

# Bylaws of Walaa Cooperative Insurance Company

Approved in the Extraordinary General Assembly  
dated 26/11/2024G corresponding to 27/05/1446H

- In case of a conflict found between the Arabic text and English text, the Arabic text shall prevail.
- Approved by Ministry of Commerce on 19/12/2024G corresponding to 18/06/1446H.

## CHAPTER (1)

### Incorporation of the Company

#### **Article 1: Incorporation**

A Saudi Joint Stock Company shall be incorporated in accordance with Cooperative Insurance Companies Control Law, the Companies Law issued by Royal Decree No. (M/132) dated 12/01/1443H, and its Implementing regulations issued by Resolution of the Board of the Capital Market Authority Number 2-26-2023 Dated 5/9/1444H , the Capital Market Law and its Implementing Regulations and in conformity with the bylaws among holders of shares governed by the rules stipulated hereinafter.

#### **Article 2: Name of the Company**

Walaa Cooperative Insurance Company, a Saudi Joint Stock Company.

#### **Article 3: Purpose of the Company**

To transact cooperative insurance and re-insurance business in the class of general insurance, health insurance and protection and savings insurance. The Company may carry out all business activities necessary to achieve its purpose and shall transact such activities in conformity with the Cooperative Insurance Companies Control Law, its Implementing Regulations and the rules issued by Insurance Authority and the laws and regulations applicable in the Kingdom of Saudi Arabia after obtaining all necessary licenses from the competent authorities, if any.

#### **Article 4: Participation with other Companies**

The Company may establish limited liability companies, closed joint stock company, one-person joint stock company or simplified joint stock company. It may also own shares or stock in other existing companies or merge with such companies and may work with third parties on establishing joint stock or limited liability companies - provided that the companies established by the Company or participate in or merging with transacts business activities similar to its business or financial business or that helps in achieving

its purpose - having complied with the requirements of applicable laws and instructions in this regard; and after obtaining the approval of Insurance Authority.

#### **Article 5: Head Office of the Company**

The Head Office of the Company shall be in Al Khobar city, Kingdom of Saudi Arabia, and may be transferred, by decision of the Extraordinary General Assembly, to another city in the Kingdom of Saudi Arabia upon approval of the Insurance Authority. The Company may also set branches, offices or agencies inside or outside the Kingdom of Saudi Arabia after the approval of the Insurance Authority.

#### **Article 6: Duration of the Company**

The duration of the Company shall be ninety-nine (99) Gregorian years as from the date of its registration in the Commercial Register. The duration of the Company may be extended by resolution of the Extraordinary General Assembly taken, at least, one year prior to the expiration of the ninety-nine-year period.

### **CHAPTER (2)**

#### **Principles to be Followed by the Company in its Operations and the Attainment of its Objectives**

#### **Article 7: The Company Investments**

The Company shall invest the insureds and shareholders' funds collected in the Company in accordance with the rules set by the Board of Directors and in a manner that does not conflict with the Cooperative Insurance Companies Control Law, its Implementing Regulations and in conformity with the regulations and rules issued by Insurance Authority or any other related party.

## **CHAPTER (3)**

### **Share Capital and Shares**

#### **Article 8: Share Capital**

The company's capital is set at SAR (1,275,583,250) one billion two hundred and seventy-five million five hundred and eighty-three thousand two hundred and fifty Saudi riyals divided into (127,558,325) one hundred and twenty-seven million five hundred and fifty-eight thousand three hundred and twenty-five shares having an equal nominal value of SAR (10) Ten Saudi Riyals each, all being paid up ordinary cash shares.

#### **Article 9: Subscription to Shares**

The shareholders have subscribed for all shares of the Company and fully paid their nominal value.

#### **Article 10: Share Issuance**

The shares of joint stock companies shall be nominal. Shares may not be issued at less than their nominal value, but they may be issued at a premium if the bylaws of the company provide that or if it is approved by the general assembly. In this case, the difference in value shall be prescribed in a separate provision within shareholders' rights and it may not be distributed to shareholders as profits. If a share is jointly owned by several persons, they must elect one of them to exercise the rights attached to such share on their behalf, but they shall be jointly liable for the obligations arising from the ownership of such share.

#### **Article 11: company's purchase of its shares**

1. The company may buy and sell its shares in one or several shares for the purpose of investment. The company may also buy its shares to be used as treasury shares in accordance with the Companies Law and the controls issued by the regulatory and supervisory authorities. And after obtaining no objection from Insurance Authority.

2. The company may buy and sell its shares within the employee stock program, in accordance with the Companies Law and the controls issued by the supervisory and regulatory authorities. After obtaining Insurance Authority no-objection.

### **Article 12: Shares Trading**

The company's shares are traded in accordance with the Capital Market Law and its Implementing Regulations.

### **Article 13: Sale of Partly Paid-up Shares**

- 1- A shareholder shall pay the remaining amount of the value of the share at the specified dates. In case of non-payment, the board of directors may, after notifying the shareholder by registered mail or through any means of technology, sell the share in a public auction or in the capital market, as the case may be. Other shareholders have a preemptive right to purchase the shares of the non-paying shareholder.
- 2- The company shall receive the amounts due thereto from the sale proceeds and shall return any remaining amount to the shareholder. If the sale proceeds are not sufficient to cover the due amounts, the company may satisfy such amounts from the shareholder.
- 3- The rights of Partly Paid-up Shares that are still overdue shall not be effective until such shares are sold, or the due amount is paid in accordance with the provision of paragraph (1) of this Article; such rights include the right to receive dividends and attend shareholder assemblies and vote on their decisions. However, the non-paying shareholder may, up to the date of sale, pay the due amount, in addition to any related expenses incurred by the company; in such case, the shareholder is entitled to request the dividend that is decided to be distributed.

### **Article 14: Increase of Capital**

- 1- By resolution of the Extraordinary General Assembly, and subject to approval of the Insurance Authority and the Capital Market Authority, provided that the capital

has been paid in full. It is not required that the capital has been paid in full if the unpaid part of it is due to shares issued in exchange for converting debt instruments or financing sukuk into shares and the period specified for their conversion has not yet expired.

- 2- 2., The Extraordinary General Assembly may, in all cases, allocate all or part of the shares issued for capital increase to employees of the Company and/or its subsidiaries. The shareholder may not exercise his pre-emptive rights on shares allocated to employees.
- 3- Shareholders shall have – at the time of the extraordinary General Assembly's decision to approve the increase in the capital or the Board of Directors' decision to approve the increase within the limits of the authorized capital – the pre-emptive rights to subscribe for the new cash shares. The shareholders shall be notified of the pre-emptive rights vested in them, if any, by any means of technology addressing the capital increase decision, and the terms and conditions of subscription, its start and end dates.
- 4- The Extraordinary General Assembly has the right to suspend the pre-emptive right of shareholders to subscribe for a capital increase in exchange for cash shares, or grant the right to non-shareholders in cases it deems beneficial to the company.
- 5- The shareholder has the right to sell or assign its pre-emptive right with or without a financial consideration in accordance with the control measures set by the Capital Market Authority.

#### **Article 15: Decrease of Capital**

- 1- The extraordinary general assembly may decide to reduce the capital if it exceeds the company's needs or if it suffers losses, after the approval of the Insurance Authority and the Capital Market Authority, provided that the paid-up capital of the insurance company after the capital reduction is not less than (100,000,000) one hundred million riyals, and the paid-up capital of the reinsurance company or

insurance company that is simultaneously practicing reinsurance business is not less than (200,000,000) two hundred million riyals. The reduction decision shall be issued after reading a statement in the General Assembly prepared by the Board of Directors on the reasons for such reduction, the obligations to be fulfilled by the Company, and the effect of the reduction in satisfying such liabilities, provided that a report from the company's auditor is attached to this statement.

- 2- If the reason for the capital reduction is due to the capital being in excess of the Company's needs, the Company's creditors must be invited to express their objection to such a reduction - if any - within (45) forty-five days before the date determined for holding the extraordinary general assembly meeting to take the reduction decision, given that a statement shows the amount of capital before and after the reduction, date of meeting, and the effective date of such reduction shall be attached to the meeting invitation. If a creditor objects to such reduction and submits their documents to the company on the specified date, the company shall pay their debt if it already due or shall provide sufficient guarantee to satisfy their debt if it is due in the future.
- 3- Attention shall be paid to equal treatment of shareholders own the same class of shares upon capital reduction.

## **CHAPTER (4)**

### **Board of Directors**

#### **Article 16: Management**

The company shall be managed by a board of directors consisting of eleven (11) members, who must be natural persons elected by the ordinary general assembly by cumulative voting for a period not exceeding four years. They may be re-elected for other terms in accordance with the applicable regulations and controls set by the competent authority.

The composition of the Board of Directors must reflect an appropriate representation of independent members. In all cases, the number of independent members of the board may not be less than two members or one-third of the board members, whichever is more.

#### **Article 17: Expiry or Termination of Board Membership**

- 1- The membership of any member of the Board of Directors shall terminate upon the expiration of his term or upon the expiration of the member's suitability in accordance with any Laws or instructions in the Kingdom. The General Assembly may upon a recommendation of the Board terminate the membership of the Board member who did not attend three consecutive or five non-consecutive Board meetings during the course of his/her membership without a legitimate excuse accepted by the Board. Or if it is proven to the Board of Directors that the member has breached his duties in a way that harms the interest of the company, or if his membership ends in accordance with any law or instructions in the Kingdom, or if he is judged to be declared bankrupt or insolvent, or submits a request for settlement with his creditors, or stops paying his debts, or is injured. With a mental illness or physical disability that may lead to the member inability to carry out his role perfectly, or it is proven that he committed an act of breach of trust and morals, or was convicted of forgery under a final judgment.
- 2- However, the Ordinary General Assembly may remove some or all of the Board members, and in such case the Ordinary General Assembly shall elect a new Board or a replacement for the removed member, as the case may be, after obtaining a non-objection from the Insurance Authority, in accordance with the provisions of the Companies Law and its implementing regulations.
- 3- If a Board member resigns and has comments on the performance of the Company, he shall submit a written statement thereof to the Board chairman, and this statement must be presented to the Board directors.
- 4- the Insurance Authority shall be informed upon the resignation of any Board director or the termination of his membership for any reason other than the end of



the Board's session, within (5) five business days from the date of leaving the job and taking into account the relevant disclosure requirements.

**Article 18: Expiration of the Board term, or resignation of its members, or Vacancies**

- 1- The board of directors shall call the ordinary general assembly to convene in ample time prior to the expiration of the board's term to elect a board of directors for a new term. If the election cannot be held and the term of the current board expires, its members shall continue to carry out their duties until a board of directors is elected for a new term, provided that the period of such continuation of the lapsed Board does not exceed (90) ninety days from the end date of the Board's term.
- 2- If the chairman and members of the board of directors resign, they shall call for an ordinary general assembly meeting to elect a new board. The resignation shall not take effect until a new board is elected, provided that the period of such continuation of the resigned Board does not exceed (120) one hundred twenty days from the date of such resignation.
- 3- Board member may resign pursuant to a written notice submitted to the chairman of the board of directors. If the chairman of the board resigns, the notice shall be submitted to the board members and the board's secretary. In both cases, the resignation shall take effect from the date specified in the notice.
- 4- If the position of a board member becomes vacant due to his death or resignation, and if the minimum number of members required for the validity of board meetings as stipulated in this Law or the company's bylaws is not affected by such vacancy; the board may appoint a qualified person with relevant expertise vacancy after obtaining the no objection of the Insurance Authority to provisionally fill the vacancy. The appointment shall be reported to the Commercial Register, and to the CMA within (15) fifteen days from the date of such appointment, and it shall be submitted to the ordinary general assembly in its first meeting. The appointed member shall complete the term of his predecessor. The board may also decide to

keep the seat vacant until the end of the term or call for an ordinary general assembly meeting to appoint a member in the vacant seat.

- 5- If the number of board members falls below the minimum number required for the validity of board meetings as stipulated in the companies' law or in this bylaws, the remaining members shall call for an ordinary general assembly meeting within (60) sixty days to elect the required number of members.

### **Article 19: Powers of the Board**

Without prejudice to the competencies of the General Assembly, the Board shall have the broadest powers in managing the Company in order to achieve its objectives inside and outside the kingdom, with the exception of what is excluded in a special provision in the Companies Law or this Policy including the acts or actions that fall within the jurisdiction of the General Assembly, and the Board chairman, for example for example, but not limited to, representing the Company in its relations with third parties, government, semi-governmental authorities, and private agencies and sectors, civil rights, police departments, chambers of commerce, all companies, institutions, banks, commercial banks, money houses, all government financing funds and institutions with their various names and specializations, and other lenders, and collecting, entering into tenders, and buying, selling, and mortgaging real estate. The Board also has the right to contract and sign in the name of the company and on its behalf all types of contracts and instruments, including but not limited to the contracts of incorporation of companies in which the company participates, with all their amendments, appendices and decisions to amend and sign agreements and instruments before the notary public and official authorities, loan agreements, guarantees, guarantees and instruments for the sale and purchase of real estate, issuing power of attorney, buying and selling, transfer of ownership and accepting it, receiving and delivering, renting and leasing, receiving and paying, opening accounts and credits, withdrawing and depositing with banks, issuing guarantees to banks, funds and government financing institutions, and signing all papers, promissory notes, checks and all commercial papers. Documents and all banking transactions. With regard to claims and courts, and filing claims, pleading and defending, hearing claims and

responding to them, acknowledging and denying, conciliation and compromise, waiver and release, requesting an oath and rejecting it and abstaining from it, bringing witnesses and evidence and contesting it, answering, wounding, amending, contesting forgery, denying lines, seals and signatures, requesting a travel ban and its lifting, requesting seizure and implementation, and requesting arbitration. Appointing experts and arbitrators, appealing the reports of experts and arbitrators, rejecting and replacing them, and requesting the application of Article 230 of the Sharia Procedures System. Demanding the implementation of judgments, accepting and denying judgments, requesting objection to judgments, requesting appeal, requesting reconsideration before the Supreme Court, requesting rehabilitation, requesting pre-emptive, completing what is necessary to attend sessions in all cases before all courts at all levels, receiving amounts, receiving judgment instruments, requesting the judge's recusal, requesting intervention, and in administrative courts. At the commercial courts, at the criminal courts, at the Sharia medical committees, at the labor committees, at the Financial Dispute Settlement Committee, at the General Secretariat of the committees for resolving insurance disputes and violations, at the banking dispute settlement committees, at the offices for resolving commercial paper disputes, at the committees for resolving commercial disputes, at the customs committees, at the commercial fraud committees, and at the Oversight Authority. The investigation is conducted by the Bureau of Investigation, Public Prosecution, and he has the right to apply to the general courts in the Kingdom regarding land-related terminations, such as requesting sequestration, submitting witnesses and supporting documents, and appealing and accepting rulings related to sequestration.

The Board of Directors may contract on loans, regardless of their duration, or act on or sell the company's assets, possessions, and real estate, or mortgage them, release the mortgage, transfer of ownership, collect the cost, and deliver the sold item, sell or mortgage the company's commercial premises, or discharge the company's debtors from their obligations, unless this bylaws includes or the General Assembly issued restrictions of the Board's powers.

The board of directors must obtain the approval of the general assembly for the sale of company assets the

the value of which exceeds 50% of the value of its total assets, whether the sale is made through one transaction, or more. In such case, the transaction which leads to the sale of more than 50% of the value of assets shall require the general assembly's approval. Said percentage shall be calculated from the date the first transaction is concluded within the previous 12 months.

The Board may - within the limits of its competence - delegate one or more of its members or third parties to carry out specific work or works in a manner that does not conflict with the relevant laws and regulations. The board may give the authorized person the right to delegate others.

#### **Article 20: Remuneration of the Board Members, Board Chairman and the Managing Director**

- 1- In consideration of the instructions and limits issued by the Insurance Authority, remuneration of the Board members may consist of a specified salary, or meeting attendance fee, material benefits, a percentage of the net profits or a combination of two or more of these benefits.
- 2- In all cases, the total remunerations and financial or material benefits a Board member receives does not exceed an amount of (500,000) five hundred thousand Riyals annually (except for members of the Audit Committee), in accordance with the controls set by the Capital Market Authority.
- 3- The Board report submitted to the Ordinary General Assembly at its annual meeting shall include a detailed account of all remunerations, expense allowances and other benefits the Board members received entitled to receive during the fiscal year. It should also include a statement of what the Board members received as employees or directors, or what they received in return for technical or administrative work or consultation made. It should also include a statement of the number of Board meetings and the number of meetings attended by each member.

## **Article 21: Powers, Membership and Membership Duration of the Chairman, Vice Chairman and Board Secretary**

the board of directors shall, at its first meeting, appoint a chairman and vice chairman. also appoint chief executive officer from among its members or others and can appoint from among its members managing director. the Chairman can't hold executive position in the Company, The Vice Chairman of the Board of Directors shall replace the Chairman of the Board of Directors in his absence and assume his responsibilities in accordance with Article Seventy-nine of the Companies Law.

The Chairman of the Board of Directors and/or his deputy - jointly or individually - have the right to represent the company in its relations with others inside and outside the Kingdom, without any exception, and to sign on behalf of the company and implement the Board's decisions.

The Chairman of the Board is responsible for representing the company before the judiciary, arbitration tribunals, other parties, the notary public, the courts, the Sharia, judicial and administrative bodies and committees and all departments, departments and governmental, semi-governmental and non- governmental authorities, the emirates, ministries, embassies, consulates, municipalities, police, passports, traffic, civil defense, airports, chambers of commerce and industry, banks, companies and institutions of all branches and degrees. Its various types and affiliated departments, divisions, law offices, legal consultations, chartered accounting offices, engineering offices, individuals, and other relevant parties.

And He has the right to negotiate and contract with all entities and parties, sign the company's contracts with others, enter into tenders, auctions, purchases, governmental and non-governmental contracting, and with companies, public institutions and others, conclude their contracts, sign all documents related to them, implement them, and supervise them and other contracts and agreements. He has the right to visit Companies and private institutions, collecting and receiving amounts by cheque in the name of the company or depositing in the name of the company from all parties Whether governmental, semi-governmental, private, or from individuals inside and outside the

Kingdom, whether in cash or cheques, receiving and delivering, issuing all necessary licenses and permits by the competent authorities, signing on behalf of the company, and visiting all relevant government departments. He has the right to authorize others by issue the necessary power of attorney to whomever he deems appropriate to represent the company in All or some of the work.

He has the right to visit, sign, receive and deliver on behalf of the company and represent it with everything necessary before any party for the purpose of conducting the company's business, including, but not limited to:

- 1- visiting ministries and governmental authorities, including the visiting of the Royal Court, the Ministry of Justice, the Ministry of Interior, the Ministry of Foreign Affairs, the Ministry of Defense, the Ministry of National Guard, the Ministry of Commerce, the Ministry of Investment, the Ministry of Industry and Mineral Resources, the Ministry of Finance, the Ministry of Environment, Water and Agriculture, and the Ministry of Human Resources. Social development, labor offices, municipal and rural affairs, housing, and the Ministry of Education, Ministry of Health, Ministry of Culture and Information, Ministry of Islamic Affairs, Dawah and Guidance, Ministry of Housing, Ministry of Electricity and Water, Ministry of Transport, Ministry of Energy, Ministry of Hajj and Umrah, Ministry of Civil Service, Ministry of Communications and Information Technology, Ministry of Economy and Planning, visit. The Office of His Highness the Crown Prince, and visit of the Consultative Assembly of Saudi Arabia in all its branches and its affiliated departments, divisions and other ministries.
- 2- He has the right to represent the company in applying for a loan from the Industrial Development and Industrial Mortgage Fund, concluding the contract, presenting the guarantors, signing, receiving the loan, repaying it, waiving it, requesting exemption from it, and requesting that there be no material obligations.
- 3- Has the authority to visit, sign, receive and deliver on behalf of the company and represent it with everything necessary before the judiciary, the Ministry of Justice, all courts, authorities, committees and various departments of all types, degrees,

branches and competent authorities, including, but not limited to, the Supreme Judicial Council, the Supreme Court, all types of courts of appeal and the Sharia courts of first instance. Administrative, public, penal, labor, commercial, personal status courts, the Board of Grievances, all Sharia departments, other judicial bodies and their branches, and the affiliated departments, sections, and committees for resolving insurance and commercial disputes and violations, banking dispute settlement committees, committees for resolving securities disputes, offices for resolving commercial paper disputes, committees for resolving commercial disputes, customs committees, commercial fraud committees, the Oversight and Investigation Authority, the Public Prosecution, and the follow-up departments of the Ministry of Health and the agencies. Sharia health care and violations committees of private health institutions and the committees for violations of the system for practicing health professions, the Lawyers' Disciplinary Committee at the Ministry of Justice, the Committee for Resolving Tax Violations and Disputes, the Appeals Committee for Tax Violations and Disputes, the Committee for Considering Violations of the Copyright Protection System, the Committee for Considering Patent Claims, the Committee for Considering Trademark Grievances, and other authorities and committees and other parties.

- 4- Has the authority to represent the company, rent, lease, receive the rent by cheque in the name of the company, deposit into the company's account, deliver the rent, and sign, renew, cancel, and terminate contracts related to that.
- 5- Has the authority to file lawsuits, hear them, respond to them, plead, defend, dispute, demand, plead, establish evidence, bring witnesses, challenge them, defend, challenge, amend, challenge forgery, deny writings, seals, and signatures, appoint experts and arbitrators, challenge the reports of experts and arbitrators, reject them, replace them, reconcile, request arbitration, terminate, request pre-emptive, substitution, waiver, acquittal, denial, and swearing oaths and request it, hearing it, accepting it and rejecting it, settling disputes, accepting rulings, objecting to them, rejecting them, denying them, examining them, appealing them,

casting them, seeking reconsideration, marginalizing judgment instruments, requesting reinstatement, and completing what is necessary to attend sessions In all cases before all courts, visiting the execution departments, requesting execution, receiving and collecting amounts in cash or cheques, requesting a travel ban and remove it, requesting the application of Article (two hundred and thirty) of the Shari'a Procedures System, receiving judgment instruments, requesting the judge's recusal, requesting entry and intervention, and requesting referral of the case, in all cases. Cases filed by or against the company before any court inside and outside the Kingdom and in any party, and ending all related legal and administrative procedures, applying all provisions of the Sharia Procedures System and signing in everything related to that, and ending all procedures related to the above and with any party.

- 6- Has the authority to visit, sign, receive and deliver on behalf of the company and represent it with everything necessary before the Ministry of Commerce and its branches and its affiliated departments and divisions and all chambers of commerce and industry in the Kingdom, appoint and dismiss directors, amend the management clause, issue, renew, transfer and manage commercial records and licenses as a new issuance, addition and extraction. Replacing lost items, amending them, receiving them, deleting them, supervising them, amending record addresses, registering and assigning trademarks, and voting in chamber of commerce elections, and signing all documents at the Chamber of Commerce, signing requests for subscription and affiliation with the Chamber of Commerce, renewing and canceling them, authorizing whomever he deems appropriate, approving his signature at the Chamber and canceling them. Adding activity, reserving trade names, subscribing to the Chamber of Commerce, renewing subscriptions, opening branches, managing the company's business, entering tenders and receiving forms - registering in the electronic services of the Chambers of Commerce and activating the services.



7- He has the right to visit governmental authorities, therefore by visiting the General Real Estate Authority (Land Registry), the General Authority for Transport, the Mountainous Areas Reconstruction and Development Authority, visiting the Oversight and Investigation Authority, the General Authority for State Real Estate, the Saudi Authority for Intellectual Property, visiting the Public Prosecution, and the Market Authority. Finance, visit the Saudi Standards, Metrology and Quality Authority, visit the Saudi Commission for Health Specialties, visit the Food and Drug General Authority, visit the General Authority for Tourism and Antiquities, visit the Anti-Corruption General Authority, visit the Industrial Cities and Technology Zones Authority, and visit the Royal Commission for Jubail and Yanbu and visit the Human Rights Commission, a visit the Saudi Central Bank and the Insurance Authority, visit the General Corporation for Technical and Vocational Training, visit the General Ports Corporation, visit the General Corporation for Railways, a visit the General Corporation for the King Fahd Causeway, visit the King Abdulaziz City for Science and Technology, and visit the General Corporation for Grain Silos and Mills. Flour, visit the General Pension Agency, visit the Saudi Arabian Airlines General Organization, visit the Saline Water Conversion Corporation, visit the General Organization for Social Insurance, visit the General Organization for Irrigation and its branches, and its affiliated departments, divisions, and other authorities and institutions.

And all branches of these and other entities and their affiliated departments and divisions with regard to the company and signing on its behalf in what is necessary for attendance, negotiation, understanding, receipt and delivery of transactions, official papers and others, and reviewing all relevant authorities and completing all procedures related to that.

And He may authorize or issue power of attorney to one or more members of the Board of Directors or a third party within the limits of his competence to undertake work or take a procedure, action or specific actions, and the authorized person has the right to authorize others. He also has the right to revoke all powers of attorney issued. In the

event of the absence of the Chairman of the Board of Directors, the Vice Chairman of the Board of Directors shall replace him and assume his responsibilities according to article Seventy-nine of the Companies Law.

The Board of Directors shall determine the salaries, allowances and remunerations for each of the Chairman and the Managing Director in accordance with the provisions of Article (21) of this bylaws. The Board must appoint a Board secretary. The Board may also nominate one or more consultants in the various affairs of the Company and shall determine their remuneration. The term of the Chairman, the Vice Chairman, the Managing Director and the Board Secretary Member of the Board of Directors shall not exceed the term of their respective membership in the Board, however they may be re-appointed, and the board of directors may remove the chairman, vice-chairman, managing director, chief executive officer, and board secretary, or any of them, from their positions. However, this shall not result in the termination of their board membership.

#### **Article 22: Board Meetings**

- 1- The Board of Directors shall meet at least (4) times a year, with at least one meeting every three months, at the invitation of its Chairman. The invitation is sent to each member by e-mail or other means of communication, and the Chairman of the Board must invite the Board to the meeting whenever he is requested to do in writing by any member of the board to discuss one or more topics.
- 2- The board of directors shall determine the location of its meetings and may hold its meetings through means of technology.

#### **Article 23: Quorum of the Board Meetings**

- 1- The board meeting shall not be valid unless attended by at least half of the members (in person or by proxy).
- 2- The board resolutions shall be issued by at least a majority of the opinions of the members present (in person or by proxy), In case of a tie, the chairman of the meeting would have the casting vote.

- 3- A member of the Board of Directors may not delegate someone else to attend the meeting on his behalf. As an exception to this, a member of the Board may deputize other members in accordance with the following:
  - A. member of the Board of Directors may not represent more than one member in attending the same meeting.
  - B. The mandate must be confirmed in writing.
  - C. The representative may not vote on decisions on which the laws prohibit the delegator from voting on them.
- 4- The board decision shall become effective on the date of its issuance, unless the decision provides for a specific date or condition for its effectiveness.
- 5- The Board of Directors may issue resolution on urgent matters by circulation to all members, unless a member submits a written request for a board meeting to deliberate such matters. The decisions shall be passed by the majority vote of members. Such decisions shall be presented to the board of directors at its subsequent meeting to be recorded in the minutes of said meeting.

#### **Article 24: Board Deliberations**

Deliberations and decisions of the board of directors shall be recorded in minutes prepared by the board secretary and signed by the meeting chairman, attending board members, and board secretary. The minutes shall be recorded in a special register signed by the chairman of the board and board secretary.

Means of technology may be used to obtain signatures, record deliberations and decisions, and prepare meeting minutes and approve them.

#### **Article 25: Agreements, Contracts Conflict of Interest and Competition**

- 1- The Company shall have power - after obtaining no objection from Insurance Authority- to conclude an agreement to manage the technical services with one or more companies qualified in the field of insurance.
- 2- It is not permissible for a member of the Board to have any direct or indirect interest in the business and contracts that are made for the account of the company except

with an approval from the Ordinary General Assembly. The Board member shall immediately inform the Board of his personal interest he may have, direct or indirect, in the business and contracts made for the account of the Company, and this notification shall be recorded in the minutes of the meeting.

- 3- That member shall have no power to participate in the vote on the decision to be issued in this regard by the Board of Directors and the shareholders' assemblies.
- 4- The Board of directors shall inform the Ordinary General Assembly at its convening of the business and contracts wherein a Board member has direct or indirect interest, and such notifications shall be accompanied by a special report from the Company's auditor in accordance with auditing standards in the Kingdom.
- 5- If a Board member fails to disclose his interest, the Company or any interested party shall have power to claim before the competent judicial authority to annul the contract or oblige the member to pay any profit or benefit realized for him from that.
- 6- Responsibility for damages resulting from the works and contracts referred to in Paragraph (2) of this bylaw rests on the member with an interest in the work or contract, as well as on the Board members for their omission or negligence in the performance of their duties, if such works or contracts were carried out in contravention of the provisions of that paragraph or if it is proved that they are not fair or involves conflict of interest and inflict damage to shareholders.
- 7- Board members who voted against this agreement will not be held responsible, only if their objection on this regard was documented in Board meeting minutes. In case of absence, the Board member will not be discharge from his/her responsibility on this decision, unless it was proven that the member was not informed of this decision or was not able to object after being informed of such.
- 8- It is not permissible for a Board member to participate in any business that would compete with the Company, or to compete with the Company in any of the branches of the business activity that it transacts. Otherwise, the Company may recourse to him before the competent judicial authority for the appropriate compensation unless he has obtained approval from the General Assembly or from

the Board of Directors based on authorization from the General Assembly to be renewed every year - allowing him to do so.

## **CHAPTER (5)**

### **Shareholders' Assemblies**

#### **Article 26: Attending General Assemblies**

- 1- A shareholder shall have the right to attend general assembly meetings. A shareholder may delegate a person other than a board member to attend such meetings on his behalf.
- 2- Means of technology may be used to hold general assembly meetings and enable shareholders to engage in deliberations and vote on decisions.

#### **Article 27: Authorities of the Ordinary General Assembly**

With the exception of matters considered as prerogatives of the Extraordinary General Assembly, the Ordinary General Assembly shall handle all matters related to the Company. It shall hold, at least, one meeting every year during the six months following the end of the Company's fiscal year. Other ordinary general assembly meetings may be held as necessary.

#### **Article 28: Authorities of the Extraordinary General Assembly**

The Extraordinary General Assembly shall have the power to amend the Company's Bylaws, except the provisions it may not be amended under the law; and shall also have the power to issue decisions on matters falling within the powers of the ordinary general assembly, subject to the same terms and conditions applicable to the ordinary general assembly. Additionally, Extraordinary General Assembly shall have the power to Decide on the continuation or dissolution of the company and approve the company's purchase of its shares.

## **Article 29: Call for Assemblies**

- 1- General and special assemblies shall convene upon a call by the board of directors. The board of directors shall call for an ordinary general assembly meeting within (30) days if requested by the auditor or by a shareholder, or more, representing at least 10% of the company's voting shares. If the board fails to call for a general assembly meeting within (30) days from the date of the auditor's request, the auditor may call for such a meeting.
- 2- The request referred to in paragraph (1) of this Article shall indicate the items on which shareholders are required to vote.
- 3- The call for an assembly meeting shall be made at least (21) days prior to the date set for the meeting in accordance with the rules specified in the Regulations, provided that:
  - A. shareholders are notified by an announcement using means of technology.
  - B. a copy of the invitation and the meeting agenda are sent to the Commercial Register, and to the CMA at the time of the announcement.
- 4- The invitation for the assembly meeting shall include at least the following:
  - A. A statement defining those with the right to attend the meeting and their right to designate persons other than board members to act as their proxy; a statement of a shareholder's right to discuss items on the meeting agenda and direct questions as well as the manner of exercising the right to vote.
  - B. Meeting venue, date, and time.
  - C. Type of assembly, whether general or special.
  - D. Meeting agenda, including the items on which shareholders are required to vote.
- 5- The CMA may call for an ordinary general assembly meeting in the following cases:
  - A. If the period specified for the ordinary general assembly meeting, lapses without holding a meeting.

- B.** If it is established that the provisions of companies Law or this bylaws are violated or that there is a fault in the company's management, including cases in which the number of board members below the minimum number required for the validity of board meetings.
- C.** If the board of directors fails to call for an ordinary general assembly meeting within the period specified in point (1) of this Article from the date of the auditor's request or the request of a shareholder, or more, representing at least 10% of the company's voting shares.

### **Article 30: Assembly Attendance Register**

Shareholders wishing to attend ordinary or extraordinary General Assemblies shall register their names at the Company's Head Office before the time scheduled for such assembly, or by Means of technology.

### **Article 31: Quorum of the Ordinary General Assembly**

- 1- An ordinary general assembly meeting shall be deemed valid only if attended by shareholders who represent at least a quarter of the company's voting shares
- 2- Should such quorum not be achieved in the first meeting in accordance with the conditions set in point (1) of this Article, the Assembly shall be convoked once again within the following thirty days. The invitation shall be issued as determined by Article (29) hereof. However, the second meeting may be held after one hour from the elapse of the period specified for the convention of the first meeting provided that the invitation for holding the first meeting shall include the possibility of holding such meeting, the second meeting shall be deemed valid regardless of the number of voting shares represented therein.

### **Article 32: Quorum of the Extraordinary General Assembly**

- 1- An extraordinary general assembly meeting shall be deemed valid only if attended by shareholders who represent at least half of the company's voting shares.

- 2- Should such quorum not be achieved in the first meeting in accordance with the conditions set in point (1) of this Article, a call shall be made for a second meeting to be held under the same conditions stipulated in Article (29). The second meeting may be held one hour after the end of the period set for the first meeting, provided that the invitation for holding the first meeting shall include the possibility of holding second meeting. In all cases, the second meeting shall be deemed valid if attended by shareholders who represent at least a quarter of the company's voting shares.
- 3- If the quorum required for the second meeting is not satisfied, a call shall be made for a third meeting to be held under the same conditions stipulated in Article (29). The third meeting shall be deemed valid regardless of the number of voting shares represented therein.

### **Article 33: Voting at Assemblies**

- 1- Each shareholder has one vote for each share in the general assemblies, and cumulative voting must be used to elect members of the Board of Directors, so that the right to vote per share may not be used more than once.
- 2- Members of the board of directors may not vote on assembly decisions relating to businesses and contracts in which they have direct or indirect interest or which involve a conflict of interest.

### **Article 34: Resolutions of Assemblies**

- 1- Decisions of an ordinary general assembly meeting shall be passed by the majority vote of voting rights represented therein.
- 2- Decisions of an extraordinary general assembly meeting shall be passed by the vote of two-thirds of the voting shares represented therein. Decisions relating to the increase or decrease of capital, extension of the company's term, dissolution of the company prior to the expiry of the term specified in this bylaws, merger of the company with another company, or division of the company into two companies



or more shall be deemed valid only if made by the vote of three-quarters of the voting shares represented in the meeting.

### **Article 35: Deliberations at Assemblies**

Every shareholder shall have the right to discuss the matters listed in the agenda of a General Assembly, and to address questions to the Directors and the Auditor in respect thereof. The board of directors or the auditor shall answer the questions of shareholders to the extent that does not undermine the company's interests. If a shareholder is not satisfied with the response to his question, he may request the general assembly to decide thereon and its decision shall be final.

### **Article 36: Heading of Assemblies and Preparation of Minutes**

- 1- General assembly meetings shall be chaired by the chairman of the board of directors, the vice-chairman in case of the chairman's absence, or any member designated by the board of director's in the absence of both the chairman and vice-chairman. If none of the above is possible, the shareholders shall vote to designate a board member or any other person to chair the general assembly meeting.
- 2- Minutes of assembly meetings shall indicate the number of shareholders in attendance, whether in person or by proxy; the number of shares held by each attendee, whether personally or by proxy; the number of votes designated thereto; the decisions made; the number of consenting and dissenting votes; and a summary of meeting discussions.
- 3- The minutes shall be recorded after every meeting in a special register and signed by the assembly's chairman, secretary and by the vote counters.

## CHAPTER (6)

### Committees Emanating from the Board of Directors

#### Article 37: Board Committees

Board committees are formed in accordance with the relevant laws and regulations.

## CHAPTER (7)

### Company's Auditor

#### Article 38: Appointment, Removal, and Resignation of Auditor

- 1- A company shall have one auditor, or more, licensed to practice in the Kingdom. His appointment, fees, term, and scope of work shall be determined by the general assembly, and he may be re-appointed Provided that the period of his appointment does not exceed the period specified in accordance with the provisions established by law.
- 2- A decision by general assembly, may remove the auditor, the chairman of the board of directors shall notify the Competent Authority of the removal decision and the grounds therefor within a period not exceeding (5) days from the decision date.
- 3- The auditor may resign from his mission pursuant to a written notification that he submits to the company, and his mission ends from the date of its submission or on a date specified in the notification, without prejudice to the company's right to compensation for the damage caused to it if necessary. The resigned auditor is obligated to submit to the company and the competent authority - upon submitting the report - a statement of the reasons for his resignation, and the Board of Directors must invite the General Assembly to convene to consider the reasons for the resignation, appoint another auditor, and determine his fees, the duration and scope of his work.
- 4- The total duration of the auditor's work must not exceed seven continuous or separate financial years, and this period shall be recalculated after the passage of

not less than three continuous financial years from the date of the end of the last financial year in which he worked on auditing the company's accounts.

- 5- The total duration of the work of the partner supervising the audit work with the auditor must not exceed seven continuous or separate financial years, and this period shall be recalculated after the passage of not less than five continuous financial years from the date of the end of the last financial year in which he worked as a partner supervising the work auditing the company's accounts.

### **Article 39: Powers of the Auditor**

The Auditor shall have the right, at any time, to have access to the Company's files, accounting records and other supporting documents and may ask for information and clarifications that he deems necessary, and he is further empowered to verify and confirm the Company's assets and liabilities. The board shall enable the Auditor to undertake its duties. The Auditor shall record any difficulties he may face in such regard in his report to the Board of Directors. If the Board of Directors does not facilitate the Auditor's work the auditor shall submit a request thereto to call for a meeting of the general assembly to review the matter. If the board of directors fails to call for a meeting within (30) thirty days from the date of the auditor's request, the auditor himself may call for a meeting.

### **Article 40: Auditor's Obligations**

The auditor shall submit to the general assembly at its annual assembly meeting a report on the company's financial statements to be prepared in accordance with auditing standards approved in the Kingdom. The auditor's report shall indicate the extent to which the company's management enabled him to obtain the information and clarifications he requested. The report shall include any violations of Cooperative Insurance Companies Control Law and its Implementing Regulations and other laws, regulations and other relevant instructions or the company's bylaws that are within the scope of his work as well as his opinion on the integrity of the company's financial statements. The auditor shall present his report or a summary thereof at the annual general assembly meeting in accordance with the provisions of companies Law.

## CHAPTER (8)

### Company Accounts and Distribution of Dividends

#### **Article 41: Fiscal Year**

The fiscal year of the Company shall begin on the first of (January) and to the end of (December) each year. The first fiscal year shall begin from the date of the Ministerial resolution issued on incorporating the Company and to end on 31st December of next year.

#### **Article 42: Financial Documents**

- 1- At the end of each fiscal year, the Board of Directors shall prepare the financial statements and a report on the Company's activities and its financial position for the fiscal year then ended. The report shall contain suggestions as to the method of distributing net profits, and the Board shall place the above-mentioned documents at the disposal of the Auditor if any at least forty-five (45) days prior to the Ordinary General Assembly.
- 2- The Chairman, Chief Executive Officer and Chief Financial Officer if any, shall sign the documents referred to in Paragraph (1) of this Article. A copy thereof shall be placed in the Company's head office to be available for Shareholders.
- 3- The Chairman shall provide Shareholders with Company financial statements, the Board of Directors' report after signing it and the Auditor's report if any Unless published in any modern technology means, at least (21) days before the date specified for the annual ordinary general assembly, he must also deposit these documents in accordance with what is specified in the implementing regulations of the companies' law.

#### **Article 43: Insurance Operations Accounts**

The insurance operations accounts shall be kept separate from the Shareholders' income statement as per the following provisions:

**First: Insurance Operation Accounts:**

- 1- A separate account is to be maintained for the contributions earned, re-insurance contributions commissions and other commissions.
- 2- A separate account to be reserved for the claims incurred by the Company.
- 3- At the end of every year, the total surplus shall be determined as arising from the difference between the total contributions and the sum of compensations after the marketing, administrative and operating expenses and the technical allocations generally accepted per applicable regulations.
- 4- Net surplus shall be determined as follows: The share of insurance operations in the return on investment shall be added to the total surplus mentioned in the above subsection (3) after calculating their returns and deducting the realized general expenses associated with the insurance operations.
- 5- Net surplus shall be distributed by allocating ten percent (10%) directly to the insureds or by reducing their contributions of the next year, And the remaining (90%) ninety percent is transferred to the shareholders' income accounts.

**Second: Income statement of shareholders:**

- 1- The shareholders shall receive their dividends from the return on investment in accordance with the rules set by the Board of Directors.
- 2- The shareholder share of net surplus shall be calculated according to what is mentioned in the point (5) under "First" section of this Article.

**Article 44: Zakat, Reserves and Profits Distribution**

The Company shall:

- 1- Set aside the Zakat and statutory income tax allocations.
- 2- Twenty percent (20%) of the net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly shall when said reserve reaches (100%) of the paid up capital.
- 3- The Ordinary General Assembly, when determining the dividend portion in the net profits, may decide to create reserves to the extent that serves the interest of the

Company or ensures the distribution of fixed profits as possible to the Shareholders. The said assembly may allocate amounts from the net profit for social objectives that benefit the company's staff.

- 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 Cooperative Insurance Companies Control Law and the provisions issued by Insurance Authority. 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, and if the remaining percentage of the profits owed to the Shareholders is not sufficient to pay this percentage, then Shareholders may 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.
- 5- The company may, after obtaining a non-objection from the Insurance Authority, distribute interim dividends to its shareholders on a semi-annual or quarterly basis in accordance with the controls issued by the Capital Market Authority, based on delegation from the General Assembly to the Board of Directors to distribute interim dividends, which will be renewed annually.

#### **Article 45: Entitlement of Dividends**

Shareholders shall be entitled to their share of profits pursuant to the General Assembly resolution adopted in this regard. Such resolution shall specify the entitlement date and distribution date. Shareholders registered in the shareholders' register shall be entitled to their shares of profit by the end of the day of their entitlement. The Company shall inform the Capital Market Authority without delay of any resolutions to distribute profits or recommend that, and the profits to be distributed to 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 Insurance Authority.

#### **Article 46: Company Losses**

Should the Company's losses reach half of the paid-up capital the board of directors shall, within (60) days from the date of its knowledge thereof, announce the losses and the recommendations relating thereto, and shall, within (180) days from said date, call for an extraordinary general assembly meeting to consider the continuation of the company by taking measures necessary to resolve such losses or the dissolution of the company.

### **CHAPTER (9)**

#### **Company' Disputes**

#### **Article 47: Liability of the Company**

The Company is bound by all the acts and actions that the Board of Directors carries out, even if they are outside its jurisdiction, unless the stakeholder has bad faith or knows that those actions are outside the Board's jurisdiction.

#### **Article 48: Liability of the Board Members**

- 1- The members of the Board of Directors shall be jointly responsible for indemnifying the Company, Shareholders or other third parties for the damage that results from their violation of the provisions of the company's bylaws, companies law and its implementing regulations and the cooperative insurance companies control law and its implementing regulations and the other relevant laws and instructions, or from a wrongful act, negligence, or omission in the performance of their duties and every condition otherwise is considered as if was not.
- 2- Liability falls on all Board members if the default arises from a decision issued unanimously. As for the decisions issued by the majority of opinions, the opposing

members will not be questioned once they express their objection in the minutes of the meeting. Absence from attending the meeting at which the decision is issued is not considered a reason for exemption from liability unless it is proven that the absent member was not aware of the decision or was unable to object to it after being aware of.

- 3- The approval of the general assembly to relieve the board members from liability shall not preclude the initiation of a liability lawsuit.
- 4- Except for cases of forgery and fraud, a derivative action shall not be heard upon the lapse of (5) five years from the end of the fiscal year in which the act resulting in damage was committed, or upon the lapse of (3) three years from the end of the board member's term of membership, whichever is later.
- 5- A company may initiate a derivative action against a board member for any damage incurred by the company resulting from the violation of companies Law or the company's bylaws or from a wrongful act, negligence, or omission in the performance of their duties. The general assembly take the decision to initiate the action and to designate a representative on behalf of the company to pursue such action.
- 6- A single shareholder, or more, representing 5% of the company's capital, may initiate a derivative action on behalf of the company if such action is not initiated by the company, provided the action serves the interests of the company and is based on valid grounds, and the plaintiff is acting in good faith and is a shareholder in the company at the time of initiating the action, board members shall be notified the intent to initiate the action at least (14) days prior to the initiation date, while restricting his right to claim compensation for the special damage he suffered.
- 7- The competent judicial authority may, at the request of the shareholder, order the company to pay the expenses he incurred in the initiation of a derivative action, regardless of its outcome, if he initiates the action in good faith and such action is in the interest of the company.



- 8- The company may provide liability insurance coverage for its manager or a board member during the term of service or membership against any claim made against him in his capacity as a manager or board member.

## **CHAPTER (10)**

### **Company's Dissolution and Liquidation**

#### **Article 49: Dissolution of the Company**

- 1- The company shall be terminated due to one of the reasons mentioned in Article (two hundred and forty-three) of the Companies Law, and upon its termination it enters into liquidation in accordance with the provisions of Chapter Twelve of the Companies Law. If a company is terminated and its assets are not sufficient to pay its debts, or if it is distressed under the Bankruptcy Law, it shall petition the competent judicial authority to initiate any liquidation proceedings under the Bankruptcy Law.
- 2- If the company is terminated it enters into liquidation, and the General Assembly shall initiate liquidation proceedings, and the company shall retain its legal personality to the extent necessary for liquidation.
- 3- Optional liquidation may only be adopted by the General Assembly.
- 4- The liquidation resolution shall appoint a liquidator and determine its powers, fees, restrictions if any and the period of liquidation, provided that optional liquidation period shall not exceed three (3) years and cannot be extended without a judicial order.
- 5- The powers of the Board of Directors shall cease upon the Company's termination; however, the Board of Directors shall remain responsible for the management of the Company and is deemed vis-à-vis third parties as liquidator until the liquidators are appointed. The General Assembly shall remain existent during the liquidation period and shall exercise its powers to the extent it does not conflict with the

powers of the liquidator. In the liquidation process, due attention shall be given to preserve the rights of the Policyholders to the surplus from insurance operations and from reserves formed in accordance with Article (43) and Article (44) thereof.

**Article 50: The Company Bylaws**

The Cooperative Insurance Companies Control Law and its Implementing Regulations, the Companies Law and its Implementing Regulations and the relevant rules, regulations and instruction shall apply to all other matters not specifically provided for herein.

**Article 51: Publication**

These Articles shall be deposited and published in conformity with the Companies Law and its Implementing Regulation.

THE END