



المتحدة للتأمين التعاوني  
UNITED COOPERATIVE ASSURANCE

**Articles of Association for United Cooperative Assurance Company**

**Saudi Joint Stock Company**

## Chapter 1

### Incorporation of the Company

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

This Company shall be established in accordance with the provisions of the Cooperative Insurance Companies Control Law and the executive regulations thereof, the Companies' Law, the Capital Market Law and the executive regulations thereof, and the Company's Articles of Association, as a Saudi joint stock Company among the shareholders. The Company's provisions shall be stated below.

#### **Article 2: Company Name:**

United Cooperative Assurance Company, Saudi Joint Stock Company.

#### **Article 3: Company Purposes:**

Carrying out cooperative insurance business in the general insurance branch, and health insurance. The Company may conduct its activities in accordance with the Cooperative Insurance Companies Control Law and the executive regulations thereof, and the rules and regulations in force in the Kingdom of Saudi Arabia after obtaining the necessary licenses from the competent authorities, if any.

#### **Article 4: Participation and Ownership in Companies:**

The Company may establish limited liability companies, closed joint stock companies (provided that company's capital shall not be less than (5) five million Saudi riyals), or single-person joint stock companies. It may also own shares and stocks in other existing companies or merge with them and has the right to participate with others in establishing joint stock companies or limited liability companies - provided that the companies established by the Company or in which it participates or merges with it shall be engaged in activities similar to its business or financial business or that help it achieve its purpose - after fulfilling the requirements of the regulations and instructions followed in this regard, after obtaining the approval of SAMA.

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

The head office of the Company shall be in Riyadh in the Kingdom of Saudi Arabia, It is permissible by a Resolution of the Extraordinary General Assembly, to transfer its head office to any other city in the Kingdom of Saudi Arabia with the approval of the Saudi Central Bank. The Company may establish branches, offices or agencies inside or outside the Kingdom of Saudi Arabia after the approval of the SAMA.

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

The duration of the Company shall be (99) ninety-nine Gregorian years starting from the date of its registration in the Commercial Register. The term of the Company may be prolonged by a Resolution issued by the Extraordinary General Assembly at least one year before the end of this period.

### **Chapter 2**

#### **The rules that the Company shall adhere to in carrying out its activities and purposes:**

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

The Company shall invest what it has from the insured and shareholders' funds in the Company in accordance with the rules established by the Board of Directors and in a manner that does not conflict with the Cooperative Insurance Companies Control Law and its implementing regulations and other relevant regulations and instructions issued by the Saudi Central Bank "SAMA" or any other related party.

### **Chapter 3**

#### **Capital and Shares:**

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

The capital of the Company is (400,000,000) four hundred million SAR, divided into (40,000,000) forty million shares of equal value with a nominal value of (10) ten Saudi riyals per share, all of which are ordinary cash shares.

**Article 9: Subscription to Shares:**

The shareholders subscribed for the entire share capital of the Company, and the value was paid in full.

**Article 10: Register of Shareholders:**

The Company's shares are traded in accordance with the provisions of the Capital Market Law and the implementation regulations thereof.

**Article 11: Issuance of Shares:**

The shares of the Company are nominal, and they may not be issued at less than their nominal value, although they may be issued at a higher value. In this last case the difference in value shall be added in a separate item within the shareholders' equity. It is not permissible to distribute it as dividends to shareholders, and the share is indivisible towards the Company. If the share is owned by multiple people, they shall choose one of them to act on their behalf in the use of the rights related to it, and these people shall be jointly responsible for the obligations arising from the ownership of the share.

**Article 12: Shares Trading:**

The Company's shares shall be tradable according to the regulations of the Capital Market Authority and its implementing regulations, taking into consideration the instructions issued by the Saudi Central Bank.

**Article 13: Capital Increase:**

1. The Extraordinary General Assembly may decide to increase the capital of the Company - after the approval of SAMA and Capital Market Authority provided that the Capital shall be paid in full, provided that the original capital shall have been paid in full, It's not required for the capital to be paid in full if the unpaid portion relates to convertible debt instruments or financial instruments that have not matured.
2. In all cases, the Extraordinary General Assembly may allocate all or part of the shares issued as a result of a capital increase to the Company's and/or subsidiaries' employees or any of which. The shareholder may not exercise his pre-emptive rights on shares allocated to employees.
3. The shareholder who owns the share - at the time of the Extraordinary General Assembly issuing the approval of the capital increase - has pre-emptive right in subscribing for new shares issued in exchange for cash

shares, and they inform them of their pre-emptive right by publishing in the daily newspaper or by informing them via registered mail, Or through modern technological means, of the resolution of capital increase, the terms and conditions of subscription, and its start and end date.

4. The Extraordinary General Assembly may suspend the shareholder's pre-emptive rights in a cash capital increase or grant them to others if it considers it in the Company's best interest.
5. A shareholder may sell or assign its pre-emptive rights, with or without financial compensation, during the period from the date of the Extraordinary General Assembly's Resolution in approving the capital increase until the subscription closing date, in accordance with the guidelines set by the Capital Market Authority.

#### **Article 14: Capital Reduction:**

1. The Extraordinary General Assembly may decide to reduce the capital if it exceeds the Company's need or if it suffers losses - after the approval of the Saudi Central Bank and the Capital Market Authority - provided that the paid-up capital of the insurance Company after reducing the capital is not less than (100) one hundred million riyals, and the paid capital is not less than (200) two hundred million riyals for a reinsurance Company or an insurance Company that carries out at the same time reinsurance business. The reduction Resolution shall not be issued except after reading a special report prepared by the auditor on the reasons that necessitate it, the obligations of the Company, and the impact of the reduction on these obligations.
2. If the capital reduction is the result of its increase in excess of the Company's needs, the creditors must be invited to file their objections - if any - within the period stipulated in the relevant regulations in order to take the reduction decision. If one of the creditors objects and submits his documents to the Company on the date stated previously, the Company must pay him his debt, in case it is due, or provide him with a sufficient guarantee to fulfill it, in case it is due.

## **Chapter 4**

### **Board of Directors:**

#### **Article 15: Company Management:**

The Company shall be managed by a Board of Directors consisting of (7) seven members elected by the Ordinary General Assembly for a period not exceeding

three years. The composition of the Board of Directors shall reflect adequate representation from the independent members. In all cases, the number of independent members of the Board shall not be less than two members or one third of the members of the Board, whichever is greater.

**Article 16: Termination of Board Membership:**

1. Membership in the Board of Directors shall end with the end of the Board term, resignation, death, or absence from three consecutive meetings within one year or five inconsecutive meetings during the term of his membership without an acceptable legitimate excuse, or in case it is proven to the Board of Directors that the member has violated his duties in a way that harms the interest of the Company, provided that this is accompanied by the approval of the Ordinary General Assembly, or the termination of his membership in accordance with any law or instructions in force in the Kingdom of Saudi Arabia, or if his bankruptcy or insolvency is requested to be declared, or in the event of he has submitted a request for settlement with his creditors, or if he stopped paying his debts, or in case he has become unconscious, or if he has suffered a mental illness or physical disability that may lead to the member being unable to perform his role to the fullest, or if he has been proven to have committed an act of breach of trust or morals, or if he has been convicted Forgery pursuant to a final ruling issued.
2. the Ordinary General Assembly may always dismiss all or some of the members of the Board of Directors without prejudice to the right of the dismissed member towards the Company to claim compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time. A Director may resign, provided that such resignation is made at a proper time; otherwise, they shall be responsible to the Company for damages resulting from such resignation.
3. If a member of the Board of Directors resigns and he has comments on the Company's performance, he must submit a written statement to the Chairman of the Board of Directors and this statement must be presented to the members of the Board of Directors
4. Saudi Central Bank must be informed of the resignation of any member of the Board or the termination of his membership for any reason upon the end of the Board session, within five working days from the date of leaving the job, taking into account the relevant disclosure requirements.

**Article 17: Board Vacancies:**

In the event that the position of one of the members of the Board of Directors becomes vacant, the Board has the right to appoint - temporarily - a member for

the vacant position who had sufficient experience and after obtaining the non-objection of the Saudi Central Bank (SAMA) and without considering obtaining votes in the General Assembly in which the Board of Directors was elected during that period, the Ministry of Commerce and The Capital Market Authority shall be notified of that within the period stated in the relevant regulations, and this appointment shall be presented to the Ordinary General Assembly at its first meeting, and the new member completes the term of his predecessor only.

#### **Article 18: Powers of the Board:**

Subject to the competencies established for the General Assembly, the Board of Directors shall have the broadest powers in managing the Company to achieve its purpose, it shall also within its specialty delegate one or more of its members or others in various or certain tasks, whilst not conflicting with relevant regulations and implementations. . The Board of Directors may, for example, but not be limited to, represent the Company in its relations with third parties, governmental and agencies, before all Sharia courts, the Board of Grievances, labor and workers offices, the higher and primary committees for settling labor disputes, the Commercial Papers Committee, all other judicial committees, arbitration bodies, civil rights, police departments, chambers of commerce and industry, and all Companies, institutions, banks, commercial banks, treasuries, all government finance funds and institutions with their various names and specializations, and other lenders. The Board has the right to acknowledge, demand, defend, plead, litigate, waive, conciliate, accept and deny judgments, arbitration, request execution of judgments and object to them, collect outputs from execution, release the Company's debtors from their obligations, apply for tenders, sell, buy and mortgage real estate. The Board also has the right to contract and sign in the name of and on behalf of the Company on all types of contracts, documents and papers, including without limitation the contracts of association of companies in which the Company participates with all its amendments, appendices, amendment decisions and signing agreements and instruments before the notary public and official bodies, as well as loan agreements, guarantees and instruments for the sale and buying of real estate, issuing powers of attorney (POA) on behalf of the Company, selling, buying, transferring and accepting it, receiving and delivering, renting, leasing, receiving and paying, opening accounts, credits and withdrawal, depositing with banks, issuing guarantees to banks, funds, and government financing institutions, signing all papers, promissory notes, checks, all commercial papers and documents, and all banking transactions. The Board is also entitled, within the limits of its competence, to delegate one or more of its members or third parties

to carry out certain work or works - in a manner that does not conflict with the relevant laws and regulations.

The Board of Directors may apply for loans, regardless of their term, sell or mortgage the Company's assets, sell or mortgage the Company's commercial premises, or release the Company's debtors from their obligations, unless this regulation or a decision issued by the ordinary general assembly restricts the powers of the Board of Directors in that.

**Article 19: Remuneration for Board Members:**

1. The minimum annual remuneration for the Chairman and members of the Board of Directors shall be a specified sum or attendance allowance or in-kind benefits or a percent from net profits. The member may hold two or more of these advantages.
2. In the event that the remuneration was a certain percentage of the Company's profits, then the percentage may not exceed ten percent (10%) of the remaining net profit, after deducting the reserves that had been decided by the General Assembly in implementation of the provisions of the Cooperative Control Law and Companies Law and this regulation, after distributing a profit to the shareholders not less than (5%) of the Company's paid-up capital, provided that the entitlement to this bonus is proportional to the number of sessions the member has attended, and any estimate to the contrary shall be void.
3. The General Assembly determines the Company's policy framework for rewarding members of the Board of Directors and its subcommittees, in accordance with the instructions issued by the supervisory authorities, provided that it is fair and motivating in proportion to the member's performance and the Company's performance.
4. The Board of Directors' report to the Ordinary General Assembly must include a comprehensive statement of all the amounts received by the members of the Board of Directors during the fiscal year in the way of remunerations, expense allowances, and other benefits as well as of all the amounts received by the members of the Board of Directors in their capacity as officers or executives of the Company, or in consideration for technical, administrative or advisory services. The report shall also include a statement of the number of Board meetings and the number of meetings attended by every member as of the date of the latest General Assembly meeting.

## **Article 20: Powers of the Chairman, Vice Chairman, Delegated Member, and Board Secretary**

The Board of Directors shall appoint from among its members a Chairman, Vice Chairman and a Chief Executive Officer and may appoint a Delegated Member, and it is not permissible to combine the position of Chairman of the Board of Directors with any executive position in the Company. The Chairman of the Board of Directors has the right to sign on behalf of the Company and implement the Board's Resolutions. The Chairman of the Board of Directors is authorized to represent the Company before the courts, arbitration tribunals and others, and they may, by written Resolution, delegate some of their powers to other members of the Board or for third parties in carrying out specific work or actions.

- With regard to the COURTS: claiming and filing lawsuits, pleading and defending, hearing and responding to lawsuits, acknowledgment, denial, reconciliation, waiver, release, demand the oath to be taken, rejecting and abstaining from such, bringing witnesses and evidences and challenging it, responding, impeachment, and amendment, challenging forgery, denying handwriting, seals, and signatures. , requesting a travel ban and its removal, refer to the seizure and execution departments, requesting seizure and execution, requesting arbitration, appointing experts and arbitrators, appealing the reports of experts and arbitrators, rejecting and replacing the same, requesting the implementation of judgments, accepting and denying judgments, objecting to judgments and requesting an appeal, requesting reconsideration, revise Judgment decrees, request for rehabilitation, request for pre-emption, termination of the requirement to attend hearings in all cases before all courts, receipt of amounts, receipt of judgment decrees, request judge dismissal, request for inclusion and intervention, request to refer the case, to the Sharia courts, to the administrative courts (Board of Grievances), at the Sharia medical committees, at the labor committees, at the financial dispute resolution committees and the banking dispute settlement committees, at the securities dispute settlement committees, at the offices for settling commercial paper disputes and the commercial dispute resolution committees, at the customs committees and commercial fraud committees, at the committees Settlement of insurance disputes and violations, at the Control and Investigation Authority, at the Public Prosecution, request to quash the ruling at the Supreme Court, request to quash the ruling at the Supreme Court, at the Committee for considering Violations of the Law for the Practice of Health Professions, at the Committee for considering Violations of the Provisions of the Health Institutions Law, at the Committee for Settlement of Tax Violations and Disputes, the Appeal Committee for Tax Violations and Disputes, Receipt and Delivery, refer to All Related Parties, Completing All Necessary Procedures and Signing as Required.
- With regard to COMMERCIAL RECORDS: The Ministry of Commerce, refer to records management, extracts records, renews records, transfer commercial records, reserve a trade name, register a trademark, assign a trademark, assign a trade name, open a subscription with the Chamber of Commerce, renew a

subscription with the Chamber of commerce, signing all documents at the Chamber of Commerce, managing records, approving the signature at the Chamber of Commerce, canceling the signature at the Chamber of Commerce, managing my business, supervising records, amending records, adding an activity, opening branches for records, canceling records, entering tenders and receiving forms. Registering in the electronic services of the Chambers of Commerce, activating the services, receiving the password, receiving and delivering, referring to All Related Parties, completing all necessary procedures, and signing what is required.

- With regard to BANKS: opening accounts with Sharia rules, withdrawing from accounts, making deposits, transferring from accounts, issuing ATM cards, issuing credit cards compatible with Sharia provisions, issuing an account statement, issuing check books, issuing certified checks, receiving and disbursing transfers, Receiving and disbursing remittances, subscribing to safety deposit boxes, renewing subscription to safety deposit boxes, opening safety deposit boxes, requesting bank loans that comply with Sharia provisions and rules, redeeming safety deposit box units, requesting a bank credit, requesting a bank guarantee, closing and settling accounts, requesting points of sale, disbursing Checks, activating accounts, objecting to cheques, receiving cheques, updating data, managing investment portfolios, extracting proof of indebtedness, liquidating investment portfolios, receiving and delivering, referring to All Related Parties, completing all necessary procedures and signing as required.

- With regard to SECURITY AGENCIES: refer to the emirate and the Human Rights Judgments Implementation Division, refer to police stations, refer to the General Presidency of Intelligence, refer to facilities security forces, refer to the General Investigations, refer to the Administrative Investigations, refer to the Criminal Investigations, refer to the General Directorate of Civil Defense, receipt and delivery, refer to All Related Parties, complete all necessary procedures and sign as required.

- With regard to MINISTRIES and GOVERNMENT INSTITUTIONS: refer to all ministries, institutions and government bodies, receipt and delivery, refer to All Related Parties, complete all necessary procedures and sign as required.

The Board of Directors shall determine the salaries, allowances and remunerations for each of the Chairman and Delegated Member in accordance with the provisions of Article (19) herein. The Board of Directors shall appoint a Board secretary. The Board may also appoint one or more advisors in the various affairs of the Company, and the Board shall determine their remuneration. The term of the Board Chairman, his Vice, the Delegated Member, and the Secretary of the Board shall not exceed the term of each of them in the Board, and they may be re-elected. The Board at any time may dismiss them or any of them

without prejudice to the right of the dismissed person to compensation if the dismissal occurred for an unlawful reason or at an unexpected time.

**Article 21: Board Meetings:**

The Board shall meet at the head office of the Company, or any other place determined by the Board at the invitation of its Chairman, and the chairman of the Board shall call for the meeting whenever two of the members so request, and the call shall be documented in the way the Board sees, provided that the number of annual Board meetings is not less than (4) so that there is at least one meeting every three months. These meetings may be held using modern technological means.

**Article 22: Quorum for Board Meeting:**

1. A Board meeting is not valid unless is attended by four of the members by themselves or by proxy, provided that the number of members present personally shall be three (3) at least.
2. If the necessary conditions for the meeting of the Board of Directors are not met due to the lack of its members below the minimum stipulated in this bylaw, the rest of the members must invite the ordinary general assembly to convene within sixty days; to elect the necessary number of members.
3. By a decision from the Capital Market Authority, the ordinary general assembly may be called to convene in the event that the number of members of the Board of Directors falls below the minimum for the validity of its convening.
4. A member of the Board of Directors may not delegate someone else to attend the meeting. As an exception to this, a member of the Board of Directors may delegate other members on his behalf. In the event that a member of the Board of Directors deputizes another member to attend the Board meetings, the delegation must be in accordance with the following controls: (a) A member of the Board of Directors may not deputize for more than one member in attending the same meeting. (b) The deputization must be approved in writing and sent by e-mail or by any means of modern technology. (c) The representative may not vote on decisions on which the delegated system prohibits voting.
5. The decisions of the Board are issued by a majority of the opinions of the members present or represented therein, and in case of a tie, the Chairman vote shall prevail. The Board of Directors may issue decisions on urgent matters by presenting them to members by circulation, unless one of the members requests - in writing - a Board meeting to deliberate

on them. In this case, these decisions shall be presented to the Board of Directors at its first subsequent meeting.

6. The Board of Directors' decision is effective from the date of its issuance, unless it stipulates that it shall be effective at another time, or when certain conditions are met.

#### **Article 23: Board Deliberations:**

The Board's deliberations and Resolutions are recorded in minutes prepared by the Secretary and signed by the Chairman of the session, the attending Board of Directors members, and the Secretary. These minutes are recorded in a special register signed by the Chairman of the Board of Directors and the Secretary. Modern technological means may be used to sign and document deliberations and decisions and record minutes.

#### **Article 24: Agreements and Contracts:**

1. The Company has the right - after obtaining the Saudi Central Bank's non-objection - to enter into an agreement to manage technical services with one or more companies qualified in the field of insurance.
2. Board members may not have any direct or indirect interest in contracts and agreements concluded for the interest of the Company except under permission from the General Ordinary Assembly. A member of the Board of Directors shall inform the Board of his direct or indirect interest in the business and contracts that are made for the Company's account and this notification shall be recorded in the minutes of the meeting.
3. This member may not participate in voting on the Resolution to be issued in this regard by the Board of Directors and the shareholders' assemblies.
4. The Chairman of the Board of Directors shall inform the Ordinary General Assembly when it is convened about the business and contracts in which one of the Board members has a direct or indirect interest in it, and the notification shall be accompanied by a special report from the Company's External Auditor.
5. If a member of the Board fails to disclose his interest, the Company or any interested party may claim before the competent judicial authority to annul the contract or oblige the member to pay any profit or benefit achieved for him from that.
6. The member who is interested in the work or the contract shall bear the responsibility for the damages resulting from the business and contracts

referred to in para. (1), and the members of the Board of Directors shall also be responsible for that if the actions were done in violation of the provisions of this paragraph or if it was proven to be unfair or involve a conflict of interest and harm the shareholders.

7. The members of the Board of Directors who oppose the resolution are exempted from liability if they express their objection in the minutes of the meeting. Absence from attending the meeting at which the decision is issued is not a reason for exemption from responsibility unless it is proven that the absent member was not aware of the decision or was unable to object to it after becoming aware of it.
8. A member of the Board of Directors may not participate in any business that would compete with the Company, or compete with the Company in one of the branches of the activity that he is engaged in; Otherwise, the Company shall have the right to demand the appropriate compensation from him before the competent judicial authority, unless he obtained a previous license from the Ordinary General Assembly - renewed every year - allowing him to do so

## **Chapter 5**

### **Shareholders' Assemblies:**

#### **Article 25: Attending Assemblies:**

1. A properly formed General Assembly shall represent all the shareholders, and shall be held in the city in which the Company's headquarters is located.
2. Every shareholder, regardless of the number of his shares, has the right to attend the General Assemblies of the shareholders and has the right to delegate another person other than members of the Board of Directors or Company employees to attend the General Assembly. The shareholders' General Assemblies may be held, and the shareholder may participate in their deliberations and vote on their Resolutions by means of modern technology, according to the controls laid down by the Capital Market Authority.

#### **Article 26: Competences of the Ordinary General Assembly:**

With the exception of matters pertaining to the Extraordinary General Assembly, the Ordinary General Assembly is concerned with all matters related to the Company and it convenes at least once a year during the six months following the end of the Company's fiscal year, and other ordinary general assemblies may be called to meet whenever the need arises.

#### **Article 27: Competences of the Extraordinary General Assembly:**

The Extraordinary General Assembly has the authority to amend the Company's Articles of Association, with the exception of provisions that it is prohibited to amend by law, and it has the right to issue Resolutions on matters falling within the jurisdiction of the Ordinary General Assembly in the same terms and conditions established for the Ordinary General Assembly.

#### **Article 28: Call for Assemblies:**

1. The general or private assemblies of the shareholders shall convene at the call of the Board of Directors. The Board of Directors shall call the Ordinary General Assembly to convene, within thirty days from the date of the request of the auditor, the audit committee, or a number of shareholders representing (10%). The auditor may call the Assembly to convene if the Board does not invite the Assembly within thirty (30) days from the date of the Auditor's request.

2. It is permissible, by resolution of the Capital Market Authority, to call the Ordinary General Assembly to convene in the following cases:
  - A. If the period specified for the meeting expires (during the six months following the Company's Fiscal Year) without it being held.
  - B. If the number of members of the Board of Directors falls below the minimum validity of its meeting.
  - C. If it appears that there are violations of the provisions of the law or the Company's articles of association, or a defect has occurred in the Company's management. Or if the Board does not invite the General Assembly to convene within (15) days from the date of the request from the auditor, the audit committee, or a number of shareholders representing at least (10%) of the capital.
3. The invitation to convene the General Assembly shall be published through modern technical means, at least twenty-one (21) days before the date specified for the General Assembly to be held. A copy of the invitation and agenda shall be sent to the Ministry of Commerce. A copy shall also be sent to the Capital Market Authority within the period specified for publication.

**Article 29: Assemblies Attendance Register:**

Shareholders who wish to attend the General or Private Assembly shall register their names in the Company's head office prior to the time specified for the meeting.

**Article 30: Quorum for the Ordinary General Assembly Meeting:**

1. The Ordinary General Assembly shall not be held valid unless shareholders representing at least (a quarter) of the Company's shares that have voting rights are present.
2. If this quorum is not available at the Ordinary General Assembly meeting as in para. (1), a call will be issued to a second meeting to be held within the thirty days following the previous meeting. This invitation shall be published in the manner stipulated in Article (30) herein. Nevertheless, the second meeting may take place an hour after the end of the period specified for the first meeting, provided that the call to hold the first meeting includes evidence indicating the possibility of holding this meeting. In all cases, the second meeting shall be valid, regardless of the number of shares represented in it.

### **Article 31: Quorum for the Extraordinary General Assembly Meeting:**

1. The Extraordinary General Assembly shall not be held valid unless it is attended by shareholders representing at least (half) of the Company's shares that have voting rights.
2. If such a quorum cannot be attained at the Extraordinary General Assembly meeting as in para. (1), a notice for convening a second meeting shall be sent in the same conditions stipulated in Article (30) herein. The second meeting may be held one hour after the end of the period specified for the first meeting, provided that the call to hold the first meeting includes evidence indicating the possibility of holding this meeting. In all cases the second meeting will be valid if attended by a number of shareholders representing at least (a quarter) of the Company shares that have at least voting rights.
3. If the necessary quorum is not met in the second meeting, an invitation to a third meeting to be held according to the same conditions stipulated in Article (30) herein, and the third meeting will be valid regardless of the number of shares represented in it, after the approval of the Capital Market Authority

### **Article 32: Voting in Assemblies:**

Votes in the Ordinary and Extraordinary General Assemblies shall be calculated on the basis of one share. The cumulative voting shall be used in the election of the Board of Directors, so that the right to vote for the share may not be used more than once. Members of the Board of Directors may not participate in voting on the Assembly's Resolutions related to absolving them of responsibility for the management of the Company, or that relate to business and contracts in which they have a direct or indirect interest, or that involve a conflict of interest.

### **Article 33: Resolutions of the Assembly:**

The decisions of the Ordinary General Assembly are issued with the approval of the majority of the voting rights represented at the meeting. However, if these decisions relate to the evaluation of special benefits, the approval of the majority of subscribers to the shares representing (two-thirds) of the aforementioned shares is required after excluding what the beneficiaries have subscribed to of the special benefits, decisions are issued in the Extraordinary General Assembly by a two-thirds majority of the shares with voting rights represented at the meeting, unless the decision is related to increasing or decreasing the capital, extending the duration of the Company, or dissolving the Company before the period specified in its articles of association, or by merging it into a Company or another institution or by acquiring a company or institution, or dividing it into

two companies, the decision will not be valid unless it is issued by a majority of three-quarters of the shares with voting rights represented at the meeting.

**Article 34: Deliberations at the 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. Every text mentioned herein which deprives the Shareholder of this right shall be null and void. The Directors or the Auditor shall answer Shareholders' questions to such an extent that would not jeopardize the Company's interests. If a Shareholder feels that the answer to his question is unsatisfactory, he may appeal to the General Assembly whose Resolution shall be final in this respect.

**Article 35: Presidency of Associations and Preparing Minutes:**

1. The General Assembly meetings shall be chaired by the Chairman or, in his or her absence, by the Vice Chairman, or, in his or her absence by a member delegated by the Board of Directors.
2. Minutes shall be kept for every General Assembly, showing the names of Shareholders present or represented, the number of Shares held by each of them, whether personally or by proxy, the number of votes allotted thereto, the resolutions adopted, the number of consenting and dissenting votes, and a comprehensive summary of the debate conducted at the meeting. Following every meeting, the minutes shall be recorded in an organized manner in a special book, which shall be signed by the Chairman, the Secretary, and the vote counters.

## Chapter 6

**Committees of the Board of Directors:**

**Article 36: Board Committees:**

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

## Chapter 7

### Auditor:

#### **Article 37: Appointment of the Auditor:**

1. The General Assembly must appoint two (or more) auditors from among the auditors licensed to work in the Kingdom, determine their remuneration and the duration of their work, and may reappoint them, provided that the total duration of their appointment does not exceed (seven) consecutive or separate years. Whoever has completed this period may be re-appointed after (three) continuous years from the end of the last fiscal year in which he worked on auditing the Company's accounts.
2. It is permissible, by a decision taken by the General Assembly, to dismiss the auditor, and the Chairman of the Board of Directors must inform the competent authorities of the dismissal decision and its reasons within a period not exceeding (5) five days from the date of issuance of the decision.
3. The auditor may resign from his mission pursuant to a written notification that he submits to the Company, and his mission ends on the date of its submission or on a later date specified in the notification, without prejudice to the Company's right to compensation for the damage caused to it if it is necessary. The retired auditor is obligated to submit to the Company and the competent authority - upon submitting the report - a statement of the reasons for his retirement, and the Chairman of the Board of Directors must call the General Assembly to convene to consider the reasons for the retirement, appoint another auditor, and determine his fees, the duration of his work, and the scope of his work.

#### **Article 38: Powers of the Auditor:**

The Auditor shall have access at all times to the Company's accounting and supporting documents records, and may request information and clarification as it deems necessary. It may further check and confirm the Company's assets and liabilities. The Chairman shall enable the Auditor to undertake its duties. The Auditor shall record any difficulties it may face in such regard in its report to the Board of Directors. If the Board of Directors does not facilitate the Auditor's work, the Auditor shall request the Board of Directors to convene the Ordinary General Assembly to look into the matter. The auditor may send this invitation if the Board of Directors does not send it within (30) days from the date of the auditor's request.

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

The Auditor shall submit to the annual General Assembly a report prepared in accordance with the generally accepted auditing standards, including the position of the Company's management to enable him to obtain the data and notes he requests and what he may have uncovered in violation of the provisions of the Cooperative Insurance Companies Control Law and the executive regulations thereof, by-laws, statutes and other relevant instructions and other relevant laws, The articles of the association of the Company and his opinion on the fairness of the Company's financial statements. The auditor reads his report to the General Assembly, in case the Assembly decides to approve the Board of Directors' report and the financial statements without hearing the auditor's report, its decision will be invalid.

## **Chapter 8**

### **Company Accounts and Dividend Distribution:**

#### **Article 40: Fiscal Year:**

The Company's Fiscal Year shall begin on the first of (January) and ends at the end of (December) of the same year, provided that the first fiscal year shall begin from the date of the ministerial Resolution announcing the establishment of the Company and ends on (31) December of the following year.

#### **Article 41: Financial documents:**

1. The Board of Directors shall prepare the Company's financial statements at the end of each fiscal year (the financial statements shall include: financial position statement for insurance and its operations and shareholders, statement of surplus 'deficit' of insurance operations, shareholders' income statement, cash flow for insurance statement, shareholders' cash flow statement. ) together with a report of its activities and financial position for the preceding financial year. This report shall include the proposed method for distributing profits. The Board of Directors shall place such documents at the disposition of the Auditor at least 45 (forty-five) days prior to the date set for convening the General Assembly.
2. The Chairman, the Company's Chief Executive Officer, and the Chief Financial Officer shall sign the documents referred to in para. (1). A copy thereof shall be placed in the Company's head office to be available for Shareholders.
3. The Chairman of the Board of Directors shall provide the shareholders with the Company's financial statements, the Board of Directors' report,

and the auditor's report after signing them, unless they are published through modern technological means, before the date specified for the General Assembly to be held in accordance with the period specified by the relevant laws and regulations, the Chairman shall also deposit these documents in accordance with the relevant laws and regulations.

**Article 42: Accounts of Insurance Operations:**

The accounts of the insurance operation shall be independent of the shareholders' income statement, as per the following details:

**First: Accounts of Insurance Operations:**

1. An account shall be set aside for earned premiums, reinsurance commissions and other commissions.
2. An account shall be set aside for the compensation incurred by the Company.
3. At the end of each year, the total surplus, which represents the difference between the sum of the premiums and compensation, minus the marketing, administrative and operational expenses, and the necessary technical allocations shall be determined according to the regulations governing this.
4. Determination of the net surplus shall be as follows:

The investment return related to the insured, after calculating their returns and deducting the expenses they owe shall be added to the total surplus mentioned in para. (3) above, or deducted from it.

5. Distributing the net surplus and it is either by distributing (10%) to the insured directly, or by reducing their premiums for the following year, and (90%) shall be carried over to the shareholders' income accounts.

**Second: Statement of Shareholders' Income:**

1. Shareholders' profits shall be made from the return on investment of shareholders' funds in accordance with the rules established by the Board of Directors.
2. The shareholders' share of the net surplus shall be as stated in the fifth paragraph of the first clause of this article.

### **Article 43: Distribution of Profits:**

The Company shall:

1. Set aside Zakat and established income tax.
2. Set aside (20%) of the net profits to form a statutory reserve. The Ordinary General Assembly may stop this deduction whenever the total reserve reaches 100% of the paid capital.
3. When determining the shares in the net profits, the Ordinary General Assembly 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 Company's annual net profits determined by the Company shall be distributed after deducting all general expenses and other costs, and the necessary reserves shall be made to face doubtful debts, investments losses and emergency obligations that the Board of Directors deems necessary in accordance with the provisions of the Cooperative Insurance Companies Control Law and the provisions issued by the Saudi Central Bank. The remainder of the profits shall be allocated after deducting the prescribed reserves under the relevant regulations and Zakat at a rate of no less than 5% of the paid-up capital for distribution to shareholders in accordance with what the Board of Directors proposes and the General Assembly decides. If the remaining percentage of the profits due to shareholders is not sufficient to pay this percentage, the shareholders may not demand payment of it in the following year or years. The General Assembly may not decide to distribute a percentage of the profits from what the Board of Directors has proposed.

### **Article 44: Entitlement to Profits:**

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 it, and the profits to be distributed to the shareholders shall be 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.

#### **Article 45: Company losses:**

If the Company's losses amount to (half) of the paid-up capital at any time during the fiscal year, the Saudi Central Bank (SAMA) shall be informed of this immediately, and the Board of Directors must disclose that and the recommendations it has reached regarding those losses within (60) days from the date of Knowing that it has reached this amount, and calling the Extraordinary General Assembly to meet within one hundred and eighty (180) days from the date of his learning of that. He obtained a non-objection from the Saudi Central Bank to consider the continuation of the company, in addition to taking the necessary measures to address or find a solution for those losses.

### **Chapter 9**

#### **Disputes:**

#### **Article 46: The Company's Liability:**

The Company shall be bound by all the actions and acts that the Board of Directors carries out even if they are outside its jurisdiction, unless the stakeholder is of bad faith or knows that such actions are outside the powers of the Board.

#### **Article 47: Responsibility of Board Members:**

1. The members of the Board of Directors shall be jointly responsible for indemnifying the Company, the shareholders or others for the damage that results from their mismanagement of the Company's affairs or their violation of the provisions of the Cooperative Insurance Company's Control Laws and its implementing regulations and the by-laws, statutes and other relevant instructions and regulations. Every condition requiring otherwise shall be deemed null and void. Responsibility falls on all members of the Board of Directors if the error arises from a Resolution issued by their unanimous vote. As for the Resolutions 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 Resolution is issued is not considered a reason for exemption from liability unless it is proven that the absent member was not aware of the Resolution or was unable to object to it after being aware of it.
2. Filing a liability lawsuit does not preclude the approval of the Ordinary General Assembly to discharge the members of the Board of Directors.
3. The liability lawsuit will not be heard after the lapse of (3) three years from the date the harmful act was discovered. Except for - cases of fraud and

forgery, the liability lawsuit is not heard in all cases after the lapse of (5) five years from the end of the fiscal year in which the harmful act occurred, or (3) three years from the expiration of the membership of the concerned Board member, whichever is later.

4. Each shareholder has the right to file the liability lawsuit for the Company against the members of the Board of Directors if the mistake made by them would cause special harm to him. The shareholder may not file the aforementioned lawsuit unless the Company's right to file it is still valid. The shareholder shall inform the Company of his intention to file a lawsuit, while restricting his right to claim compensation for the special damage he suffered.
5. The Company may charge the following expenses that the shareholder bears to institute a lawsuit, regardless of its outcome, under the following conditions:
  - A. If the shareholder institutes the lawsuit in good faith.
  - B. If he submitted to the Company the reason for which he instituted the lawsuit and did not obtain a response within thirty days.
  - C. If it is in the interest of the Company to file this lawsuit based on the provision of Article (seventy-nine) of the Law
  - D. That the lawsuit is based on a valid basis.

## Chapter 10

### Liquidation of the Company:

#### **Article 48: Dissolution of the Company:**

1. Upon the expiry of the Company, it shall enter into a liquidation period during which it shall maintain its legal personality to the extent necessary for liquidation.
2. Optional liquidation may only be adopted by resolution of the Partners or the General Assembly.
3. The liquidation resolution has to include appointing a liquidator and determine its powers, fees, restrictions of power and the period of liquidation, provided that optional liquidation period shall not exceed three (3) years and cannot be extended without a judicial order.
4. The powers of the Board of Directors shall cease upon the Company's dissolution, provided, however, that 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 Company's departments shall remain existent during the liquidation period and shall exercise their powers to the extent they do not conflict

with the powers of the liquidator. The liquidation shall take into account preserving the rights of the participants in the surplus of insurance operations and the reserves formed as stipulated in Articles 42 and 43 herein.

## **Chapter 11**

### **Concluding Provisions:**

#### **Article 49: Company Governing Law:**

The provisions of the Cooperative Insurance Companies Control Law and the executive Regulations thereof, the Companies Law and its Regulations, and the relevant rules, regulations and instructions shall apply to all that is not mentioned herein.

#### **Article 50: Publication:**

The Articles shall be placed and published in accordance with the provisions of the Companies Law and the regulations thereof.