserve                             | 137,248           | 7,272             | 2,830             | 52,401            | 30,277            |
| Unearned commission income                             | 53,661            | 39,299            | 43,323            | 37,538            | 42,289            |
| Claims payable, accrued expenses and other liabilities | 1,293,273         | 1,514,723         | 1,001,679         | 1,729,527         | 985,395           |
| Gross unearned premiums                                | 4,405,244         | 3,820,293         | 3,826,119         | 4,319,378         | 5,031,265         |
| Reinsurers' balances payable                           | 207,922           | 94,720            | 523,820           | 254,559           | 503,409           |
| Dividends payable                                      | 6,414             | 6,411             | 6,411             | 6,411             | 8,630             |
| <b>TOTAL LIABILITIES</b>                               | <b>10,543,928</b> | <b>10,819,357</b> | <b>11,614,796</b> | <b>11,607,432</b> | <b>11,593,953</b> |
| <b>EQUITY</b>  |                   |                   |                   |                   |                   |
| Share capital  | 1,250,000         | 1,250,000         | 1,250,000         | 1,250,000         | 1,250,000         |
| Statutory reserve                                      | 1,000,000         | 1,000,000         | 1,065,517         | 1,144,183         | 1,197,495         |
| Fair value reserve for investments                     | (166,244)         | (198,724)         | 167,472           | 98,536            | 152,513           |
| Remeasurement of defined benefit                       | (5,879)           | (12,226)          | (14,540)          | (20,261)          | (20,096)          |
| Retained earnings                                      | 48,504            | (230,829)         | 31,240            | 345,904           | 459,152           |
| <b>TOTAL EQUITY</b>                                    | <b>2,126,381</b>  | <b>1,808,221</b>  | <b>2,499,689</b>  | <b>2,809,362</b>  | <b>3,039,064</b>  |
| <b>TOTAL LIABILITIES AND EQUITY</b>                    | <b>12,670,309</b> | <b>12,627,578</b> | <b>14,114,485</b> | <b>14,416,794</b> | <b>14,633,017</b> |

#### 4-2 The impact of the main operating segments on the Company's business volume and its contribution to the results of year 2021

(SAR'000)

| Operating Segment          | Medical   | Medical – Umrah | Motor   | Property & Casualty | General Accidents- Umrah | Travel and Covid-19 | Protection and Savings | Total Insurance' Operations | Total – Tijan Al-Khaleej | Total Shareholders' Operations | Total     |
|----------------------------|-----------|-----------------|---------|---------------------|--------------------------|---------------------|------------------------|-----------------------------|--------------------------|--------------------------------|-----------|
| Net Premiums Written (NPW) | 7,735,126 | 19,107          | 614,662 | 120,924             | 14,038                   | 96,380              | 7,628                  | 8,607,865                   | -                        | -                              | 8,607,865 |

|  |           |        |         |         |        |        |       |           |          |         |           |
|--|-----------|--------|---------|---------|--------|--------|-------|-----------|----------|---------|-----------|
| Total Written Revenues                 | 7,091,003 | 15,587 | 615,251 | 235,720 | 11,203 | 92,216 | 7,245 | 8,068,225 | -        | -       | 8,068,225 |
| Net Incurred Claims and Other Benefits | 5,971,460 | 7,122  | 408,666 | 23,133  | 4      | 3,500  | 2,760 | 6,416,645 | -        | -       | 6,416,645 |
| Total Underwriting Costs and Expenses  | 6,595,136 | 13,767 | 452,271 | 77,132  | 9,522  | 71,149 | 6,721 | 7,225,698 | (14,929) | -       | 7,210,769 |
| Net Underwriting Income                | 495,867   | 1,820  | 162,980 | 158,588 | 1,681  | 21,067 | 524   | 842,527   | 14,929   | 0       | 857,456   |
| Net Profit Before Zakat                | -         | -      | -       | -       | -      | -      | -     | 223,303   | 233      | 148,932 | 372,468   |

### 4-3 Tawuniya Business Results for the Last Five Financial Years 2017 -2021

(SAR'000)

| Description                    | 2017      | 2018      | 2019      | 2020      | 2021       |
|--------------------------------|-----------|-----------|-----------|-----------|------------|
| Gross Written Premiums (GWP)   | 8,406,669 | 7,641,245 | 8,375,860 | 9,061,768 | 10,218,606 |
| Net Earned Premiums (NEP)      | 7,302,607 | 7,065,754 | 6,877,318 | 7,042,385 | 7,929,662  |
| Net Incurred Claims            | 6,813,530 | 6,571,667 | 5,812,986 | 5,487,973 | 6,660,276  |
| Net Profit (Loss) before Zakat | (146,544) | (213,339) | 402,165   | 514,459   | 350,138    |
| Total Comprehensive Income     | (310,173) | (318,160) | 691,468   | 309,673   | 329,702    |
| Total equity                   | 2,126,381 | 1,808,221 | 2,499,689 | 2,809,362 | 3,039,064  |
| Profit per share (SR)          | (1.60)    | (2.23)    | 2.62      | 3.15      | 2.13       |

#### 4-4 Geographical analysis of the company's GWP

(SAR'000)

| Geographical Region               | Central regional office and HO | Western regional office | Eastern regional office | Other regional offices | Total      |
|-----------------------------------|--------------------------------|-------------------------|-------------------------|------------------------|------------|
| Revenues (Gross Written Premiums) | 6,276,638                      | 2,546,403               | 1,373,877               | 21,688                 | 10,218,606 |

#### 4-5 The material differences in the operating results of the Company

(SAR'000)

| Description   | 2020      | 2021       | Change value | Change % |
|---|-----------|------------|--------------|----------|
| Gross Written Premiums (GWP)  | 9,061,768 | 10,218,606 | 1,156,838    | 12.77%   |
| Net Earned Premiums (NEP)   | 7,567,905 | 8,607,865  | 1,039,960    | 13.74%   |
| Total Written Revenues  | 7,166,000 | 8,068,225  | 902,225      | 12.59%   |
| Gross Claims Paid & Expenses Incurred Related to Claims   | 6,934,440 | 6,764,042  | (170,398)    | -2.46%   |
| Net Incurred Claims and other benefits  | 5,487,973 | 6,660,276  | 1,172,303    | 21.36%   |
| Surplus of insurance operations minus the revenues of policy holders' investments (Operating results) | 351,362   | 77,552     | (273,810)    | -77.93%  |
| Net profit of policyholders' investments  | 154,742   | 145,751    | (8,991)      | -5.81%   |
| Surplus of insurance operations   | 506,104   | 223,303    | (282,801)    | -55.88%  |
| Shareholders' share of surplus/deficit  | 455,494   | 200,973    | (254,521)    | -55.88%  |
| Net Profit (loss) of Shareholders' Investment   | 64,282    | 157,036    | 92,754       | 144.29%  |
| Net profit before zakat   | 514,459   | 350,138    | (164,321)    | -31.94%  |
| Profit per share after zakat (SR)   | 3.15      | 2.13       | -            | -        |

#### 4-6 Surplus from Insurance Operations

After the addition of investment income, the insurance operations realized a surplus of SR 223 million in 2021 (2020: SR 506 million). As per the requirements of the Executive Regulations of the Law on Supervision of Cooperative Insurance Companies, 10% of the net surplus is distributed to policyholders with a value of SR 22 million, while 90% of the surplus is transferred to the shareholders' income statement with a value of SR 201 million (2020: SR 455 million).

#### 4-7 Statutory payments paid and due for the payment in year 2021

(SAR'000)

| Description                    | 2021   |   | Brief Description  | Reasons   |
|--------------------------------|--------|---|--|---|
|                                | Paid   | Due (unpaid)<br>amounts up to the<br>end of the fiscal year |  |   |
| <b>Zakat</b>                   | 14,780 | 415,023   | Zakat payable  | Regulations of the General Authority of Zakat and Tax (GAZT)        |
| <b>Withholding Taxes</b>       | 29,594 | 10,625  | Withholding tax  | Regulations of the General Authority of Zakat and Tax (GAZT)        |
| <b>Social insurances</b>       | 49,440 | 3,764   | GOSI subscriptions for the Company employees.              | Regulations of the General Organization for Social Insurance (GOSI) |
| <b>Visas and passport fees</b> | 1,226  | -   | Fees for the issuance of visas and passport services.      | Regulations of the Ministry of Interior                             |
| <b>Labor office fees</b>       | 2,063  | -   | Fees for the issuance of Work Permits                      | Regulations of the Ministry of Labor                                |
| <b>Supervision fees</b>        | 48,485 | 15,742  | Fees to the Saudi Central Bank (SAMA)                      | Cooperative Insurance Companies Control Law                         |
| <b>Supervision fees</b>        | 99,216 | 25,417  | Fees to the Council of Cooperative Health Insurance (CCHI) | The Cooperative Health Insurance Law                                |

## 5- Board of Directors

### 5-1 Formation of the Board of Directors, Classification of its members, their qualifications, experience and current and previous positions

| Name and the party he represents                   | Membership Classification | Current Position   | Previous Position  | Qualifications  | Experience   |
|--|---------------------------|--|--|---|--|
| <b>Mr. Abdulaziz I. Al-Nuwaiser (BOD Chairman)</b> | Independent               | <ul style="list-style-type: none"> <li>Chief Executive Officer and Board member - Tahakom Investment Company</li> <li>Chairman or a board member, or audit committees and other committees member at a number of listed and unlisted companies.</li> </ul> | <ul style="list-style-type: none"> <li>Vice President – Finance at Arabian Internet Services &amp; Telecom Co. Ltd.</li> <li>Vice President – Finance at Al-Othaim Investment and Real Estate Development Company.</li> <li>Executive partner, then CEO of the National Consulting House.</li> <li>A lecturer in the Accounting section at King</li> </ul> | <ul style="list-style-type: none"> <li>Bachelor's degree in Accounting - King Saud University - Kingdom of Saudi Arabia.</li> <li>Master of Accounting with two subspecialties: Finance and Information Systems - Case Western Reserve University - United States of America</li> <li>Diploma in International Financial Reporting Standards (DiplFR).</li> <li>Many professional certificates in accounting, financial, management, and auditing.</li> </ul> | Held several administrative positions in the field of finance. He is the Chief Executive Officer and Board member at Tahakom Investment Company. He also worked as a lecturer in the Accounting section at King Saud University in Riyadh. |

|  |               |  |  |  |  |
|--|---------------|--|--|--|--|
|  |               |  | <p>Saud University in Riyadh.</p> <ul style="list-style-type: none"> <li>• CFO of Elm Information Security Company.</li> <li>• Chairman or a board member, or audit committees and other committee's member at a number of listed and unlisted companies.</li> </ul> |  |  |
| <b>Mr. Abdulaziz A. Alkhamis (Vice-chairman)</b> | Non-Executive | <ul style="list-style-type: none"> <li>• Vice Chairman, Saudi Investment Bank.</li> <li>• Vice Chairman, Tabuk Cement Co.</li> </ul> | <ul style="list-style-type: none"> <li>• Consultant-Raidah Investment Company.</li> <li>• Deputy Governor for Investment in the Public Pension Agency</li> </ul>   | <ul style="list-style-type: none"> <li>• BA of Economics - Northeastern University, Boston, USA</li> <li>• Many professional and specialized certificates.</li> </ul>  | Held several positions in Saudi Central Bank for 21 years  |
| <b>Mr. Waleed A. Aleisa (BOD member)</b>         | Non-Executive | <ul style="list-style-type: none"> <li>• BOD member of General Authority for Competition</li> </ul>                                  | <ul style="list-style-type: none"> <li>• CEO of Raza Company.</li> <li>• Chief Operating Officer of Raidah</li> </ul>  | <ul style="list-style-type: none"> <li>• Master of Chemical Engineering - University of Arizona - USA</li> <li>• Master of Computer Science - University of</li> </ul> | Strategic planning, research and management of mega real estate projects and real estate asset and property assets management. |

|  |               |  |   |   |   |
|--|---------------|--|---|---|---|
|  |               | <ul style="list-style-type: none"> <li>• BOD member of United Insurance Company – Bahrain</li> </ul> | <ul style="list-style-type: none"> <li>Investment Company.</li> <li>• BOD member of Jabal Omar Development Company.</li> <li>• BOD member of Riyadh Bank.</li> <li>• BOD member of Raza Company.</li> </ul> | <ul style="list-style-type: none"> <li>Washington, Santa Louis - USA</li> <li>• Bachelor of Chemical Engineering - King Saud University - KSA</li> <li>• Many specialized and professional certificates</li> </ul>  |   |
| <b>Mr. Ehab M. Al Dabbagh (BOD member)</b>   | Independent   | CEO of Ijmal Limited   | General Manager of Corporate Banking Services at Alawwal Bank.  | <ul style="list-style-type: none"> <li>• Bachelor of Marketing - King Fahd University of Petroleum and Minerals (KFUPM) –KSA</li> <li>• Many specialized professional certificates</li> </ul>   | Held several administrative positions in the field of strategy and the retail and corporate banking services and programs management. |
| <b>Mr. Hamood A. Altuwaijri (BOD member)</b> | Independent   | BOD member, The Company for Cooperative Insurance (Tawuniya)   | Executive Vice President for legal affairs, auditing, finance and petrochemical – SABIC   | <ul style="list-style-type: none"> <li>• Master of Industrial Engineering - Georgia Institute of Technology - USA</li> <li>• Bachelor of Industrial Engineering - University of Washington - USA</li> <li>• Bachelor of Business Administration - University of Washington – USA</li> </ul> | Held several administrative positions in the areas of financial administration, petrochemicals, legal affairs and auditing.           |
| <b>Mr. Ghassan A. Al-Malki</b>               | Non-Executive | Director of the Department of  | Director of Business  | <ul style="list-style-type: none"> <li>• Master of Computer Science - Computer</li> </ul>   | Held several administrative positions in the field of   |

|  |               |   |  |   |   |
|--|---------------|---|--|---|---|
| <b>(BOD member representing the General Organization for Social Insurance)</b>                         |               | Digital Excellence - General Organization for Social Insurance  | Development at the Computer Department - General Organization for Social Insurance | <p>Science, University of California - USA</p> <ul style="list-style-type: none"> <li>• Bachelor of Computer Science - Information Systems, King Saud University - KSA</li> <li>• Many specialized professional certificates</li> </ul>                         | information technology at the General Organization for Social Insurance.  |
| <b>Mr. Jasser A. Al Jasser (BOD member representing the General Organization for Social Insurance)</b> | Non-Executive | General Manager of Strategy and Transformation- General Organization for Social Insurance   | General Manager of Corporate Excellence- the Public Pension Agency                 | <ul style="list-style-type: none"> <li>• Master of Actuarial Science, University of Nebraska – USA</li> <li>• Bachelor of Operations Research, King Saud University –KSA</li> <li>• Many specialized professional certificates</li> </ul>                       | Held several positions in the fields of planning, development, studies, and actuarial studies at the Public Pension Agency and the General Organization for Social Insurance. |
| <b>Mr. Abdulrahman M. Al Odan (BOD member)</b>   | Independent   | <ul style="list-style-type: none"> <li>• BOD member- The Company for Cooperative Insurance (Tawuniya).</li> <li>• BOD member- The Saudi National Bank.</li> <li>• An external member of the Audit Committee - Tadawul Holding Group.</li> </ul> | Executive Vice President of Information Technology at Riyadh Bank                  | <ul style="list-style-type: none"> <li>• Master of Computer Science - Florida Institute of Technology, Marlborough, USA</li> <li>• Bachelor of Computer Science - Jacksonville University, USA</li> <li>• Many specialized professional certificates</li> </ul> | Held several administrative positions in the field of information technology  |



|                                       |             |   |  |  |  |
|---------------------------------------|-------------|---|--|--|--|
|                                       |             | <ul style="list-style-type: none"> <li>• Member of the founding committee - Small and Medium Enterprises Bank.</li> <li>• Chairman, Komate Industrial Company.</li> </ul>   |  |  |  |
| Dr. Khaled A. Al-Ghunaim (BOD member) | Independent | <ul style="list-style-type: none"> <li>• Chairman of the Executive Board of Hawaz Communications and Information Technology Company</li> <li>• Chairman of the Executive Board of Mozn for Communications and Information Technologies Company</li> </ul> | <ul style="list-style-type: none"> <li>• Chairman of the Executive Board of Takamol Holding Company.</li> <li>• CEO of Saudi Telecom Company.</li> <li>• CEO of Elm Company</li> </ul> | <ul style="list-style-type: none"> <li>• PhD in Electrical and Computer Engineering- Carnegie Mellon - United States</li> <li>• Master's in Electrical and Computer Engineering- Carnegie Mellon - United States</li> <li>• Bachelor of Electrical and Computer Engineering- King Saud University</li> <li>• Many specialized professional certificates</li> </ul> | <ul style="list-style-type: none"> <li>• Membership of several boards of directors and committees Such as: Bayan Credit Information Company, Second Health Cluster in Riyadh, Executive Committee B20, Mawhiba, King Abdulaziz City for Science and Technology, Mobily, Takaful Charity, Human Resources Development Fund (Hadafe).</li> </ul> |

## 5-2 Current and Previous Memberships of BOD Directors

| Name of BOD Director                | Names of the Companies in which the BOD director is a member of its current Boards or a director therein | Inside/ Outside KSA of Saudi Arabia (KSA) | Legal Entity (Listed/ Unlisted Joint Stock Company, LLC/ ....) | Names of the Companies in which the BOD director was a member of its previous Boards or a director therein | Inside/ Outside KSA of Saudi Arabia (KSA) | Legal Entity (Listed / Unlisted Joint Stock Company, LLC/ ....) |
|-------------------------------------|--|---|--|--|---|---|
| <b>Mr. Abdul Aziz I. Al-Nuwaier</b> | BOD chairman, the Company for Cooperative Insurance (Tawuniya)   | Inside KSA                                | Listed joint stock company                                     | BOD chairman, Saudi Tourism Development Company. (2009 – 2011)   | Inside KSA                                | Joint stock company   |
|                                     | BOD member, Saudi Entertainment Ventures Company   | Inside KSA                                | Unlisted joint stock company                                   | BOD member, National Consulting House  | Inside KSA                                | Professional Company  |
|                                     | BOD member, Tahakom Investment Company   | Inside KSA                                | Unlisted joint stock company                                   | BOD member, Saudi Tourism Development Company.   | Inside KSA                                | Limited Liability Company                                       |
|                                     | BOD member, Maharah Human Resources Company  | Inside KSA                                | Listed joint stock company                                     | BOD member, the House of National Consulting Company   | Inside KSA                                | Limited Liability Company                                       |
|                                     |  |   |  | BOD member, Al-Humaid & Al-Nemr Consulting Company   | Inside KSA                                | Professional Company  |
| <b>Mr. Abdulaziz A. Alkhamis</b>    | BOD Vice Chairman, the Company for   | Inside KSA                                | Listed joint stock company                                     | BOD member, National   | Inside KSA                                | Joint Stock Company   |

|                               |  |             |                                     |   |            |                              |
|-------------------------------|--|-------------|-------------------------------------|---|------------|------------------------------|
|                               | Cooperative Insurance (Tawuniya)                             |             |                                     | Petrochemical Company (Petrochem) (2008-2016)                                 |            |                              |
|                               | BOD Member and Vice Chairman, Saudi Investment Bank          | Inside KSA  | Listed joint stock company          | BOD member, Sahara International Petrochemicals Company (Sipchem) (2010-2016) | Inside KSA | Joint Stock Company          |
|                               | BOD member, United Insurance Company (Bahrain)               | Outside KSA | Bahraini closed joint stock company | BOD member, Saudi Polymers Company (2010-2016)                                | Inside KSA | Limited Liability Company    |
|                               | BOD member and Vice Chairman, Tabuk Cement Company           | Inside KSA  | Listed joint stock company          |   |            |                              |
| <b>Mr. Waleed A. Aleisa</b>   | BOD member, the Company for Cooperative Insurance (Tawuniya) | Inside KSA  | Listed joint stock company          | BOD member, Riyadh Bank (2010-2016)   | Inside KSA | Joint Stock Company          |
|                               | BOD member, United Insurance Company (Bahrain)               | Outside KSA | Bahraini closed joint stock company | BOD member, Raza Company  | Inside KSA | Limited Liability Company    |
|                               |  |             |                                     | BOD member, Jabal Omar Company  | Inside KSA | Unlisted joint stock company |
| <b>Mr. Ehab M. Al Dabbagh</b> | BOD member, the Company for Cooperative Insurance (Tawuniya) | Inside KSA  | Listed joint stock company          | BOD member, Saudi Financial Support Services Company (2008-2014)              | Inside KSA | Unlisted joint stock company |

|                                 |  |            |                            |  |             |                           |
|---------------------------------|--|------------|----------------------------|--|-------------|---------------------------|
|                                 | BOD member, Bidaya Home Finance                              | Inside KSA | Closed joint stock company |  |             |                           |
|                                 | BOD member, Mudaraba Financial Company                       | Inside KSA | Closed joint stock company |  |             |                           |
| <b>Mr. Hamood A. Altuwaijri</b> | BOD member, the Company for Cooperative Insurance (Tawuniya) | Inside KSA | Listed joint stock company | BOD member, National Industrial Clusters Development Program- (2018) | Inside KSA  | Governmental entity       |
|                                 | BOD member, Etihad Etisalat Company (Mobily)                 | Inside KSA | Joint Stock Company        | BOD chairman, Al-Jubail Petrochemical Company (2008- 2012)           | Inside KSA  | Limited Liability Company |
|                                 |  |            |                            | BOD chairman, Saudi Yanbu Petrochemical Company (2008- 2012)         | Inside KSA  | Limited Liability Company |
|                                 |  |            |                            | BOD member, Tabuk Cement Company (2014- 2016)                        | Inside KSA  | Joint Stock Company       |
|                                 |  |            |                            | BOD member, Alinma Bank (2013- 2016)                                 | Inside KSA  | Joint Stock Company       |
|                                 |  |            |                            | BOD member, SABIC Capital (2009- 2012)                               | Outside KSA | Limited Liability Company |

|                                   |  |            |                            |  |             |                            |
|-----------------------------------|--|------------|----------------------------|--|-------------|----------------------------|
|                                   |  |            |                            | BOD member, Aluminum Bahrain (ALBA) (2008-2012).             | Outside KSA | Joint Stock Company        |
|                                   |  |            |                            | BOD member, Saudi Ports Authority (MWANI)                    | Inside KSA  | Government corporation     |
|                                   |  |            |                            | BOD member, Water and Electricity Company (Marafiq)          | Inside KSA  | Closed Joint Stock Company |
| <b>Mr. Ghassan A. Al-Malki</b>    | BOD member, the Company for Cooperative Insurance (Tawuniya) | Inside KSA | Listed joint stock company | None   |             |                            |
| <b>Mr. Jaser A. Aljaser</b>       | BOD member, the Company for Cooperative Insurance (Tawuniya) | Inside KSA | Listed joint stock company | BOD member, Saudi Industries Development Company (2013-2017) | Inside KSA  | Joint Stock Company        |
|                                   | BOD member, Sothern Province Cement Company                  | Inside KSA | Listed joint stock company |  |             |                            |
| <b>Mr. Abdulrahman M. Al Odan</b> | BOD member, the Company for Cooperative Insurance (Tawuniya) | Inside KSA | Listed joint stock company | None   |             |                            |
|                                   | BOD member, Saudi National Bank (Al Ahli)                    | Inside KSA | Listed joint stock company |  |             |                            |
| <b>Dr. Khaled A. Al-Ghanim</b>    | BOD member, the Company for Cooperative Insurance (Tawuniya) | Inside KSA | Listed joint stock company | BOD member, National Water Company (2008-2016)               | Inside KSA  | Closed joint stock company |

|  |   |            |                           |  |            |                                   |
|--|---|------------|---------------------------|--|------------|-----------------------------------|
|  | BOD member, UNIFONIC Co.                  | Inside KSA | Limited Liability Company | BOD member, Etihad Etisalat (2015-2018)                                  | Inside KSA | Joint Stock Company               |
|  | BOD member, Second Health Cluster Company | Inside KSA | Government Corporation    | BOD member, Saline Water Conversion Corporation (2006 - 2012)            | Inside KSA | Government Corporation            |
|  | BOD member, Obeikan Investment Group      | Inside KSA | Limited Liability Company | BOD member, King Abdulaziz City for Science and Technology (2016 - 2017) | Inside KSA | Government scientific Corporation |
|  | BOD member, Bayan Credit Bureau           | Inside KSA | Limited Liability Company | BOD member, Human Resources Development Fund (2013-2016)                 | Inside KSA | Government Corporation            |
|  | BOD member, Etihad Etisalat (Mobily)      | Inside KSA | Joint Stock Company       | BOD member, Public Transport Authority (2015-2018)                       | Inside KSA | Government Corporation            |
|  |   |            |                           | BOD member, Mawhiba (2017-2020)  | Inside KSA | Non-profit organization           |
|  |   |            |                           | BOD member Takaful Charity Company (2013-2019)                           | Inside KSA | Non-profit Company                |

|  |  |  |  |   |            |                         |
|--|--|--|--|---|------------|-------------------------|
|  |  |  |  | BOD member<br>Takamol Holding<br>Company (2013-<br>2016)  | Inside KSA | Governmental<br>Company |
|  |  |  |  | BOD member,<br>Thiqah Business<br>Services HQ (2012-<br>2014)   | Inside KSA | Governmental<br>Company |
|  |  |  |  | BOD member, The<br>Saudi Company for<br>Electronic<br>Information<br>Exchange -Tabadul<br>(2009-2013) | Inside KSA | Joint Stock<br>Company  |

### 5-3 The Duties and Powers of the Board of Directors

With due regard to the prerogatives of the General Assembly, the Board of Directors shall have full powers in managing the Company to achieve its objectives. Within the limits of its powers, it shall have the right to authorize one or more members of the Board or other non-members to handle certain assignment(s) that is not inconsistent with relevant regulations. For example, but not limited to, the Board shall have power to represent the Company in its relations with third parties, governmental and private entities, before all competent courts, Grievances Lifting Board, labor offices, senior and primary committees for the settlement of labor disputes, commercial papers committee, all other judicial committees and arbitration organizations. Civil Rights Dept., police authorities, chambers of commerce and industry, all companies and establishments, banks, commercial houses and government financing institutions of various titles and terms of reference as well as other lenders. The Board shall have full powers for ratification, claiming, defending, pleading, filing suits, compromise, conciliation, acceptance and objecting of verdicts, arbitration, request the execution of verdicts, raising opposition, receiving proceeds of verdicts enforcement, discharge debtors from their obligations, engage in the bidding, buying, selling and mortgaging of real estate. In addition, the BOD chairman shall have full powers to enter into contracts, sign on behalf of the Company on all types of contracts, papers and documents, including for instance, but without limitation, the articles of incorporation of the companies in which the Company has shares, sing all their amendments, addendums and

the decisions of amendment, sign the agreements and deeds before notary publics and official bodies, as well as signing loans, guarantees and warranties agreements and deeds for the sale and purchase of real estate, issuance of legal powers of attorney on behalf of the Company, buying, selling release and discharge, acceptance of release, handing over and take over, leasing, rental, receiving and payment of rents and payables, the opening of accounts and credits, withdrawals from and deposits at the various banks, issuance of guarantees for banks, funds and government funding institutions and to sign all papers, bonds, checks, all commercial papers and documents as well as all banking transactions.

#### 5-4 The meetings and attendance record of the Board of Directors

| Member Name                  | 1 <sup>st</sup> meeting<br>11/02/2021 | 2 <sup>nd</sup> meeting<br>08/04/2021 | 3 <sup>rd</sup> meeting<br>30/04/2021 | 4 <sup>th</sup> meeting<br>01/05/2021 | 5 <sup>th</sup> meeting<br>05/08/2021 | 6 <sup>th</sup> meeting<br>12/08/2021 | 7 <sup>th</sup> meeting<br>31/10/2021 | 8 <sup>th</sup> meeting<br>12/12/2021 | Total |
|------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|-------|
| Mr. Abdul Aziz I. Al-Nuwaier | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | 8     |
| Mr. Abdulaziz A. Alkhamis    | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | 8     |
| Mr. Waleed A. Aleisa         | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | 8     |
| Mr. Ghassan A. Al-Malki      | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | 8     |
| Mr. Jaser A. Aljaser         | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | 8     |
| Mr. Hamood A. Altuwaijri     | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | 8     |
| Mr. Ehab M. Al Dabbagh       | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | 8     |
| Mr. Abdulrahman M. Al Odan   | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | 8     |
| Dr. Khaled A. Al-Ghanim      | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | 8     |



## **5-5 Remuneration policy and method adopted to determine the remuneration of Board Members**

The Board of Directors proposes remuneration of the board members based on recommendation of the Nomination and Remuneration Committee and in accordance with the relevant laws, regulations and instructions and with any conditions approved by the General Assembly, and none of the proposed remuneration and compensation for Chairman and members of the Board may be approved without approval thereof by the General Assembly. The company makes sure that all details of the proposed remuneration and compensations are published in writing, so that they are available to all shareholders prior to holding the general assembly in which the remuneration and compensation will be put to vote.

The remuneration of the board members shall be a certain amount, an attendance allowance for meetings, benefits in kind, or a certain percentage of the net profits, and it is permissible to combine two or more of these benefits. In all cases, total remuneration annually paid to the member of the Board of Directors shall not exceed (SR 500,000) Five Hundred Thousand Saudi Riyal (With the exception of the members of the audit committee), in accordance with the controls set by the Capital Market Authority. The Board of Directors shall determine the special remuneration of the Chairman of the Board for his work and responsibilities in this capacity, in addition to the remuneration paid to members of the Board that is mentioned above. However, the special remuneration of the Chairman is not subject to the maximum limit of the annual remuneration of the BOD members and if it exceeds the maximum limit, no objection should be obtained from SAMA prior to recommending this special remuneration to the Shareholders General Assembly for approval.

Like the company's employees, a member of the board of directors and/or a member of the subordinate committee is entitled to a medical insurance for himself and his dependent family members, except for those who enjoy this benefit through another entity with which such family member works or cooperates therewith, or its system requires him/her to be included by this coverage, in addition to the other insurance benefits, the company grants to its employees. The company also provides professional liability insurance coverage for the board members and/or subordinate committees.

The company indemnifies a member of the board of directors and/or subordinate committees for any government taxes or fees such as value-added tax arising from his membership in the company's board of directors. This compensation is not counted within the remunerations and compensations that fall under the upper limit mentioned in the above paragraph.

The company's extraordinary general assembly, held on 03/05/2020, approved the remuneration and compensation policy for board members and its subordinate committees. Accordingly, the Board of Directors proposed remuneration for board members based on recommendation of the Nomination and Remuneration Committee in addition to remuneration for Chairman of the Board of Directors for which the SAMA's NOC was obtained, in accordance with the relevant laws, regulations and instructions and with the conditions and standards approved by the General Assembly. None of the proposed remunerations and compensations for the chairman and members of the Board will be approved unless after obtaining approval of the General Assembly

**The Relationship between the Remuneration Awarded and the Applicable Remuneration Policy:**

In granting the remuneration to the Board members, The Company adopts the contents set forth in Article (19) of the Articles of Association of The Company and in accordance with the policy of remuneration to the Board members and committees as well as the Executive Management, which has been approved by the Company's General Assembly. It clarifies the mechanism for determining and approving remuneration for each of the BOD members and the executive management as mentioned above.

**5-6 Remuneration of the Board Members (SR'000)**

|                               | Fixed Remunerations |  |                             |                     |  |   |  | Variable Remunerations |                         |                  |                            |                           |                                      |  | End of service gratuity | Grand total after applying reduction for compensation cap* | Expenditure allowance ** |
|-------------------------------|---------------------|--|-----------------------------|---------------------|--|---|--|------------------------|-------------------------|------------------|----------------------------|---------------------------|--------------------------------------|--|-------------------------|--|--------------------------|
|                               | Fixed amount        | Remuneration for Board meetings attended | Committee meetings attended | In-kind benefits*** | Amount for technical, administrative or consulting works | Remuneration of Chairman, managing director or BOD secretary, if he is a member | Total after applying reduction for compensation cap* | Share in profits       | Periodic Remunerations* |                  | Short-term Incentive Plans | Long-term Incentive Plans | Shares granted (value to be entered) | Total after applying reduction for compensation cap* |                         |  |                          |
|                               |                     |  |                             |                     |  |   |  |                        | (Committee Membership)  | (BOD Membership) |                            |                           |                                      |  |                         |  |                          |
| First: Independent Members    |                     |  |                             |                     |  |   |  |                        |                         |                  |                            |                           |                                      |  |                         |  |                          |
| Abdul Aziz Al-Nuwaiser        | 450                 | 40                                       | 35                          | -                   | -  | 600   | 1,100  | -                      | 0                       | 0                | -                          | -                         | -                                    | 0  | -                       | 1,100  | 0                        |
| Abdulrahman Al Oudan          | 450                 | 40                                       | 70                          | -                   | -  | 0   | 500  | -                      | 0                       | 0                | -                          | -                         | -                                    | 0  | -                       | 500  | 0                        |
| Hamood Altuwaijri             | 600                 | 40                                       | 70                          | -                   | -  | 0   | 695  | -                      | 0                       | 0                | -                          | -                         | -                                    | 0  | -                       | 695  | 0                        |
| Ehab Al Dabbagh               | 450                 | 40                                       | 55                          | -                   | -  | 0   | 500  | -                      | 0                       | 0                | -                          | -                         | -                                    | 0  | -                       | 500  | 0                        |
| Khalid Al Ghanim              | 450                 | 40                                       | 45                          | -                   | -  | 0   | 500  | -                      | 0                       | 0                | -                          | -                         | -                                    | 0  | -                       | 500  | 0                        |
| Total                         | -                   | -  | -                           | -                   | -  | -   | 3,295  | -                      | -                       | -                | -                          | -                         | -                                    | -  | -                       | 3,295  | -                        |
| Second: Non-Executive Members |                     |  |                             |                     |  |   |  |                        |                         |                  |                            |                           |                                      |  |                         |  |                          |
| Abdulaziz Al-Khamis           | 450                 | 40                                       | 25                          | -                   | -  | 0   | 500  | -                      | 0                       | 0                | -                          | -                         | -                                    | 0  | -                       | 500  | 0                        |
| Waleed Aleisa                 | 450                 | 40                                       | 55                          | -                   | -  | 0   | 500  | -                      | 0                       | 0                | -                          | -                         | -                                    | 0  | -                       | 500  | 0                        |
| Ghassan Al-Malki              | 450                 | 40                                       | 60                          | -                   | -  | 0   | 500  | -                      | 0                       | 0                | -                          | -                         | -                                    | 0  | -                       | 500  | 0                        |
| Jaser A. Aljaser              | 450                 | 40                                       | 50                          | -                   | -  | 0   | 500  | -                      | 0                       | 0                | -                          | -                         | -                                    | 0  | -                       | 500  | 00                       |
| Total                         | -                   | -  | -                           | -                   | -  | -   | 2,000  | -                      | -                       | -                | -                          | -                         | -                                    | -  | -                       | 2,000  | -                        |

| Third: Executive Members |   |   |   |   |   |   |       |   |   |   |   |   |   |   |   |       |   |
|--------------------------|---|---|---|---|---|---|-------|---|---|---|---|---|---|---|---|-------|---|
| N/A                      | - | - | - | - | - | - | -     | - | - | - | - | - | - | - | - | -     | - |
| Total                    | - | - | - | - | - | - | -     | - | - | - | - | - | - | - | - | -     | - |
|                          |   |   |   |   |   |   |       |   |   |   |   |   |   |   |   |       |   |
| Grand Total              | - | - | - | - | - | - | 5,295 | - | - | - | - | - | - | - | - | 5,295 | - |

\* The total amount received by a member of the Board of Directors in terms of remuneration and meeting attendance allowance shall not exceed the amount of SR 500,000 (five hundred thousand Saudi riyals), with the exception of the Chairman of the Audit Committee.

### 5-7 The actions taken by the Board of Directors to handle the shareholders' proposals

In the event of receiving any proposals or remarks from shareholders, the Board of Directors shall apprise its members, specifically the Non-Executive – of such suggestions and remarks by using any of the following means:

- 1) Meetings of the Board of Directors.
- 2) Meetings of Board committees.
- 3) Meetings of the General Assembly.
- 4) Periodical meetings held by the Company with shareholders and investors.

### 5-8 The Means by Which the Board of Directors Relied on the Evaluation of its Performance and that of its Committees and Members

Based on Article No. 41, paragraph E, of the Corporate Governance Regulations, which authorizes the Nominations and Remunerations Committee to determine the evaluation mechanism for members of the Board of Directors and the sub-committees, the evaluation mechanism has been approved for the fiscal year 2021 according to certain procedures with the aim of raising the efficiency and accuracy of the evaluation through contracting with a competent third party.

## 5-9 A Description of Any Punishment, Penalty or Statutory Reserve or Restriction Imposed on Any of the Board Members by Any Judicial, Supervisory, or Regulatory Authority in Respect of The Company

BOD members declare that there is no punishment, penalty, statutory reserve or restriction imposed on any of the board members during year 2021 by any judicial, supervisory, or regulatory authority in respect of The Company.

## 6- BOD Committees (committee formation – jurisdiction and duties – meetings and attendance record – remuneration)

### 6-1 Executive Committee

#### A. Formation of the Executive Committee and the qualifications and positions of its members

| Name                        | Membership Status | Membership Classification | Current Position                                     | Previous Position  | Qualifications   | Experience   |
|-----------------------------|-------------------|---------------------------|--|--|--|--|
| Mr. Abdulaziz I. Al-Nuwaier | Chairman          | Independent               | Chief Executive Officer - Tahakom Investment Company | Vice President – Finance, Arabian Internet Services & Telecom Co. Ltd. | <ul style="list-style-type: none"> <li>Master of Accounting with two subspecialties: Finance and Information Systems - Case Western Reserve University - United States of America</li> <li>Bachelor's degree in Accounting - King Saud University -</li> </ul> | Held several administrative positions in the field of finance. He is also the executive partner and CEO of Tahakom Investment Company. He also worked as a lecturer in the Accounting section at King Saud University in Riyadh. |

|                      |        |               |   |   |   |   |
|----------------------|--------|---------------|---|---|---|---|
|                      |        |               |   |   | <p>Kingdom of Saudi Arabia</p> <ul style="list-style-type: none"> <li>Many professional certificates in accounting, financial administration and auditing</li> </ul>  |   |
| Mr. Waleed A. Aleisa | Member | Non-Executive | <ul style="list-style-type: none"> <li>BOD member of General Authority for Competition</li> <li>BOD member of United Insurance Company – Bahrain</li> </ul> | <ul style="list-style-type: none"> <li>CEO of Raza Company.</li> <li>Chief Operating Officer of Raidah Investment Company.</li> <li>BOD member of Jabal Omar Development Company.</li> <li>BOD member of Riyadh Bank.</li> <li>BOD member of Raza Company.</li> </ul> | <ul style="list-style-type: none"> <li>Master of Chemical Engineering - University of Arizona - USA</li> <li>Master of Computer Science - University of Washington, Santa Louis - USA</li> <li>Bachelor of Chemical Engineering - King Saud University - KSA</li> <li>Many specialized and professional certificates</li> </ul> | Strategic planning, research and management of mega real estate projects and real estate asset and property management. |

|                            |        |                  |  |  |   |  |
|----------------------------|--------|------------------|--|--|---|--|
| Mr. Abdulrahman M. Al Odan | Member | Independent      | BOD member, The Company for Cooperative Insurance (Tawuniya) | <ul style="list-style-type: none"> <li>• BOD member- The Saudi National Bank.</li> <li>• An external member of the Audit Committee - Tadawul Holding Group.</li> <li>• Member of the founding committee - Small and Medium Enterprises Bank.</li> <li>Chairman - Kemet Industry Company</li> </ul> | <ul style="list-style-type: none"> <li>• Master of Computer Science - Florida Institute of Technology, Marlborough, USA</li> <li>• Bachelor of Computer Science - Jacksonville University, USA</li> <li>• Many specialized professional certificates</li> </ul> | Held several administrative positions in the field of information technology   |
| Mr. Abdulaziz H. Al Boug   | Member | Not a BOD member | CEO, The Company for Cooperative Insurance (Tawuniya)        | Senior Vice President - Sales and Marketing, The Company for Cooperative Insurance (Tawuniya)  | <ul style="list-style-type: none"> <li>• Executive Master of Business Administration University of Hull, United Kingdom</li> <li>• Bachelor of Science - College of Economics and Management - International Business</li> </ul>                                | Has more than 24 years of experience in the Company for Insurance Company in the field of underwriting, sales, and business development. Held several administrative and leadership positions in (Tawuniya), including Senior Vice President of Sales & Marketing, General |

|  |  |  |  |  |  |   |
|--|--|--|--|--|--|---|
|  |  |  |  |  | <p>Administration – King Abdulaziz university</p> <ul style="list-style-type: none"> <li>• Certified Health Insurance Associate (HIA) – The American Association of Health</li> <li>• Certified Medical Underwriting Specialist – The Chartered Insurance Institute (CII)</li> <li>• High Performance Program for the Board of Directors from IMD</li> <li>• Many specialized professional certificates</li> </ul> | <p>Manager of Key Accounts, Business Development Manager. In addition to his responsibilities at Tawuniya, Al Boug is the Board Chairman of Tijan Al Khaleej for Insurance, the Board Chairman of Waseel Company and a board member of United Insurance Company (Bahrain). He is also a board member of CCHI, Board Chairman of the Health Insurance Sub-committee and a member of Executives Committee under SAMA sponsorship. Furthermore, Al Boug is a member of the Executive Committee, and the Nomination and Remuneration Committee at Tawuniya.</p> |
|--|--|--|--|--|--|---|

#### **B- Executive Committee Jurisdictions and Duties**

1. Providing recommendations to the Board of Directors' (BOD) on strategic and operating plans, budgets, business plans and necessary actions required.
2. Making decisions about the issues delegated by the Board that are outside the scope of CEO's powers, including those issues related to capital expenditures and purchases within the limits delegated to the committee from the Board of Directors.



### C- Attendance Record of Executive Committee Meetings in 2021

| Member Name            | 1 <sup>st</sup> meeting<br>10/02/2021 | 2 <sup>nd</sup> meeting<br>07/04/2021 | 3 <sup>rd</sup> meeting<br>03/06/2021 | 4 <sup>th</sup> meeting<br>04/08/2021 | 5 <sup>th</sup> meeting<br>17/08/2021 | 6 <sup>th</sup> meeting<br>26/09/2021 | 7 <sup>th</sup> meeting<br>08/12/2021 | Total |
|------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|-------|
| Abdul Aziz Al-Nuwaiser | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | 7     |
| Waleed Aleisa          | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | 7     |
| Abdulrahman Al Oudan   | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | 7     |
| Abdulaziz Al Boug      | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | 7     |

### D- Remuneration of the Executive Committee Members

(SR'000)

| Name   | Abdul Aziz Al-Nuwaiser | Waleed Aleisa | Abdulrahman Al Oudan | Abdulaziz Al Boug |
|--|------------------------|---------------|----------------------|-------------------|
| <b>Fixed Remunerations*<br/>(Excluding Meetings)</b> | 150                    | 150           | 150                  | 0                 |
| <b>Meetings Attending Allowance)</b>                 | 35                     | 35            | 35                   | 0                 |
| <b>Total</b>   | <b>185</b>             | <b>185</b>    | <b>185</b>           | <b>0</b>          |

## 6-2 Remuneration and Nomination Committee

### A. Formation of the Remuneration and Nomination Committee and the qualifications and positions of its members

| Name                   | Membership Status | Membership Classification | Current Position     | Previous Position                             | Qualifications  | Experience  |
|------------------------|-------------------|---------------------------|----------------------|---|---|---|
| Mr. Ehab M. Al Dabbagh | Chairman          | Independent               | CEO of Ijmal Limited | General Manager of Corporate Banking Services | <ul style="list-style-type: none"> <li>Bachelor of Marketing - King Fahd University of Petroleum and</li> </ul> | Held several administrative positions in the field of strategy, |

|                          |        |               |   |  |  |  |
|--------------------------|--------|---------------|---|--|--|--|
|                          |        |               |   | at Saudi Hollandi Bank   | Minerals (KFUPM) – KSA<br>• Many specialized professional certificates   | program management, and retail and corporate banking services  |
| Dr. Khaled A. Al-Ghunaim | Member | Independent   | <ul style="list-style-type: none"> <li>Chairman of the Executive Board of Hawaz Communications and Information Technology Company</li> <li>Chairman of the Executive Board of Mozn for Communications and Information Technologies Company</li> </ul> | <ul style="list-style-type: none"> <li>Chairman of the Executive Board of Takamol Holding Company</li> <li>CEO of Saudi Telecom Company</li> <li>CEO of Elm Company</li> </ul> | <ul style="list-style-type: none"> <li>PhD in Electrical and Computer Engineering- Carnegie Mellon - United States</li> <li>Master's in Electrical and Computer Engineering- Carnegie Mellon - United States</li> <li>Bachelor of Electrical and Computer Engineering- King Saud University</li> <li>Many specialized professional certificates</li> </ul> | Membership of several boards of directors and committees Such as: Bayan Credit Information Company, Second Health Cluster in Riyadh, Executive Committee B20, Mawhiba, King Abdulaziz City for Science and Technology, Mobily, Takaful Charity, Human Resources Development Fund (Hadafe). |
| Mr. Jaser A. Aljaser     | Member | Non-Executive | General Manager of Strategy and Transformation of General   | General Manager of Corporate Excellence at the   | • Master of Actuarial Science, University of Nebraska – USA  | Held several positions in the fields of planning,  |

|                          |        |                  |   |   |  |  |
|--------------------------|--------|------------------|---|---|--|--|
|                          |        |                  | Organization for Social Insurance                     | Public Pension Agency.<br>Planning, Studies and Research Department in the Public Pension Agency. | <ul style="list-style-type: none"> <li>• Bachelor of Operations Research, King Saud University – KSA</li> <li>• Many specialized professional certificates</li> </ul>  | development, studies, and actuarial studies at the Public Pension Agency and the General Organization for Social Insurance.  |
| Mr. Abdulaziz H. Al Boug | Member | Not a BOD member | CEO, The Company for Cooperative Insurance (Tawuniya) | Senior Vice President - Sales and Marketing, The Company for Cooperative Insurance (Tawuniya)     | <ul style="list-style-type: none"> <li>• Executive Master of Business Administration University of Hull, United Kingdom</li> <li>• Bachelor of Science - College of Economics and Management - International Business Administration – King Abdulaziz university</li> <li>• Certified Medical Underwriting Specialist – The Chartered Insurance Institute (CII)</li> <li>• Certified Health Insurance</li> </ul> | Has more than 24 years of experience in the Company for Insurance Company in the field of underwriting, sales and business development. Held several administrative and leadership positions in (Tawuniya), including Senior Vice President of Sales & Marketing, General Manager of Key |

|  |  |  |  |  |  |   |
|--|--|--|--|--|--|---|
|  |  |  |  |  | <p>Associate (HIA) – The American Association of Health</p> <ul style="list-style-type: none"> <li>• High Performance Program for the Board of Directors from IMD</li> <li>• Many specialized professional certificates</li> </ul> | <p>Accounts, Business Development Manager. In addition to his responsibilities at Tawuniya, Al Boug is the Board Chairman of Teejan Al Khaleej for Insurance, the Board Chairman of Waseel Company and a board member of United Insurance Company (Bahrain). He is also a board member of CCHI, Board Chairman of the Health Insurance Sub-committee and a member of Executives Committee under SAMA sponsorship. Furthermore, Al</p> |
|--|--|--|--|--|--|---|

|  |  |  |  |  |  |   |
|--|--|--|--|--|--|---|
|  |  |  |  |  |  | Boug is a member of the Executive Committee, and the Nomination and Remuneration Committee at Tawuniya. |
|--|--|--|--|--|--|---|

#### **B- Remuneration and Nomination Committee Jurisdictions and Duties**

1. To recommend to the Board of Directors nomination for membership of the Board of Directors and its committees, in accordance with the regulatory requirements, policies and standards adopted.
2. The annual revision required for the needs of the suitable skills for membership of the Board of Directors and its committees and preparing a description to the capabilities and qualifications required for membership of the Board and its committees and determine the time that needs to be devoted by the member to the work of the Board and/or its committees.
3. Assess the structure and composition of the Board and its committees, determine their vulnerabilities on a regular basis and propose the necessary steps to address them.
4. Assess and monitor the independence of the members of the Board and its committees and making sure there are no conflicts of interests, including ensuing, on an annual basis, the independence of Board independent members.
5. Set clear policies for compensation and remuneration of the members of the Board of Directors and its committees and senior management.
6. Evaluate the performance of the members of the Board of Directors and its committees periodically.
7. Present recommendations with respect to the nomination and dismissal of the members of senior management.
8. Design the policy and procedures for succession to the CEO and members of senior management and monitoring the implementation of the succession plans and procedures.
9. Review the compensation plans of the members of senior management.
10. Supervise the induction program and training for members of the Board of Directors.
11. Submit recommendation to the Board on matters relating to nomination and remuneration.

### C- Meetings and attendance Record of Remuneration and Nomination Committee in 2021

| Member Name              | 1 <sup>st</sup> meeting<br>21/01/2021 | 2 <sup>nd</sup> meeting*<br>16/06/2021 | 3 <sup>rd</sup> meeting<br>22/06/2021 | 4 <sup>th</sup> meeting<br>29/09/2021 | 5 <sup>th</sup> meeting<br>07/12/2021 | 6 <sup>th</sup> meeting<br>27/12/2021 | Total |
|--------------------------|---------------------------------------|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|-------|
| Mr. Ehab M. Al Dabbagh   | Attended                              | Attended                               | Attended                              | Attended                              | Attended                              | Attended                              | 6     |
| Dr. Khaled A. Al-Ghunaim | Attended                              | Attended                               | Attended                              | Attended                              | Attended                              | Attended                              | 6     |
| Mr. Jasser Al-Jasser     | Attended                              | Attended                               | Attended                              | Attended                              | Attended                              | Attended                              | 6     |
| Abdulaziz Al Boug        | Attended                              | Attended                               | Attended                              | Attended                              | Attended                              | Attended                              | 6     |

### D- Remuneration of the Remuneration and Nomination Committee Members

(SR'000)

| Name   | Ehab M. Al Dabbagh | Khaled A. Al-Ghunaim | Jasser Al-Jasser | Abdulaziz Al Boug |
|--|--------------------|----------------------|------------------|-------------------|
| <b>Fixed Remunerations* (Excluding Meetings)</b> | 150                | 150                  | 150              | 0                 |
| <b>Meetings Attending Allowance)</b>             | 30                 | 30                   | 30               | 0                 |
| <b>Total</b>                                     | <b>180</b>         | <b>180</b>           | <b>180</b>       | <b>0</b>          |

## 6-3 Investment Committee

### A. Formation of the Investment Committee and the qualifications and positions of its members

| Name                      | Membership Status | Membership Classification | Current Position  | Previous Position  | Qualifications  | Experience   |
|---------------------------|-------------------|---------------------------|---|--|---|--|
| Mr. Abdulaziz A. Alkhamis | Chairman          | Non-Executive             | Vice President, Saudi Investment Bank.<br><br>Vice President of Tabuk cement member board | <ul style="list-style-type: none"> <li>Consultant-Raidah Investment Company.</li> <li>Deputy Governor for Investment in the Public Pension Agency</li> </ul> | <ul style="list-style-type: none"> <li>BA of Economics - Northeastern University, Boston, USA</li> <li>Many professional and specialized certificates.</li> </ul>   | Held several positions in Saudi Central Bank for 21 years  |
| Mr. Hamood A. Altuwaijri  | Member            | Independent               | BOD member, The Company for Cooperative Insurance (Tawuniya)                              | Executive Vice President for legal affairs, auditing, finance and petrochemical – SABIC  | <ul style="list-style-type: none"> <li>Master of Industrial Engineering - Georgia Institute of Technology - USA</li> <li>Bachelor of Industrial Engineering - University of Washington - USA</li> <li>Bachelor of Business Administration - University of Washington – USA</li> </ul> | Held several leadership positions in the fields of financial management, petrochemicals, legal administration and auditing |
| Mr. Ghassan A. Al-Malki   | Member            | Non-Executive             | Director of the Department of Digital Excellence - General                                | Director of Business Development at the Computer Department -  | <ul style="list-style-type: none"> <li>Master of Computer Science - Computer Science, University of California - USA</li> </ul>   | Held several administrative positions in the field of information  |

|                        |        |             |                                   |  |  |   |
|------------------------|--------|-------------|-----------------------------------|--|--|---|
|                        |        |             | Organization for Social Insurance | General Organization for Social Insurance                            | <ul style="list-style-type: none"> <li>• Bachelor of Computer Science - Information Systems, King Saud University - KSA</li> <li>• Many specialized professional certificates</li> </ul>       | technology at the General Organization for Social Insurance   |
| Mr. Ehab M. Al Dabbagh | Member | Independent | CEO of Ijmal Limited              | General Manager of Corporate Banking Services at Saudi Hollandi Bank | <ul style="list-style-type: none"> <li>• Bachelor of Marketing - King Fahd University of Petroleum and Minerals (KFUPM) – KSA</li> <li>• Many specialized professional certificates</li> </ul> | Held several administrative positions in the field of strategy, program management, and retail and corporate banking services |

#### **B- Investment Committee Jurisdictions and Duties**

1. Review and approve the investment strategy and policies provided by the executive management.
2. Supervise the implementation of the investment strategy and policies and ensure strict compliance with them.
3. Review and evaluate the investment proposals that require the approval of the Committee and make decisions about The Company's investments in the limits of powers granted by the Board of Directors.
4. Hiring the investment managers outside the Kingdom and evaluate their services, terminate their duties and determine their fees.
5. Define the investment limits inside and outside the Kingdom in accordance with the Investment Regulation issued by SAMA.
6. Supervise the observance of investment limits in each investment tool.
7. Review and evaluate The Company's existing investments through the periodic reports on the same.
8. Update the Board on works, findings or decisions taken.



### C- Meetings and attendance Record of Investment Committee in 2021

| Member Name               | 1 <sup>st</sup> meeting<br>03/02/2021 | 2 <sup>nd</sup> meeting<br>08/04/2021 | 3 <sup>rd</sup> meeting<br>25/05/2021 | 4 <sup>th</sup> meeting<br>10/08/2021 | 5 <sup>th</sup> meeting<br>03/11/2021 | Total |
|---------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|-------|
| Mr. Abdulaziz A. Alkhamis | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | 5     |
| Mr. Hamood A. Altuwaijri  | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | 5     |
| Mr. Ghassan A. Al-Malki   | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | 5     |
| Mr. Ehab M. Al Dabbagh    | Attended                              | Attended                              | Attended                              | Attended                              | Attended                              | 5     |

### D- Remuneration of the Investment Committee Members

(SR'000)

| Name   | Abdulaziz A. Alkhamis | Hamood A. Altuwaijri | Ghassan A. Al-Malki | Ehab M. Al Dabbagh |
|--|-----------------------|----------------------|---------------------|--------------------|
| <b>Fixed Remunerations*<br/>(Excluding Meetings)</b> | 150                   | 150                  | 150                 | 150                |
| <b>Meetings Attending Allowance</b>                  | 25                    | 25                   | 25                  | 25                 |
| <b>Total</b>   | <b>175</b>            | <b>175</b>           | <b>175</b>          | <b>175</b>         |

- Based on the recommendation of the Nominations and Remunerations Committee, the reward for membership of the committees (whether a committee or more) is disbursed in the amount of SR150,000 (one hundred and fifty thousand Saudi riyals) per member.

## 6-4 Risk Management Committee

### A. Formation of the Risk Management Committee and the qualifications and positions of its members

| Name                 | Membership Status | Membership Classification | Current Position  | Previous Position   | Qualifications  | Experience   |
|----------------------|-------------------|---------------------------|---|---|---|--|
| Mr. Waleed A. Aleisa | Chairman          | Non-Executive             | <ul style="list-style-type: none"> <li>• BOD member of General Authority for Competition</li> <li>• BOD member of United Insurance Company – Bahrain</li> </ul> | <ul style="list-style-type: none"> <li>• CEO of Raza Company</li> <li>• CoO of Raidah Investment company.</li> <li>• BOD member of Jabal Omar Development company.</li> <li>• BOD member of Riyadh Bank.</li> </ul> | <ul style="list-style-type: none"> <li>• Master of Chemical Engineering - University of Arizona - USA</li> <li>• Master of Computer Science - University of Washington, Santa Louis - USA</li> <li>• Bachelor of Chemical Engineering - King Saud University - KSA</li> <li>• Many specialized and professional certificates</li> </ul> | Strategic planning, research and management of mega real estate projects and real estate asset and property management.              |
| Mr. Jaser A. Aljaser | Member            | Non-Executive             | General Manager of Strategy and Transformation of General Organization for Social Insurance   | General Manager of Corporate Excellence at the Public Pension Agency  | <ul style="list-style-type: none"> <li>• Master of Actuarial Science, University of Nebraska – USA</li> <li>• Bachelor of Operations Research, King Saud University – KSA</li> </ul>  | Held several positions in the fields of planning, strategy, development, studies, and actuarial studies at the Public Pension Agency |

|                            |        |               |  |   |   |  |
|----------------------------|--------|---------------|--|---|---|--|
|                            |        |               |  |   | <ul style="list-style-type: none"> <li>• Many specialized professional certificates</li> </ul>  | and General Organization for Social Insurance.   |
| Mr. Ghassan A. Al-Malki    | Member | Non-Executive | Director of the Department of Digital Excellence - General Organization for Social Insurance | Director of Business Development at the Computer Department - General Organization for Social Insurance   | <ul style="list-style-type: none"> <li>• Master of Computer Science - Computer Science, University of California - USA</li> <li>• Bachelor of Computer Science - Information Systems, King Saud University - KSA</li> <li>• Many specialized professional certificates</li> </ul> | Held several administrative positions in the field of information technology at the General Organization for Social Security |
| Mr. Abdulrahman M. Al Odan | Member | Independent   | BOD member, The Company for Cooperative Insurance (Tawuniya)                                 | <ul style="list-style-type: none"> <li>• BOD member- The Saudi National Bank.</li> <li>• An external member of the Audit Committee - Tadawul Holding Group.</li> <li>• Member of the founding committee - Small and Medium</li> </ul> | <ul style="list-style-type: none"> <li>• Master of Computer Science - Florida Institute of Technology, Marlborough, USA</li> <li>• Bachelor of Computer Science - Jacksonville University, USA</li> <li>• Many specialized professional certificates</li> </ul>                   | Held several administrative positions in the field of information technology   |

|  |  |  |  |                   |  |  |
|--|--|--|--|-------------------|--|--|
|  |  |  |  | Enterprises Bank. |  |  |
|--|--|--|--|-------------------|--|--|

#### **B- Risk Management Committee Jurisdictions and Duties**

1. Identify the risks The Company may be exposed to and maintain an acceptable level of special risk appetite of the company.
2. Supervise the risk management systems and assessing their effectiveness.
3. Design a comprehensive strategy for the management of The Company's risks, supervise, the application of risk management, review and update such strategy periodically, taking into consideration the relevant internal and external changes.
4. Review the risk management policies.
5. Review and re-assess the level of risk appetite by The Company and the extent of its exposure to risks periodically.
6. Present detailed reports to the Board on the potential risks and make recommendations on how to manage them.
7. Provide advice to the Board of Directors about the issues pertaining to risk management.

#### **C- Meetings and attendance Record of Risk Management Committee in 2021**

| Member Name                | 1 <sup>st</sup> meeting<br>22/03/2021 | 2 <sup>nd</sup> meeting*<br>24/05/2021 | 3 <sup>rd</sup> meeting<br>08/09/2021 | 4 <sup>th</sup> meeting<br>23/11/2021 | Total |
|----------------------------|---------------------------------------|--|---------------------------------------|---------------------------------------|-------|
| Mr. Waleed A. Aleisa       | Attended                              | Attended                               | Attended                              | Attended                              | 4     |
| Mr. Jaser A. Aljaser       | Attended                              | Attended                               | Attended                              | Attended                              | 4     |
| Mr. Ghassan A. Al-Malki    | Attended                              | Attended                               | Attended                              | Attended                              | 4     |
| Mr. Abdulrahman M. Al Odan | Attended                              | Attended                               | Attended                              | Attended                              | 4     |

## D- Remuneration of the Risk Management Committee Members

(SR'000)

| Name   | Waleed A. Aleisa | Jaser A. Aljaser | Ghassan A. Al-Malki | Abdulrahman M. Al Odan |
|--|------------------|------------------|---------------------|------------------------|
| <b>Fixed Remunerations*<br/>(Excluding Meetings)</b> | 0                | 0                | 0                   | 0                      |
| <b>Meetings Attending Allowance)</b>                 | 20               | 20               | 20                  | 20                     |
| <b>Total</b>   | <b>20</b>        | <b>20</b>        | <b>20</b>           | <b>20</b>              |

- Based on the recommendation of the Nominations and Remunerations Committee, the reward for membership of the committees (whether a committee or more) is disbursed in the amount of 150,000 (one hundred and fifty thousand Saudi riyals) per member.

## 6-5 Audit Committee

### A. Formation of the Audit Committee and the qualifications and positions of its members

| Name                     | Membership Status | Membership Classification | Current Position   | Previous Position   | Qualifications  | Experience   |
|--------------------------|-------------------|---------------------------|--|---|---|--|
| Mr. Hamood A. Altuwaijri | Chairman          | Independent               | BOD member, The Company for Cooperative Insurance (Tawuniya) | Executive Vice President for legal affairs, auditing, finance and petrochemical – SABIC | <ul style="list-style-type: none"> <li>Master of Industrial Engineering - Georgia Institute of Technology - USA</li> <li>Bachelor of Industrial Engineering - University of Washington - USA</li> <li>Bachelor of Business Administration - University of Washington – USA</li> </ul> | Held several leadership positions in the areas of financial management, investment, petrochemicals, legal administration and auditing. |

|                           |        |                  |   |  |  |   |
|---------------------------|--------|------------------|---|--|--|---|
| Mr. Khalid S. Al Ruwais   | Member | Not a BOD member | Member of the Audit Committee - The Company for Cooperative Insurance (Tawuniya)  | Vice President for Finance and Acting Chief Executive Officer –<br><br>Vice President for Phosphate-Maaden | <ul style="list-style-type: none"> <li>American Fellowship of Certified Public Accountants (CPA)</li> <li>Bachelor of Accounting from King Saud University</li> </ul>          | Held several administrative and financial positions in companies operating in the mining, petrochemical, and banking sectors. |
| Mr. Khalid S. Al Sulaiman | Member | Not a BOD member | <ul style="list-style-type: none"> <li>Member of the Audit Committee - The Company for Cooperative Insurance (Tawuniya),</li> <li>Member of the Audit Committee of Al-Babtain Energy and Comm.</li> </ul> | Director of internal and external audit in Saudi National Bank.  | <ul style="list-style-type: none"> <li>American Fellowship of Certified Public Accountants (CPA)</li> <li>Bachelor of Accounting</li> </ul>                                    | Held several leadership positions in the field of external audit, internal audit, and financial management.                   |
| Mr. Ihsan A. Makhdoom     | Member | Not a BOD member | Chartered Accountant  | Partner- Deloitte & Touche   | <ul style="list-style-type: none"> <li>American Fellowship of Certified Public Accountants (CPA)</li> <li>Fellowship of the Saudi Organization for Certified Public</li> </ul> | Has more than 20 years of experience in auditing and accounting.  |

|  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|
|  |  |  |  |  | Accountants<br>(SOCPA)<br>• Bachelor of<br>Accounting from<br>King Fahad<br>University of<br>Petroleum and<br>Minerals |  |
|--|--|--|--|--|--|--|

### **B- Audit Committee Jurisdictions and Duties**

1. Submit recommendations to Board of Directors (BOD) to approve the nomination or re-nomination of the external auditors, and this includes ensuring that the external auditors have expertise necessary to perform the audit of the Company's business professionally.
2. Appoint and dismiss the chief compliance officer after obtaining "No Objection" in writing from SAMA.
3. Recommends to the Board for the nomination and dismissal of the chief internal auditor after obtaining "No Objection" in writing from SAMA.
4. Ensure the independence of the external auditors from the Company, Board members and senior management.
5. Ensure the independence of the Internal Audit Department or the internal auditor in the performance of their duties and verify the absence of any restrictions on their acts or the presence of any matter of negative impact on their acts.
6. Ensure the independence of Compliance Department or chief compliance officer in the performance of their duties and verify the absence of any restrictions on their acts or the presence of any matter of negative impact on their acts.
7. Discuss the annual and quarterly interim financial statements with the external auditors and senior management of The Company before they are issued.
8. Examine and review the annual and interim financial statements and recommend to the Board thereon.
9. Study the internal and external auditors' plan.
10. Study, approve and follow-up the implementation of compliance plan.
11. Study the important accounting policies, their procedures and changes that may be carried out on them.
12. Prepare a report on the Committee's opinion on the adequacy of internal controls system in The Company and the other work the Committee has performed within the scope of its jurisdiction. This report must be presented in Head Office of The Company before (10) days from the date of the General Assembly.
13. Coordinate between the internal and external auditors.
14. Examine the reports of external auditors and make recommendations thereon to the Board of Directors.

15. Review the reports of the Internal Audit Department or internal auditor and make recommendations thereon to the Board of Directors.
16. Review the reports of the Compliance Department and make recommendations thereon to the Board of Directors.
17. Study the reports issued by the regulatory and supervisory authorities or official regulator and make recommendations thereon to the Board of Directors.
18. Assess the level of efficiency, effectiveness and objectivity of the work of external auditors, Internal Audit Department or internal auditor, the Compliance Department or chief compliance officer.
19. Study the observations of SAMA and the relevant supervisory and regulatory authorities on any legal violations or requests for corrective measures and make recommendations thereon to the Board of Directors.
20. Study the evaluation of the internal and external auditors on the internal control procedures.
21. Study the processes among the entities of the group and operations with related parties.
22. Study the actuary reports and make recommendations thereon to the Board.
23. Ensure the Company's compliance with implementation of the proposals and recommendations of the actuary when they are compulsory under the regulations and instructions issued by SAMA and the relevant supervisory and regulatory authorities.
24. Follow-up the reports issued by SAMA and the relevant supervisory and regulatory authorities concerned and make recommendations thereon to the Board.
25. Determine the monthly salary, stimulating bonus and other awards for the Internal Audit Department or internal auditor in accordance with the internal regulations of The Company, which are approved by the Board.
26. Determine the monthly salary, stimulating bonus and other awards for the Compliance Department or chief compliance officer in accordance with the internal regulations of The Company, which are approved by the Board.
27. Ensure the availability of a written regulation on the rules of professional ethics and conduct after its approval by the Board to ensure that The Company's business activities are transacted in a fair and ethical manner.
28. Follow-up the important lawsuits filed by or versus The Company with the manager of Compliance Department or chief compliance officer, and submit periodic reports on them to the Board.
29. Ensure the optimal use of information technology and the availability of necessary controls to get accurate, authentic and reliable information and data.
30. Follow up on the Internal Audit Department's updates related to the quality assurance and continuous improvement program as well as monitoring the implementation of corrective plans related to the program in line with the best professional practices as the percentage of implementation of corrective plans exceeded 86% during Year 2021.
31. Follow-up and conduct discussion with the Executive Management in the stages and results of the application of the draft International Financial Reporting Standard 17 (IFRS 17) - insurance contracts.
32. Supervise and follow up on updating the compliance policy, anti-money laundering, and the money laundering risk charter.



33. Follow-up on the distribution of insurance operations surplus.
34. Adopt the Internal Audit Department's work manual designed in accordance with the International professional Practices Framework of Internal Auditing (IPPF).
35. Recommend to the Board of Directors the adoption of updating the Internal Audit Charter.

#### C- Meetings and attendance Record of Audit Committee in 2021

| Member<br>Name                   | 1 <sup>st</sup> meeting<br>31/1/2021 | 2 <sup>nd</sup> meeting<br>8/3/2021 | 3 <sup>rd</sup> meeting<br>11/4/2021 | 4 <sup>th</sup> meeting<br>4/5/2021 | 5 <sup>th</sup> meeting<br>8/8/2021 | 6 <sup>th</sup> meeting<br>12/10/2021 | 7 <sup>th</sup> meeting<br>1/11/2021 | 8 <sup>th</sup> meeting<br>15/11/2021 | 9 <sup>th</sup> meeting<br>12/12/2021 | Total |
|----------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|-------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|---------------------------------------|-------|
| <b>Mr. Hamoud<br/>Altuwaijri</b> | Attended                             | Attended                            | Attended                             | Attended                            | Attended                            | Attended                              | Attended                             | Attended                              | Attended                              | 9     |
| <b>Khalid Al<br/>Ruweis</b>      | Attended                             | Attended                            | Attended                             | Attended                            | Attended                            | Attended                              | Attended                             | Attended                              | Attended                              | 9     |
| <b>Khalid Al<br/>Sulaiman</b>    | Attended                             | Attended                            | Attended                             | Attended                            | Attended                            | Attended                              | Attended                             | Attended                              | *Not Attended                         | 8     |
| <b>Hassan<br/>Amanullah</b>      | Attended                             | Attended                            | Attended                             | Attended                            | Attended                            | Attended                              | Attended                             | Attended                              | Attended                              | 9     |

\* He represented the committee by attending a meeting with Saudi Central Bank on the same date as the company's board of directors meeting, so it was decided to pay his attendance allowance.

#### D- Remuneration of the Audit Committee Members

| (SR'000) |                   |                  |                    |                  |   |
|----------|-------------------|------------------|--------------------|------------------|---|
| Name     | Hamoud Altuwaijri | Khalid Al Ruweis | Khalid Al Sulaiman | Ihssan Amanullah | Abdullah Alateesh<br>(Committee<br>Secretary) |

|  |            |            |            |            |           |
|--|------------|------------|------------|------------|-----------|
| <b>Fixed Remunerations* (Excluding Meetings)</b> | 150        | 150        | 150        | 150        | 0         |
| <b>Meetings Attending Allowance)</b>             | 45         | 45         | 45         | 45         | 10        |
| <b>Total</b>                                     | <b>195</b> | <b>195</b> | <b>195</b> | <b>195</b> | <b>10</b> |

Note: Based on the decision of the General Assembly on April 29, 2021, to update the regulations of the Audit Committee work and its remuneration, the remunerations of the members of the Audit Committee were disbursed after the issuance of the Board of Directors' report for the year 2020, and the following is a statement of the differences for each member:

|   | (SR'000)                 |                         |                           |                         |
|---|--------------------------|-------------------------|---------------------------|-------------------------|
| <b>Name</b>   | <b>Hamoud Altuwaijri</b> | <b>Khalid Al Ruwais</b> | <b>Khalid Al Sulaiman</b> | <b>Ihssan Amanullah</b> |
| <b>Fixed Remunerations* (Excluding Meetings)</b>                        | 0                        | 100                     | 100                       | 100                     |
| <b>Meetings Attending Allowance)</b>                                    | 24                       | 24                      | 24                        | 24                      |
| <b>Total</b>  | <b>24</b>                | <b>124</b>              | <b>124</b>                | <b>124</b>              |
| <b>Differences (the remaining amounts that was spent on 06/21/2021)</b> | <b>116</b>               | <b>16</b>               | <b>16</b>                 | <b>16</b>               |

## 6-6 Technical Projects Committee

### A. Formation of the Technical Projects Committee and the Qualifications and Functions of its members

| <b>Name of Committee Chairman and Members</b> | <b>Membership Capacity</b> | <b>Membership Classification</b> | <b>Current Position</b> | <b>Previous Position</b> | <b>Qualification</b> | <b>Experience</b> |
|---|----------------------------|----------------------------------|-------------------------|--------------------------|----------------------|-------------------|
|---|----------------------------|----------------------------------|-------------------------|--------------------------|----------------------|-------------------|

|                            |          |             |   |   |  |  |
|----------------------------|----------|-------------|---|---|--|--|
| Dr. Khaled A. Al-Ghunaim   | Chairman | Independent | <ul style="list-style-type: none"> <li>Chairman of the Executive Board of Hawaz Communications and Information Technology Company</li> <li>Chairman of the Executive Board of Mozn for Communications and Information Technologies Company</li> </ul> | <ul style="list-style-type: none"> <li>Chairman of the Executive Board of Directors of Takamol Holding Company.</li> <li>CEO of Saudi Telecom Company</li> <li>CEO of Elam Company</li> </ul> | <ul style="list-style-type: none"> <li>PhD in Electrical and Computer Engineering- Carnegie Mellon - United States</li> <li>Master's in Electrical and Computer Engineering- Carnegie Mellon - United States</li> <li>Bachelor of Electrical and Computer Engineering- King Saud University</li> <li>Many specialized professional certificates</li> </ul> | Membership of several boards of directors and committees Such as: Bayan Credit Information Company, Second Health Cluster in Riyadh, Executive Committee B20, Mawhiba, King Abdulaziz City for Science and Technology, Mobily, Takaful Charity, Human Resources Development Fund (Hadafe). |
| Mr. Abdulrahman M. Al Odan | Chairman | Independent | BOD member, The Company for Cooperative Insurance (Tawuniya)  | <ul style="list-style-type: none"> <li>BOD member, Saudi National Bank</li> <li>External member of Audit Committee in Tadwal Group holding.</li> </ul>  | <ul style="list-style-type: none"> <li>Master of Computer Science –</li> <li>Bachelor of Computer Science</li> <li>Many specialized</li> </ul>   | Held several administrative positions in the field of information technology.  |

|                                 |        |                  |  |  |   |  |
|---------------------------------|--------|------------------|--|--|---|--|
|                                 |        |                  |  | <ul style="list-style-type: none"> <li>• Member of Consulting Committee Small and Medium Enterprise Bank</li> <li>• Chairman, Komate Industrial Company</li> </ul> | professional certificates   |  |
| Mr. Ghassan A. Al-Malki         | Member | Non-Executive    | Director of the Department of Digital Excellence - General Organization for Social Insurance | Director of Business Development at the Computer Department - General Organization for Social Insurance  | <ul style="list-style-type: none"> <li>• Master of Computer Science - Computer Science, University of California - USA</li> <li>• Bachelor of Computer Science - Information Systems, King Saud University - KSA</li> <li>• Many specialized professional certificates</li> </ul> | Held several administrative positions in the field of information technology at the General Organization for Social Security |
| <b>Mr. Abdulaziz H. Al Boug</b> | Member | Not a BOD member | CEO, The Company   | Senior Vice President and Sales  | <ul style="list-style-type: none"> <li>• Executive Master of</li> </ul>   | Has more than 24 years of  |

|  |  |  |                                  |   |         |   |   |
|--|--|--|----------------------------------|---|---------|---|---|
|  |  |  | Cooperative Insurance (Tawuniya) | Marketing, Company Cooperative Insurance (Tawuniya) | The for | <p>Business Administration University of Hull, United Kingdom</p> <ul style="list-style-type: none"> <li>• Bachelor of Science - College of Economics and Management - International Business Administration – King Abdulaziz university</li> <li>• Certified Health Insurance Associate (HIA) – The American Association of Health</li> <li>• Certified Medical Underwriting Specialist – The Chartered</li> </ul> | <p>experience in the Company for Insurance Company in the field of underwriting, sales and business development. Held several administrative and leadership positions in (Tawuniya), including Senior Vice President of Sales &amp; Marketing, General Manager of Key Accounts, Business Development Manager. In addition to his responsibilities at Tawuniya, Al Boug is the Board Chairman of Teejan Al Khaleej for Insurance, the Board Chairman</p> |
|--|--|--|----------------------------------|---|---------|---|---|

|  |  |  |  |  |   |   |
|--|--|--|--|--|---|---|
|  |  |  |  |  | <p>Insurance Institute (CII)</p> <ul style="list-style-type: none"> <li>• High Performance Program for the Board of Directors from IMD</li> <li>• Many specialized professional certificates</li> </ul> | <p>of Waseel Company and a board member of United Insurance Company (Bahrain). He is also a board member of CCHI, Board Chairman of the Health Insurance Sub-committee and a member of Executives Committee under SAMA sponsorship. Furthermore, Al Boug is a member of the Executive Committee, and the Nomination and Remuneration Committee at Tawuniya.</p> |
|--|--|--|--|--|---|---|

## D- Technical Projects Committee Jurisdictions and Duties

1. Support and facilitate the procedures and taking the necessary decisions to implement and finalize the Core System Program Project.
2. Take decisions within the powers of the Committee stipulated in paragraph 13. (Limits of Powers and Authority) and expedite taking decisions that exceed the powers of the Committee to ensure the progress of the project pursuant to the agreed plan. Conduct direct and indirect intervention to ensure that the Core System Project is not affected by any risks or problems that impede the performance of business.
3. Follow up on the progress of the Core System Program Project and review its periodic reports within the scheduled and unscheduled meetings held by the Committee.
4. Submit reports on the work progress of the Central System Program to the Board of Directors, including the various risks and solutions to deal with them and all recommendations in this regard.
5. Review the project scheduling if necessary and approve all project plans and resources according to the limits of the powers mentioned in paragraph 13 (Limits of Powers and Authority).
6. Raise the recommendations of the Committee's scope of work to include other additional projects on the Core System Program.

## C- Meetings and attendance Record of Technical Projects Committee in 2021

| Name  | 1 <sup>st</sup> meeting<br>19/08/2021 | 2 <sup>nd</sup> meeting<br>06/10/2021 | 3 <sup>rd</sup> meeting<br>12/12/2021 | Total |
|---|---------------------------------------|---------------------------------------|---------------------------------------|-------|
| Mr. Abdulrahman M. Al Odan<br>Mr. Abdulaziz | Attended                              | Attended                              | Attended                              | 3     |
| Mr. Ghassan A. Al-Malki                     | Attended                              | Attended                              | Attended                              | 3     |
| Dr. Khaled A. Al-Ghunaim                    | Attended                              | Attended                              | Attended                              | 3     |
| Mr. Abdulaziz H. Al Boug                    | Attended                              | Attended                              | Attended                              | 3     |

## D- Remuneration of the Technical Projects Committee Members

(SR'000)

| Name   | Abdulrahman M. Al Odan | Ghassan A. Al-Malki | Khaled A. Al-Ghunaim | Abdulaziz H. Al Boug |
|--|------------------------|---------------------|----------------------|----------------------|
| <b>Fixed Remunerations*<br/>(Excluding Meetings)</b> | 0                      | 0                   | 0                    | 0                    |
| <b>Meetings Attending Allowance)</b>                 | 15                     | 15                  | 15                   | 0                    |
| <b>Total</b>   | <b>15</b>              | <b>15</b>           | <b>15</b>            | <b>0</b>             |

\* Based on the recommendation of the Nominations and Remunerations Committee, the reward for membership of the committees (whether a committee or more) is disbursed in the amount of SR 150,000 (one hundred and fifty thousand Saudi riyals) per member.

## 7- Senior Executives

### 7-1 Senior Executives of the Company and their Qualification and Experience

| Name                     | Current Position                                      | Previous Position   | Qualifications   | Experience  |
|--------------------------|---|---|--|---|
| Mr. Abdulaziz H. Al Boug | CEO, The Company for Cooperative Insurance (Tawuniya) | Senior Vice President - Sales and Marketing, The Company for Cooperative Insurance (Tawuniya) | <ul style="list-style-type: none"> <li>Executive Master of Business Administration University of Hull, United Kingdom</li> <li>Bachelor of Science - College of Economics and Management - International Business Administration – King Abdulaziz university</li> <li>Certified Health Insurance Associate (HIA) – The American Association of Health</li> </ul> | Has more than 24 years of experience in the Company for Insurance Company in the field of underwriting, sales and business development. Held several administrative and leadership positions in (Tawuniya), including Senior Vice President of Sales & Marketing, General Manager of Key Accounts, Business Development Manager. In addition to his responsibilities at Tawuniya, Al Boug is the Board Chairman of Tijan Al Khaleej |



|                           |   |   |   |   |
|---------------------------|---|---|---|---|
|                           |   |   | <ul style="list-style-type: none"> <li>• Certified Medical Underwriting Specialist – The Chartered Insurance Institute (CII)</li> <li>• High Performance Program for the Board of Directors from IMD</li> <li>• Many specialized professional certificates</li> </ul>   | for Insurance, the Board Chairman of Waseel Company and a board member of United Insurance Company (Bahrain). He is also a board member of CCHI, Board Chairman of the Health Insurance Sub-committee and a member of Executives Committee under SAMA sponsorship. Furthermore, Al Boug is a member of the Executive Committee, and the Nomination and Remuneration Committee at Tawuniya.  |
| Mr. Sultan S. Al-Khomashi | CEO- P&C Sector, The Company for Cooperative Insurance (Tawuniya) | Senior Vice-President – Technical affairs, Tawuniya | <ul style="list-style-type: none"> <li>• Master's in Insurance and Risk Management</li> <li>• Master and bachelor's degrees in Chemical Engineering.</li> <li>• Advanced Diploma in Insurance (ACII).</li> <li>• Many professional and specialized certificates training courses.</li> <li>• Attended many scientific conferences organized by local, regional and international institutions.</li> </ul> | Has more than 20 years of experience in Tawuniya in the field of property, casualty, non-marine insurance claims, human resources and support services. He held a number of administrative and leadership positions in Tawuniya including Senior Vice President of General Insurance, General Manager of Human Capital and Support Services, and General Manager of Property and Casualty Department. He is a member of many committees in Tawuniya and a number of other institutions, most notably the membership of the Technical and Reinsurance Committee at the level of the Saudi insurance industry affiliated to the Saudi Central Bank. |

|  |  |  |   |   |
|--|--|--|---|---|
| Mr. Fahad S. Al-Moammar                                  | CEO - Investment Department, The Company for Cooperative Insurance (Tawuniya)            | Senior Vice President- Investment, The Company for Cooperative Insurance (Tawuniya). | <ul style="list-style-type: none"> <li>• Bachelor's in Insurance and Real Estate.</li> <li>• Many professional and specialized certificates and training courses specialized in market risk management and banking services risk management organized by Citibank and the Saudi Central Bank (SAMA).</li> </ul> | Has more than 33 years of experience in investment management. He worked in several leadership positions, including Vice President of Investment and Business Development, Head of Finance for a number of banks and financial institutions such as Riyadh Bank, Emirates NBD, Tadawul, and Manafe Holding.             |
| Mr. Adel A. Al-Hamoudi                                   | CEO- Customer Experience and Marketing, The Company for Cooperative Insurance (Tawuniya) | Senior Vice President- Sales and Marketing, Tawuniya                                 | <ul style="list-style-type: none"> <li>• Bachelor's in Mass Communication- PR &amp; Advertising</li> <li>• IFCE certificate</li> <li>• Many professional and specialized certificates and training courses as well as a number of courses in advanced leadership.</li> </ul>                                    | Has more than 24 years of experience in Tawuniya in the field of sales management and key accounts. He held a number of managerial positions in Tawuniya, including Vice President of Corporate and Key Accounts Sales, Senior Vice President - Marketing and Sales, and is a member of several committees in Tawuniya. |
| Mr. Mansour Falah Abuthnain                              | CEO - Motor Sector, The Company for Cooperative Insurance (Tawuniya).                    | Vice President - Motor Insurance, The Company for Cooperative Insurance (Tawuniya).  | <ul style="list-style-type: none"> <li>• Bachelor's in Computer Sciences and Information.</li> <li>• Many professional and specialized certificates and training courses as well as a number of courses in advanced leadership.</li> </ul>  | Has more than 18 years of experience in Tawuniya in information technology, customer service, and motor insurance. He held a number of leadership positions, including General Manager - Customer Service and Vice President - Motor Insurance.   |
| Dr. Amro Khaled Kurdi<br>(Joined Tawuniya on 17/05/2021) | CEO- Finance, The Company for Cooperative Insurance (Tawuniya).                          | Chief Financial Officer and Chief Business Officer at the Saudi Arabian Industrial   | <ul style="list-style-type: none"> <li>• Ph.D. in Accounting from the University of North Texas.</li> <li>• Master's degree in Accounting from the University of Arizona.</li> </ul>  | Has than 15 years of experience in the field of finance, in which he held a number of management positions, including Chief Financial Officer, Chief Internal Auditor, and Chief Business   |

|  |   |  |  |  |
|--|---|--|--|--|
|  |   | Investments Company (DUSSUR)   | <ul style="list-style-type: none"> <li>• BA in Accounting from King Fahd University of Petroleum and Minerals</li> <li>• A fellowship in management accounting.</li> <li>• Member of the Audit Committee of the Saudi Telecom Company, the Saudi Electricity Company, the Saudi Industrial Services Company, and others, in addition to the membership of the Audit, Risks and Compliance Committee of the General Authority for Military Industries.</li> </ul> | Services Officer. He also held many leadership positions for a number of entities, including DUSSUR, the Saudi Telecom Company, and King Fahd University of Petroleum and Minerals. He participates in the membership and presidency of many committees, including the Audit Committees of the Saudi Telecom Company, the Saudi Electricity Company, the Saudi Industrial Services Company, and others, in addition to the membership of the Audit, Risks and Compliance Committee of the General Authority for Military Industries. |
| Dr. Othman Yousef Al-Qasabi<br>(Joined Tawuniya on 15/08/2021) | CEO- Health Sector -, The Company for Cooperative Insurance (Tawuniya). | Executive Director of Empowerment and Supervision in the Council of Cooperative Health Insurance (CCHI). | <ul style="list-style-type: none"> <li>• Executive Master's in International Management and Leadership from Al Yamamah University.</li> <li>• Bachelor's in Applied Medical Sciences from King Saud University.</li> </ul>   | Has more than 17 years of experience in the health field. He held many leadership positions, including chief operating officer, medical advisor, project manager, performance improvement consultant, and rehabilitation development consultant for a number of institutions including Dallah Hospital, King Faisal Specialist Hospital and Research Center, and Sultan bin Abdulaziz Humanitarian Services City, CCHI and he has many contributions to scientific research.   |

|  |  |  |  |   |
|--|--|--|--|---|
| Mr. Thamer Saeed Al-Harthy<br>(Joined Tawuniya on 01/09/2021)  | CEO-HC, The Company for Cooperative Insurance (Tawuniya).                                | Founder and Senior Consultant in Enjaz Office for Management Consultations.            | <ul style="list-style-type: none"> <li>Bachelor of Law from King Abdulaziz University.</li> </ul>  | Has more than 22 years of experience in human resources, and he held many leadership positions, including founder and chief consultant, general manager of human capital management, and chief human resources officer for a number of institutions, including Unilever, Fonterra, National Commercial Bank (NCB), and Bupa Arabia. |
| Mr. Marwan Aida Al-Ghamdi                                      | CEO- Strategy Management, The Company for Cooperative Insurance (Tawuniya).              | General Manager-Strategy Management, The Company for Cooperative Insurance (Tawuniya). | <ul style="list-style-type: none"> <li>Bachelor's in English Language and Literature from Imam Mohammad Ibn Saud Islamic University (IMSTU).</li> </ul>  | Has more than 16 years of experience in the field of planning and strategy. He held several administrative positions, including manager of strategic business analysis for a number of institutions, including BAE Systems Saudi Arabia, American Express, and Vinyl Arabia.  |
| Ms. Rania Sami Al Turki (Resigned from Tawuniya on 01/07/2021) | Chief Operating Officer (COO), and General Manager of Human Resources (Acting), Tawuniya | Senior Vice President for Human Resources at Al Ahli Bank                              | <ul style="list-style-type: none"> <li>Master of Computer Science from George Washington University.</li> <li>Bachelor of Computer Science from Indiana State University.</li> <li>Participated in many specialized training courses.</li> </ul> | She held several leadership positions, including CEO of Human Resources, Vice President of Human Resources for a number of entities, including Savola Group and Al Ahli Bank (NCB).   |
| Mr. Fraser David Gregory                                       | Chief Financial Officer (CFO), The Company for Cooperative                               | Executive Manager of Gregory Investment Group (LLC)                                    | <ul style="list-style-type: none"> <li>Bachelor of Finance</li> <li>Attended many specialized courses, including: Executive Advance Management Program</li> </ul>  | Held several leadership positions including Chief Financial Officer and Chief Strategy Officer, mostly with Bupa.   |

|   |  |   |  |   |
|---|--|---|--|---|
| (Resigned from Tawuniya on 15/07/2021)                      | Insurance (Tawuniya).  |   | and Fellowship of the Chartered Insurance Management Accountants.  |   |
| Mr. Hisham F. Radwan (Resigned from Tawuniya on 30/06/2021) | Senior Vice President (SVP) - Medical & Takaful, The Company for Cooperative Insurance (Tawuniya). | General Manager – Middle East & Africa, Aetna International Company | <ul style="list-style-type: none"> <li>• Bachelor's in Accounting.</li> <li>• A number of technical and managerial courses, such as: Health Care Executive Program and General Management Program</li> </ul> | Held several leadership positions, including Vice President and General Manager for the Middle East and Africa for a number of entities, including Aetna International and Bupa Arabia. |

## 7-2 Remuneration policy and method adopted to determine the remuneration of Executive Management:

The Ordinary General Assembly of the Company, which was held on 18/04/2018 approved the remuneration and compensation policy for members of the Executive Management, which clarifies the mechanism adopted for determining and approving their remuneration in addition to the criteria adopted for determining remuneration and linking it to performance, disclosure and verification of their implementation.

The Company pays the basic salary and other allowances to the members of Executive Management depending on the structure of job grades, salary levels and the policies and internal regulations approved by the Board of Directors, and any additional benefits or privileges proposed by the CEO and then discussed with the Nomination and Remuneration Committee to recommend them to the Board of Directors for ratification and approval.

The members of the Executive Management may be granted an annual allowance in accordance with the performance standards approved in the Company and in line with the Human Resources Executive Regulations and the decisions of the Board of Directors. This allowance shall apply to the basic salary and its effective date shall be determined by a decision of the CEO.

The Board of Directors may also, at its discretion, approve the allocation of a specific amount to be distributed to members of the Executive Management as an annual bonus. The distribution of this bonus is subject to a specific mechanism approved by the Board of Directors to ensure the entire fairness and equity.

### 7-3 Remuneration and Compensation of Senior Executives

(SR'000)

| Description  | Salaries and Compensation | Fixed Allowances | Variable Remunerations - Motivative Plans | Other compensation and components | Performance-linked Annual Remunerations | Total  |
|--|---------------------------|------------------|---|-----------------------------------|---|--------|
| Remuneration and compensations received by Five Senior Executives Including the CEO and CFO who received the highest remuneration and compensation | 7,995                     | 3,438            | -   | 2,332                             | 9,069                                   | 22,834 |

\* The company committed to disclose total remuneration of the senior executive management in accordance with the requirements of Article 93(4-b) of the Corporate Governance Rules. In order to protect the interests of the Company, its shareholders and its employees, and to avoid any damage that may result from the disclosure in details as per job titles and positions, hence description of remuneration is not presented pursuant to Appendix (1) Remuneration Schedule of Corporate Governance Rules related to Senior Executives and that is based on paragraph (B) article (60) of Rules on The offer of Securities and Continuing Obligations.

## B- The Ownership of the Shares of the Company and Subsidiaries and Shareholder Relationships

### 8-1 The Capital of the Company

The authorized, issued and paid-up capital of the Company amounts to SR 1,250 million (One Billion and two hundred fifty million Saudi Riyals) and is divided into 125 million nominal shares of SR 10 each. The ownership of company shares reflected at the beginning and end of the year are as follows:

| The Entity   | Number of Shares at the beginning of the year | Number of Shares at the end of the year | Change % | Shareholding |
|--|---|---|----------|--------------|
| The General Organization for Social Insurance (GOSI) | 45,974,491                                    | 45,974,491                              | 0        | 36.77%       |
| Held by the Public                                   | 79, 025,509                                   | 79,025,509                              | 0        | 63.23%       |
| Total  | 125,000,000                                   | 125,000,000                             | 0        | 100%         |

\* It is worth noting that the Saudi Council of Ministers approved the merger of the Public Pension Agency with the General Organization for Social Insurance, and thus the ownership percentage of the General Organization for Social Insurance in the Tawuniya Insurance Company amounted to 36.77% (December 31, 2020: the ownership of the Public Pension Agency is 18.89%, and the ownership of the General Organization for Social Insurance 17.88%).

## 8-2 Description of the Shares Ownership and Debt Instruments

### A. A description of any interest, contractual papers and subscription rights of the members of the company's board of directors and their relatives in the shares or debt instruments of the company

| No. | Stakeholder's name      | Start of the year |                  | End of the year  |                  | Net change | Change % |
|-----|-------------------------|-------------------|------------------|------------------|------------------|------------|----------|
|     |                         | Number of shares  | Debt instruments | Number of shares | Debt instruments |            |          |
| 1   | Abdulaziz I. Al-Nuwaier | 250               | -                | 250              | -                | 0          | 0%       |
| 2   | Abdulaziz A. Alkhamis   | 1,250             | -                | 1,250            | -                | 0          | 0%       |
| 3   | Ghassan A. Al-Malki     | 0                 | -                | 0                | -                | 0          | 0%       |
| 4   | Waleed A. Aleisa        | 111               | -                | 111              | -                | 0          | 0%       |
| 5   | Hamood A. Altuwaijri    | 1,600             | -                | 1,600            | -                | 0          | 0%       |
| 6   | Ihab M.                 | 0                 | -                | 0                | -                | 0          | 0%       |

|   |                            |       |   |       |   |   |    |
|---|----------------------------|-------|---|-------|---|---|----|
|   | Al Dabagh                  |       |   |       |   |   |    |
| 7 | Jasser A.<br>Al Jasser     | 0     | - | 0     | - | 0 | 0% |
| 8 | Abdulrahman M.<br>Al Awdan | 0     | - | 0     | - | 0 | 0% |
| 9 | Khalid A.<br>Al Ghunaim    | 1,000 | - | 1,000 | - | 0 | 0% |

\* Includes ownership of family members.

**B. A description of any interest, contractual papers and subscription rights of the members of the company's board of directors and their relatives in the shares or debt instruments of the subsidiary**

There are no interest contractual papers and subscription rights belonging to the members of the company's board of directors and their relatives in the subsidiary company.

**B. A description of any interest, contractual papers and subscription rights of senior executives and their relatives in the shares or debt instruments of the company.**

| No. | Stakeholder's name          | Start of the year |                  | End of the year  |                  | Net change | Change % |
|-----|-----------------------------|-------------------|------------------|------------------|------------------|------------|----------|
|     |                             | Number of shares  | Debt instruments | Number of shares | Debt instruments |            |          |
| 1   | Abdulaziz Hassan Al-Boug    | 0                 | -                | 0                | -                | 0          | 0%       |
| 2   | Sultan Saleh Al Khamshi     | 0                 | -                | 0                | -                | 0          | 0%       |
| 3   | Fahad Saad AL Muamar        | 0                 | -                | 0                | -                | 0          | 0%       |
| 4   | Adel Abdullah Al Hamudi     | 0                 | -                | 0                | -                | 0          | 0%       |
| 5   | Mr. Mansour Falah Abuthnain | 0                 | -                | 0                | -                | 0          | 0%       |
| 6   | Dr. Amro Khaled Kurdi       | 0                 | -                | 0                | -                | 0          | 0%       |



|    |   |     |   |     |   |   |    |
|----|---|-----|---|-----|---|---|----|
|    | (Joined Tawuniya on 17/05/2021)                                   |     |   |     |   |   |    |
| 7  | Dr. Othman Yousef Al-Qasabi<br>(Joined Tawuniya on 15/08/2021)    | 111 | - | 111 | - | 0 | 0% |
| 8  | Mr. Thamer Saeed Al-Harthy<br>(Joined Tawuniya on 01/09/2021)     | 0   | - | 0   | - | 0 | 0% |
| 9  | Mr. Marwan Aida Al-Ghamdi   | 0   | - | 0   | - | 0 | 0% |
| 10 | Ms. Rania Sami Al Turki<br>(Resigned from Tawuniya on 01/07/2021) | 0   | - | 0   | - | 0 | 0% |
| 11 | Fraser David Gregory<br>(Resigned from Tawuniya on 15/07/2021)    | 0   | - | 0   | - | 0 | 0% |
| 12 | Hisham Fayz Ali Radwan<br>(Resigned from Tawuniya on 30/06/2021)  | 0   | - | 0   | - | 0 | 0% |

**D. A description of any interest, contractual papers and subscription rights of senior executives and their relatives in the shares or debt instruments of the subsidiary**

None

**E. A description of any interest in the voting-eligible shares category belonging to persons (other than members of the company's board of directors, senior executives and their relatives) who informed the company of those rights under Article (45) of the registration and listing rules, and any change in those rights during the fiscal year 2021.**

There have been no changes in the ownership percentages of major shareholders who own 5% or more, requiring shareholders to inform the company or the Capital Market Authority of this.

### **8-3 A description of the Company's policy for distributing dividends**

The Board of Directors recommends to the General Assembly the proposed distributions, taking into account several factors, the most important of which are:

- Maintain an average of not less than 110% of the solvency required in accordance with the insurance practice rules.
- Maintain a credit rating of no less than (A).
- Maintain an acceptable level of liquidity to meet operational and expansionary requirements.

The profit distribution mechanism is determined in accordance with Articles (45) and (46) of the Article of Associations of the Company, whereby the distribution is made in accordance with the regulations issued by the Saudi Central Bank, and in accordance with the following rules:

- Distributing the net surplus realized from insurance operations at a rate of (10%) to the policyholders, either by direct distribution or by reducing their premiums for the following year, and the percentage of 90% is transferred to the shareholders' accounts.

Shareholders' profits consist of the return on investment of shareholders' funds in accordance with the rules set by the Board of Directors, and the shareholders' share of the net surplus as per the above. The rules for distributing profits to shareholders are determined as follows:

- (1) Zakat and assessed income tax shall be set aside.
- (2) Set aside (20%) of the net profits to form a statutory reserve, and the Ordinary General Assembly may stop this retainer when the total reserve reaches 100% of the paid-up capital.
- (3) The Ordinary General Assembly, when determining the share of shares in the net profits, may decide to create other reserves, to the extent that it serves the interest of the company or guarantees the distribution of fixed profits as possible to the shareholders.
- (4) The net annual profits of the Company that it determines, after deducting all general expenses and other costs, and creating the necessary reserves to face doubtful debts, investment losses and contingent liabilities that the Board of Directors deems necessary, shall be distributed in accordance with

the provisions of the Law on the Supervision of Cooperative Insurance Companies and the provisions issued by the Saudi Central Bank. From the remainder of the profits after deducting the reserves determined according to the relevant regulations and zakat, a percentage of not less than 5% of the paid capital shall be allocated for distribution to the Shareholders as proposed by the Board of Directors and decided by the General Assembly. If the remaining percentage of the profits owed to the Shareholders is not sufficient to pay this percentage, then Shareholders may not demand to pay it in the following year or years, and the General Assembly may not decide to distribute a percentage of profits in excess of what was proposed by the Board of Directors.

The shareholder is entitled to his share in the profits in accordance with the decision of the General Assembly issued in this regard, and the decision specifies the due date and the distribution date. Eligibility for dividends shall be for shareholders registered in the shareholders' records at the end of the day specified for maturity. The company informs the Capital Market Authority without delay of any decisions to distribute profits or recommend that. The profits to be distributed to the shareholders are paid at the place and time determined by the Board of Directors, in accordance with the instructions issued by the competent authority, subject to the prior written approval of the Saudi Central Bank.

The company distributed an amount of SR 100 million to the company's shareholders as profits for the fiscal year ending on December 31, 2020, with a distribution rate of 19.4% of the total profits achieved for the same year, before calculating zakat.

If the Board of Directors recommends a distribution of any profits for the year 2021, it will be announced immediately on the Saudi Stock Exchange (TADAWUL).

#### **8-4 Disclosure of treasury shares held by The Company and details of their use**

| <b>Number of treasury shares held by the Company</b> | <b>Shares Value</b> | <b>Date of Retaining</b> | <b>Use</b> |
|--|---------------------|--------------------------|------------|
| N/A  | N/A                 | N/A                      | N/A        |

#### **8-5 Details of shares and debt instruments issued for each subsidiary**

There are no shares or debt instruments issued to the subsidiaries.

**8-6 A statement of the dates of the General Assembly meetings of shareholders held during 2021 and the names of the BOD members attended:**

| Name   | Abdul Aziz Al-Nuwaiser | Abdulaziz A. Al Khamis | Waleed A. Aleisa | Ehab M. Al Dabbagh | Hamood A. Altuwaijri | Ghassan A. Al-Malki | Jaser A. Aljaser | Abdulrahman Al Oudan | Khaled A. Al Ghunaim |
|--|------------------------|------------------------|------------------|--------------------|----------------------|---------------------|------------------|----------------------|----------------------|
| Ordinary General Assembly Meeting Held on 29/04/2021 | Attended               | Attended               | Attended         | Attended           | Attended             | Attended            | Attended         | Attended             | Attended             |

**8-7 Number of Requests recorded by the Company in the Shareholders Register during year 2021, their Dates and Reasons**

| Number of Requests | 1          | 2          | 3                | 4            | 5            | 6            | 7          | 8          | 9                    |
|--------------------|------------|------------|------------------|--------------|--------------|--------------|------------|------------|----------------------|
| Request Date       | 13/01/2021 | 04/04/2021 | 11/04/2021       | 26/04/2021   | 27/04/2021   | 27/04/2021   | 12/07/2021 | 09/09/2021 | 07/10/2021           |
| Request Reasons    | Other      | Other      | General Assembly | Profits File | Profits File | Profits File | Other      | Other      | Corporate procedures |

## 9- Transactions with related parties

**9-1 Description of any transaction between the Company and related parties during 2021**

| Related Party | Relation with the Company | Contract Type | Contract Duration | Contract Value |
|---------------|---------------------------|---------------|-------------------|----------------|
|---------------|---------------------------|---------------|-------------------|----------------|

|   |  |                            |          |             |
|---|--|----------------------------|----------|-------------|
| The Public Pension Agency<br>(The Public Pension Agency has been merged with the General Organization for Social Insurance) | Joint membership for the BOD member:<br>Mr. Jasser Al-Jasser   | Insurance Policies         | One year | 24,392,252  |
| The Cooperative Real Estate Investment Company (CREIC)  | Joint membership for the BOD members:<br>Mr. Jasser Al-Jasser, and<br>Mr. Ghassan Al-Malki   | Lease Contract             | One year | 1,666,398   |
|   |  | Insurance Policies         |          | 399,367     |
| The Saudi Investment Bank   | Joint BOD membership for:<br>Mr. Abdulaziz Al-Khamis   | Insurance Policies         | One year | 30,787,760  |
| United Insurance Company (Bahrain)  | Joint membership for<br>The BOD members:<br>- Mr. Waleed Aleisa<br>- Mr. Abdulaziz Al-Khamis<br>- Mr. Jasser Al-Jasser<br>And Senior Executives:<br>- Mr. Abdulaziz Al-Boug<br>- Mr. Sultan Saleh Al Khamshi | Fees of Insurance Policies | One year | 940,874     |
|   |  | Fees of Insurance Claims   | One year | 5,907,273   |
| Saudi Entertainment Ventures Company  | Joint membership for the BOD Chairman:<br>Mr. Abdulaziz Al-Nuwaiser  | Insurance Policies         | One year | 7,877,250   |
| Tahakom Group   | Joint membership for the BOD Chairman:<br>Mr. Abdulaziz Al-Nuwaiser  | Insurance Policies         | One year | 168,704,528 |
| Umm Al-Qura Cement Company  | Joint membership for the BOD Chairman:<br>Mr. Abdulaziz Al-Nuwaiser<br>(Membership ended in 2021)  | Insurance Policies         | One year | 757,063     |
| Saudi Railway Company   | Joint membership for the BOD Chairman:<br>Mr. Abdulaziz Al-Nuwaiser  | Insurance Policies         | One year | 41,082,202  |

|   |   |                            |   |            |
|---|---|----------------------------|---|------------|
| Fly Adeel                                 | Joint membership for the BOD Chairman:<br>Mr. Abdulaziz Al-Nuwaiser   | Insurance Policies         | One year  | 7,509,996  |
| Maharah Human Resources Company           | Joint membership for the BOD Chairman:<br>Mr. Abdulaziz Al-Nuwaiser   | Insurance Policies         | One year  | 5,778      |
| Etihad Etisalat (Mobily)                  | Joint membership for the BOD members:<br>- Mr. Abdulaziz Al-Nuwaiser<br>- Mr. Hamood A. Altuwaijri<br>- Dr. Khalid Al-Ghunaim | Insurance Policies         | One year  | 52,211,803 |
| General Organization for Social Insurance | Joint membership for the BOD members:<br>- Mr. Ghassan Al-Malki<br>- Mr. Jasser Al- Jasser                                    | Insurance Policies         | One year  | 31,905,930 |
|   |   | Service Provision Contract | There is no fixed amount for the contract, but it is determined according to the transactions | 145,324    |
| Stock Market Company (Tadawul)            | Joint membership for the BOD member:<br>Mr. Abdulrahman Al-Odan   | Insurance Policies         | One year  | 14,445,034 |
|   |   | Service Provision Contract | There is no fixed amount for the contract, but it is determined according to                  | 742,879    |

|                                      |   |                            | the transactions  |              |
|--------------------------------------|---|----------------------------|---|--------------|
| Saudi National Bank (Al-Ahli)        | Joint membership for the BOD member:<br>Mr. Abdulrahman Al-Odan   | Insurance Policies         | One year  | 285,226,789  |
| Bidaya Home Finance                  | Joint membership for the BOD member:<br>Mr. Ehab M. Al Dabbagh  | Insurance Policies         | One year  | 1,835,769    |
| Hawas Company for Communication & IT | Joint membership for the BOD member:<br>Dr. Khalid Al-Ghunaim   | Insurance Policies         | One year  | 484          |
| Communications Solutions Co.         | Joint membership for the BOD member:<br>Dr. Khalid Al-Ghunaim   | Insurance Policies         | One year  | 1,658,073.06 |
| Bayan Credit Bureau                  | Joint membership for the BOD member:<br>Dr. Khalid Al-Ghunaim   | Insurance Policies         | One year  | 498,061.02   |
| Waseel company                       | Joint membership for the Senior Executives:<br>- Mr. Abdulaziz Al-Boug<br>- Dr. Ammr Kurdi<br>- Dr. Othman Al-Kassabi | Insurance Policies         | One year  | 886,735      |
|                                      |   | Service provision Contract | There is no fixed amount for the contract, but it is determined according to the transactions | 3,755,298    |

|                |  |                    |          |         |
|----------------|--|--------------------|----------|---------|
| Bonyan Company | Joint membership for the Senior Executives:<br>- Mr. Abdulaziz Al-Boug<br>- Dr. Ammr Kurdi | Insurance Policies | One year | 697,000 |
|----------------|--|--------------------|----------|---------|

**9-2 Contracts to which the Company is a party, in which there is an interest of for a member of the Board of Directors of the Company, the BOD Chairman, the CEO, CFO or Senior Executives**

| BOD Chairman/ BOD Member/ Executive   | Name of the company / entity   | The nature of the transaction | The contracts amounts at the beginning of the transaction or upon renewal                     | Transactions during the year from January 1, 2021 until December 31, 2021 | Claims during the year from January 1, 2021 until December 31, 2021 |
|---|--|-------------------------------|---|---|---|
| Mr. Jasser Al-Jasser  | The Public Pension Agency (The Public Pension Agency has been merged with the General Organization for Social Insurance) | Insurance Policies            | 20,075,682  | 24,392,252  | 55,950  |
| - Mr. Jasser Al-Jasser<br>- Mr. Ghassan Al-Malki  | The Cooperative Real Estate Investment Company (CREIC)   | Lease Contract                | 440,000   | 1,666,398   |   |
|   |  | Insurance Policies            | 373.494   | 399,367   | 750   |
| Mr. Abdulaziz Al-Khamis   | The Saudi Investment Bank  | Insurance Policies            | 25,998,871  | 30,787,760  |   |
| - Mr. Waleed Aleisa<br>- Mr. Abdulaziz Al-Khamis<br>- Mr. Jasser Al-Jasser<br>- Mr. Abdulaziz Al-Boug | United Insurance Company (Bahrain)   | Fees of Insurance Policies    | There is no fixed amount for the contract, but it is determined according to the transactions | 940,874   |   |



|  |  |                            |   |             |            |
|--|--|----------------------------|---|-------------|------------|
| - Mr. Sultan Al Khamshi  |  | Fees of Insurance Claims   | These are insurance policies and claims fees  | 5,907,273   |            |
| Mr. Abdulaziz Al-Nuwaiser  | Saudi Entertainment Ventures Company                     | Insurance Policies         | 4,222,775   | 7,877,250   | 706        |
| Mr. Abdulaziz Al-Nuwaiser  | Tahakom Group  | Insurance Policies         | 217,839,149   | 168,704,528 | 153,387.17 |
| Mr. Abdulaziz Al-Nuwaiser  | Umm Al-Qura Cement Company<br>(Membership ended in 2021) | Insurance Policies         | Continuation of previous dealing in 2020  | 757,063     |            |
| Mr. Abdulaziz Al-Nuwaiser  | Saudi Railway Company                                    | Insurance Policies         | 24,652,886  | 41,082,202  |            |
| Mr. Abdulaziz Al-Nuwaiser  | Fly Adeel  | Insurance Policies         | 5,437,653   | 7,509,996   | 239,745.53 |
| Mr. Abdulaziz Al-Nuwaiser  | Maharah Human Resources Company                          | Insurance Policies         | 18,844  | 5,778       |            |
| - Mr. Abdulaziz Al-Nuwaiser<br>- Mr. Hamood A. Altuwaijri<br>- Dr. Khalid Al-Ghunaim | Etihad Etisalat Company (Mobily)                         | Insurance Policies         | 35,969,120  | 52,211,803  |            |
| Mr. Ghassan Al-Malki   | General Organization for Social Insurance                | Insurance Policies         | 29,471,316  | 31,905,930  | 11,728     |
|  |  | Service Provision Contract | There is no fixed amount for the contract, but it is determined according to the transactions | 145,324     |            |

|  |   |                            |   |             |           |
|--|---|----------------------------|---|-------------|-----------|
| Mr. Abdulrahman Al-Odan  | Stock Market Company<br>(Tadawul)       | Insurance Policies         | 14,431,861  | 14,445,034  | 91,066.15 |
|  |   | Service Provision Contract | There is no fixed amount for the contract, but it is determined according to the transactions | 742,879     |           |
| Mr. Abdulrahman Al-Odan  | Saudi National Bank<br>(Al-Ahli)        | Insurance Policies         | 247,319,230   | 285,226,789 | 116,539.1 |
| Mr. Ehab M. Al Dabbagh   | Bidaya Home Finance                     | Insurance Policies         | 1,502,272   | 1,835,769   |           |
| Dr. Khalid Al-Ghunaim  | Hawas Company for<br>Communication & IT | Insurance Policies         | 96,989  | 484         |           |
| Dr. Khalid Al-Ghunaim  | Communications Solutions<br>Co.         | Insurance Policies         | 1,167,052   | 1,658,073   |           |
| Dr. Khalid Al-Ghunaim  | Bayan Credit Bureau                     | Insurance Policies         | 107,408   | 498,061     |           |
| <ul style="list-style-type: none"> <li>- Mr. Abdulaziz Al-Boug</li> <li>- Dr. Ammr Kurdi</li> <li>- Dr. Othman Al-Kassabi</li> </ul> | Waseel company                          | Insurance Policies         | 695,735   | 886,735     |           |
|  |   | Service Provision Contract | There is no fixed amount for the contract, but it is determined according to the transactions | 3,755,298   |           |
| <ul style="list-style-type: none"> <li>- Mr. Abdulaziz Al-Boug</li> <li>- Dr. Amro Khaled Kurdi</li> </ul>                           | Bonyan Company                          | Insurance Policies         | 681,792   | 697,000     |           |

## **10- Evaluation of the Company's Internal Control System and Recommendations of the Audit Committee**

### **10-1 Results of the annual audit of the effectiveness of the internal control procedures**

The Internal Audit Department of The Company has implemented the annual internal audit plan approved by the Audit Committee, and submitted the important audit observations report to Senior Management and the Audit Committee. The Board of Directors viewed the important observations submitted by the Audit Committee regarding the effectiveness of The Company's internal control procedures. The Board then directed the Executive Management to follow up, implement and address all observations presented.

With regard to the results of annual review of the effectiveness of the company's internal control procedures, the Audit Committee believes that the Company's internal control system needs to further improvements to suit the Company's growth, strategic directions and future requirements.

### **10-2 Recommendation of the Audit Committee on the need to appoint a chief internal auditor in The Company**

There is a fully independent internal audit department whose main reference is the Audit Committee.

### **10-3 Recommendation of the Audit Committee, which has a conflict with the Board of Directors' decisions in respect of the nomination of The Company's external auditor**

There are no recommendations of the Audit Committee, which conflict with the decisions of the Board of Directors, or which the Board refused to accept regarding the nomination and dismissal of the company's external auditors, determining their fees, evaluating their performance or appointing the internal auditor, and the justifications for those recommendations and the reasons for not taking them are not applicable.

### **10. 4 Nominations of the Company's external auditors for year 2021**

Based on the recommendation of the Audit Committee, the Ordinary General Assembly held on 29/04/2021 approved the nomination of PricewaterhouseCoopers / PwC and KPMG as the Company's external auditors for year 2021, in order to examine, review and audit the financial statements

for the second, third and annual quarters of the fiscal year 2021 and the first quarter of year 2022. No recommendation was issued by the Board of Directors to change the external auditors before the end of the period for which they were appointed.

## 11- The Risks facing the Company and their Management and Control Policy

### 11-1 The Current and Potential Risks facing the Company

- **Insurance risk**

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim.

- **Reinsurance risk**

In order to minimize financial exposure arising from large claims, the Company, in the ordinary course of business, enters into agreements with other parties for reinsurance purposes. To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

- **Financial Market risk**

Market risk is the risk that the value of the financial instrument may fluctuate due to changes in market commission rates or the market price of securities or the instrument, change in market sentiments, speculative activities, supply and demand for securities and liquidity in the market.

- **Credit risk**

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

- **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet obligations and commitments associated with financial liabilities.

- **Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally.

- **Cyber Security**

Amid ever increasing frequency of Cyber-attacks in the region, the cyber security is considered as one of the key risks faced by the whole financial sector.

- **Strategy execution risk**

- As Tawuniya is embarking on a new 5-year strategy with a lot of new initiatives, programs and projects, the timely and effective execution of the strategy is a very critical element for success.

- **Competition in the market putting pressure on prices**

Pricing is one of the vital factors for capturing the market along with customer centric services, and so also to retain the existing clients. The products need to be competitively priced by having effective operations and also monitoring the loss ratios tightly.

- **Maintaining solvency & capital requirements**

Not meeting these requirements may attract regulatory sanctions and may result in rating downgrade, which is not good for the Company.

- **Decline in the local economic environment**

Leading to delays in collection of receivables.

- **Global economic conditions**

Affecting company's Investment portfolio and hence impacting financial health.

- **Power of Suppliers**

Insurance companies may be affected if the medical providers' network is dominated by few services providers (oligopoly).

- **Company's business portfolio skewed towards Medical line of business**

Though it is in line with the industry, considering the lion's share of Medical portfolio, a small change in the portfolio may have impact on the Company's performance.

- **Flexibility in Company's processes and systems**

The infrastructure and the processes adopted need to cope up with the demands of the business growth and changing market practices, otherwise business may suffer.

- **Risk Accumulation**

The Accumulation of risks at a location, region will expose the Company to high magnitude of losses in case of occurrence of loss events. Therefore, the Company monitors concentration of insurance risks primarily by class of insurance.

- **High staff turnover**

Besides increasing the cost of recruitment and training, it will adversely affect the operational efficiency and in turn the customer service.

- **Leakage of sensitive information**

Leakage of business sensitive information may put the Company in disadvantageous position and may expose the Company to reputational loss. Therefore, the company has established policies and procedures that define the specifications of sensitive information and the rules for dealing with it in a manner that guarantees its protection and not leakage.

- **Frauds and Financial crimes**

Frauds/Abuse in financial operations claims operations; sales etc. may strain the Company's bottom line. Therefore, the company has developed policies and systems that include a large number of indicators to identify, detect and address suspected fraud cases.

- **Breaching of Regulations of CMA, SAMSA, CCHI, etc.**

Breaching the regulations may attract imposition of penalties which may in turn may affect reputation of the Company. Tawuniya is committed to update its internal policies and procedures, as well as implementing its transactions in accordance with the laws and regulations issued by such supervisory authorities.

- **Technology Obsolescence**

Tawuniya is pursuing strategies that include IT legacy systems transformation and digitalization. Until the newly implemented systems are available, company may be exposed to technology obsolescence risk.

- **Continuation of COVID-19**

Driven economic slowdown and resulting impact on the various facets of the company strategy and business objectives.

- **Business Continuity**

Business may be disrupted due to various factors ranging from cyber- attacks to the occurrence of any physical disaster such as earthquake or flood affecting the smooth flow of the business activities.

- **Collapse of financial markets impacting investment portfolio**

Due to different variants of Covid and surging inflation globally, there is a risk of stagflation and that might negatively affect financial markets and investment portfolio.

- **Sustaining Customer Loyalty and Retention**

Due to evolving customer preferences and/or demographic shifts in our existing customer base.

- **Maintaining Operating Standards in Light of Business Expansion**

When the business expands, it is a challenge to maintain the operating standards to differentiate in the market and to retain the clientele.

- **Geopolitical Situations Impacting the Company's Insurance Contracts and Investments**

Geopolitical situations may affect the insurance contracts more particularly of P&C lines, reinsurance arrangements and the investments. Tawuniya closely monitors these conditions and develops appropriate hedging policies.

- **Changing Regulatory, Legal, and Behavioral Environment affecting the Company Performance**

This may put the Company at the disadvantageous position due to additional costs required to incur to meet the requirements.

## **11.2 The Company Policy in Managing and Controlling Risks**

Tawuniya has well established Risk Management structure and processes for:

- Recognized the importance of Risk Management way back and embedded risk culture in its operations by implementing several risk management assessment programs/methodologies
- Has dedicated and independent Risk Management Function covering all aspects of Risks impacting the organization.
- Established a Board Risk Management Committee to enhance the effectiveness of Enterprise Risk Management

- Ensuring operations within the Company's risk appetite by implementing Risk Appetite Framework.
- Regular monitoring of regulatory solvency position and capital position as per rating agency capital model.
- Updating the risk profiles of critical entities periodically and continuous monitoring of the profiles as a part of Control & Risk Self-Assessment.
- Monitoring of adequacy of technical reserves, underwriting practices etc.
- Devising required controls to mitigate the identified risks.
- Review of policies and procedures and aligning them with applicable legal, regulatory, and control provisions.

### **11.3 The Most Important Risk Management Activities in Tawuniya in 2021**

- Regular reporting to Risk Management Committee on status of various risks faced by the company as per the approved Risk Appetite statements, and other Risk Management tools including CRSA, Risk Registers etc.
- Periodic review and assessment with monitoring of Regulatory Solvency and Capital Adequacy of Tawuniya.
- Quarterly review and assessment of various Investments risks along with Risk Management observations/recommendations to the Investment Committee.
- Forming a Product Committee to assess and review of risks in the Company's existing products on regular basis as well as for new product offerings from time to time.
- Updating and enhancing the current Risk and Control Self-Assessment process, including full revision of seven business entities profiles.
- Maintaining regular updates to the Master Risk Register for the company by obtaining feedback from various business units and incorporating them into the register along with agreed action plans.
- Conducting the SAMA Risk Based Supervision (RBS) activity by submitting the reports as and when required after reviewing the submissions provided by the business units.



- Promoting Risk Management culture within the organization through various channels including Tawasol risk awareness messages and conducting workshops on risk awareness at various levels.
- Enhancing Tawuniya Business Continuity Management by working with one of the top consultants in this field and adopt SAMA's BCM framework in order to have a strong BCM in place that focuses on enhancing the organizational resilience capability to ensure continuity and availability of our operations and services .
- Implement a system that enables us to link our Governance and Assurance functions to strengthen governance and foster confidence by aligning GRC principles with business objectives and strategy execution. The solution will also help to ensure that its strategy aligns with its risk appetite, key stakeholder expectations and external\internal obligations. With the integrated platform, we can standardize and manage strategic and operational risks as well as internal controls/audits

## 12- Disclosures as per statutory requirements and declarations

### 12-1 Application of the Corporate Governance Regulations

Tawuniya has applied all articles of the Corporate Governance Regulation issued by the Saudi Central Bank and the Corporate Governance Regulations issued by the Capital Market Authority (CMA), except for the following articles:

| No. of Article/Paragraph | Wording of Article / Paragraph   | Extent of Application | Reasons for non-implementation | Notes   |
|--------------------------|--|-----------------------|--------------------------------|---|
| Article 78 –(a)          | <b>Internal Audit Report:</b><br>a) The internal audit unit or department shall prepare and submit a written report on its activities at least quarterly to the Board and the Audit Committee. Such report shall include an assessment of the Company's internal control | N/A                   | Guiding article not binding    | Now, the internal reports are reported on a quarterly basis to the Audit Committee and reported on an annual basis to the Board of Directors. |

|                  |   |                    |                             |  |
|------------------|---|--------------------|-----------------------------|--|
|                  | system and the final opinion and recommendations of the unit or department. The report shall also specify the procedures taken by each department for addressing the findings and recommendations from the previous audit, and any comments thereon, particularly failures to address such findings and recommendations on timely basis and the reasons for such failure. |                    |                             | If necessary, the Internal Audit Department will report to the Board on a quarterly basis.   |
| Article 87       | The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community.  | N/A                | Guiding article not binding | There is a corporate social responsibility policy duly approved by the Board of Directors.   |
| Article 93 (4/B) | Five Senior Executives who have received the highest remuneration from the Company, provided that the chief executive officer and chief financial officer are among them.   | Largely compliance | Mandatory                   | The company committed to disclose the total elements of the remuneration of the senior executive management in accordance with the statutory requirements of Article 93(4-b) of the Corporate Governance Regulations. In order to protect the interests of the Company, its shareholders and its employees, and to avoid any damage that may result from the disclosure in details as per job titles and positions, hence description of remuneration is not presented |

|  |  |  |  |   |
|--|--|--|--|---|
|  |  |  |  | pursuant to Appendix (1) Remuneration Schedule of Corporate Governance Regulations related to Senior Executives and that is based on paragraph (B) article (60) of Rules on The offer of Securities and Continuing Obligations. |
|--|--|--|--|---|

## 12-2 Penalties and punishments imposed on The Company

| Subject and reasons of the violation                          | Fiscal Year 2020*          |                                |  | Fiscal Year 2021*   |                                |  |
|---|----------------------------|--------------------------------|--|---|--------------------------------|--|
|   | No. of Executive Decisions | Total amount of Fines (In SAR) | Ways of remedying it and avoiding its occurrence in the future   | No. of Executive Decisions  | Total amount of Fines (In SAR) | Ways of remedying it and avoiding its occurrence in the future   |
| Violating SAMA's supervisory instructions                     | 1                          | 50,000                         | The company has developed a corrective plan to address and implement all requirements and to ensure avoiding its occurrence in the future. | (3) Decisions that included a fine<br>(2) Decisions were just to draw attention | 185,000                        | The company has developed a corrective plan to address and implement all requirements and to ensure avoiding its occurrence in the future. |
| Violating SAMA's instructions for protecting clients          | -                          | 0                              | -  | -   | 0                              | -  |
| Violating SAMA's instructions for conducting due diligence in | -                          | 0                              | -  | -   | 0                              | -  |

|   |   |       |   |   |   |  |
|---|---|-------|---|---|---|--|
| combating money laundering and terrorist financing                                    |   |       |   |   |   |  |
| Violating instructions of CMA and other regulatory authorities                        | - | 0     | -   | -   | 0 | -  |
| Violating instructions of CCHI  | - | 0     | -   | (1) Warning the Company about complying with the instructions of the Health Insurance Council, using the <b>Nphies</b> platform in insurance transactions |   | - The company has developed a corrective plan to address and implement all requirements and to ensure avoiding its occurrence in the future. |
| The violation of the absence of a municipal license for the HO building No. 2         | 1 | 5,000 | Taking action to issue the license and ensure that the requirements for licenses are completed for all buildings.   | -   | 0 | -  |
| The violation of the non-existence of a civil defense license for Al-Mughrizat branch | 1 | 3,000 | Contracting with a specialized company to complete the requirements for issuing the license and ensure its renewal. | -   | 0 | -  |

|  |   |        |   |   |   |   |
|--|---|--------|---|---|---|---|
| Violating the Value-Added Tax (VAT) regulation | 1 | 10,000 | Checking all invoices to ensure the accuracy of VAT value before sharing them with customers. | - | 0 | - |
| Violations with any other parties              | - | 0      | -   | - | 0 | - |

### **12-3 Investment and Reserve Plans Created Interest for Tawuniya Staff**

The Company has a savings plan under which a definite percentage of the employees' salary is periodically deducted, with Tawuniya investing this amount through one of the investment funds compliant with the rules of Islamic Shariah. The total number of subscribers at the end of 2021 reached 267 employees with a subscription amounting to SR 22,228,794.

The company continued its work in the home loan program for employees, as the number of participants in the program reached 32 employees by the end of 2021, and the total subscription amount reached SR 31,463,154.

### **12-4 Approved accounting standards**

The consolidated financial statements are prepared in accordance with ("International Accounting Standard No. 34") approved in the Kingdom of Saudi Arabia and other versions issued by the Saudi Organization for Auditors and Accountants ("International Financial Reporting Standards approved in the Kingdom of Saudi Arabia") and in accordance with the Companies Law in the Kingdom of Saudi Arabia and the Company's Articles of Association.

### **12-5 Information relating to any loans to the Company**

Tawuniya entered into a short-term credit facility agreement with a local bank (Riyad Bank) on June 28, 2020 in the amount of SR 400 million for a period of one year at a price of three months plus SIBOR 0.65%, and the Company paid the full amount of SR 400 million on August 16, 2021.

#### **12-6 Convertible debt instruments, contractual securities, options, warrants or similar rights issued or granted by the Company**

Tawuniya declares that there are no convertible debt instruments, contractual securities, options, warrants or similar rights issued or granted by the Company during 2021, and there is no compensation received by The Company against this.

#### **12-7 Conversion or subscription rights under any convertible debt instruments, contractual securities, options, warrants or similar rights issued or granted by the Company**

Tawuniya declares that there are no conversion or subscription rights under any convertible debt instruments, contractual securities, options, warrants or similar rights issued or granted by the Company during 2021.

#### **12-8 Redemption, purchase or cancellation by the Company of any redeemable debt instruments and the amount of such securities outstanding**

Tawuniya declares that it has not made no redemption, purchase, or cancellation by the Company of any redeemable debt instruments or the amount of such securities outstanding, whether bought by the Company or its subsidiaries during the fiscal year 2021.

**12-9 A description of any arrangement or agreement, under which a member of the Board of Directors or a senior executive has waived any remuneration**

Tawuniya declares that there are no arrangements or agreements, under which any member of the Board of Directors or a senior executive has waived any salary or remuneration.

**12-10 A description of any arrangement or agreement, under which any shareholder has waived his rights to profits**

Tawuniya declares that there is no arrangement or agreement, under which any shareholder has waived his rights to profits. It is also worth noting that the Saudi Council of Ministers agreed to merge the Public Pension Agency into the General Organization for Social Insurance, and thus the ownership percentage of the General Organization for Social Insurance in Tawuniya amounted to 36.77% (December 31, 2020: the ownership of the Public Pension Agency was 18.89%, and the General Organization for Social Insurance 17.88%).

**12-11 Reservations on the annual financial statements, if any**

The independent auditors' report stated that the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in KSA").

**12-12 Declarations/ Statements**

A. The Company for Cooperative Insurance (Tawuniya) states that the proper books of accounts and principles have been maintained.

- B. Tawuniya states that the system of internal control is sound in design and effectively implemented.
- C. Tawuniya states that there are no significant doubts concerning the Company's ability to continue as an ongoing concern.

#### **Conclusion**

In conclusion, the Board of Directors expresses its sincere gratitude and appreciation to our esteemed customers for the invaluable confidence. In addition, the Board expresses its deepest thanks and appreciation to all shareholders, stressing the keenness of the senior management and all employees of Tawuniya to make all efforts to enhance the distinguished position that the Company enjoys in the Saudi insurance sector.