

Company by law
Al Jazira Takaful Taawuni Company
Saudi Joint Stock Company

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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 its Implementing Regulations, the Companies' Law, the Capital Market Law and its Implementing Regulations, and the Company's Articles of Association, as a Saudi joint stock company among the shareholders. The Company's provisions shall be as follows;

Article (2): Company Name:

Al-Jazira Takaful Taawuni Company, Saudi Joint Stock Company registered with the commercial registration number 4030251980 dated 09/02/1434 AD, with the unified number 7001791990.

Article (3): The Company's Purposes:

To transact cooperative 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 objectives and shall transact such activities in conformity with the Law on the Supervision of Cooperative Insurance Companies, its Implementing Regulations and the rules issued by IA 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 and Ownership of Companies:

The Company may establish limited liability companies or closed joint stock companies (provided that the capital is not less than (5) five million Saudi riyals). It may also own shares and stocks in other existing companies or merge there with and have 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, shall be engaged in activities similar to its business or financial business or assist in achieving its purpose - upon fulfilling the requirements of the laws and instructions applicable in this regard, and obtaining the approval of Insurance Authority.

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Article (5) : Head Office of the Company:

The head office of the Company shall be in Jeddah in the Kingdom of Saudi Arabia, and may by a Resolution of the Extraordinary General Assembly, transfer its head office to any other city in the Kingdom of Saudi Arabia with the approval of Insurance Authority. "IA". The Company may establish branches, offices or agencies, points of sales inside or outside the Kingdom of Saudi Arabia after the approval of Insurance Authority.

Article (6) : Term of the Company:

The term of the Company shall be (99) ninety-nine Gregorian years commencing from the date of its registration at the Commercial Register.

The term of the Company may be extended by a Resolution issued by the Extraordinary General Assembly on at least one year prior to the expiry of this period.

Chapter 2

The rules that the Company shall adhere to in carrying out its business and purposes:

Article (7): 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 Law on the Supervision of Cooperative Insurance Companies, its Implementing Regulations and in conformity with the regulations and rules issued by the Insurance Authority or any other related party.

Chapter 3

Capital and Shares:

Article (8): Capital:

The capital of the Company is (660,000,000) six hundred sixty million Saudi riyals, divided into (66,000,000) sixty-six million of equal value with a nominal value of (10) ten Saudi riyals per share, all of which are ordinary cash shares.

Article (9): Subscription in the Shares:

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

Article (10): Register of Shareholder and Shares Trading:

Shares are negotiable in accordance with the rules of the Capital Market Law and its Implementing Regulations.

Article (11): Issuance of Shares:

- 1- The shares of the company shall be nominal. Shares may not be issued at less than their nominal value, but they may be issued at a premium, in this case, the difference in value shall be prescribed in a separate provision within Document classification “Public 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.
- 2- The company may, after obtaining the approval of the Insurance Authority, buy, sell, pledge or mortgage its shares in accordance with the purposes stipulated in the Companies Law and the controls issued by the supervisory and regulatory authorities. In all cases, the shares purchased by the company do not have votes in the shareholders’ assembly.

Article (12): Transfer of Shares:

- 1- In cases where it has shares of different types and categories, the company may, after obtaining the approval of the Insurance Authority, convert one type or category of shares to another type or category after obtaining the approval of the extraordinary general assembly.
- 2- The provisions of this Article shall comply in accordance with the Companies Law and the controls issued by the supervisory and regulatory authorities.

Article (13): Non-Payment:

1. A shareholder shall pay the remaining amount of the value of the share on the designated dates. In case of non-payment, the board of directors may, after notifying the shareholder in the manner prescribed in the company’s by law or by registered mail or through any means of technology, sell the share at a public auction or in the capital market, as the case

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may be. The company's articles of association may grant other shareholders 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 satisfy the due amounts, the company may satisfy such amounts from the shareholder's property.
3. Rights associated with shares the value of which is not paid by the due date shall be suspended 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, he shall have the right to demand payment of dividends.

Article (14): Capital Increase:

1. The extraordinary general assembly may decide to increase the company's issued capital or its authorized capital, if any, provided that the issued capital has been paid in full. The full payment of capital shall not be required if the unpaid portion of said capital relates to shares issued against the conversion of debt instruments or financing sukuk into shares and the period set for conversion has not yet expired.
2. In all cases, the extraordinary general assembly may, upon increasing the capital of the company, allocate issued shares or part thereof to the employees of the company or any of its subsidiaries. Shareholders may not exercise their preemptive rights on issued shares allocated for employees. The Competent Authority may set the rules and procedures for allocating shares to the employees of the company or any of its subsidiaries.
3. A shareholder who owns the share on the date of issuance of the extraordinary general assembly's decision approving the increase of issued capital or the date of issuance of the board of directors' decision approving the increase of issued capital within the limit of the authorized capital shall have a preemptive right to subscribe to new shares issued against cash contributions. A shareholder shall be notified of such right, if any, by registered mail sent to the address stated in the shareholders' register or by any means of technology. The shareholder shall also be notified of the capital increase decision, the conditions and method of subscription, and the dates on which said subscription begins and ends, subject to the type and class of shares owned by him.
4. A shareholder has the right to sell or assign his preemptive rights during the period from the time of issuance of the General Assembly's decision approving the capital increase

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until the last day of subscription for the new shares associated with these rights, in accordance with the controls set by the competent authority.

Article (15): Capital Decrease:

1. The extraordinary general assembly may decide to decrease the capital if it exceeds the company's needs or if the company incurs losses - after the approval of the competent authorities - 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 decision to decrease the capital shall not be issued until a statement prepared by the board of directors stating the grounds for such decrease, the company's liabilities, and the effect of the decrease on satisfying such liabilities is presented at the general assembly. Said statement shall include the report of the company's auditor.
2. If the decision to decrease the capital is because it exceeds the company's needs, the creditors shall be invited to submit their objections to the decrease, if any, at least (45) days prior to the date set for the extraordinary general assembly meeting to decide on the decrease. The invitation shall include a statement indicating the amount of capital prior to and after the decrease, the date of the meeting, and the date the decrease becomes effective. If a creditor objects to the decrease and submits supporting documents to the company within the specified period, the company shall pay the debt owed to him if it is due or provide him with a sufficient guarantee if it is not due.
3. Equality among holders of shares of the same type and class shall be observed upon the decrease of capital.

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Chapter 4

Board of Directors:

Article (16): Company Management:

The Company shall be managed by a Board consisting of (9) nine members, they are must be natural persons. They are elected by the Ordinary General Assembly for a period of (3) years after obtaining a non-objection from the Insurance Authority, the company may re-elect members of the Board of Directors whose membership terms have expired, the composition of the Board of Directors shall reflect an 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 (17): Expiration of the Term of Board of Directors or Resignation of its Members:

1. Membership of the Board of Directors shall be terminated upon the expiration of the Board session, member's resignation or death, or if it is proved to the Board of Directors that the member had breached his duties in a manner detrimental to the Company's interest, provided that such breach is endorsed by the Ordinary General Assembly, upon expiration of his appointment period in accordance with any law or regulations prevailing in the Kingdom, or has suffered a mental illness or a physical disability that may lead to the member's 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, and or due to a member's failure to attend the Board sessions for three consecutive meetings or five non-consecutive meetings during the course of his membership without a reason acceptable to the Board of Directors.
2. The Ordinary General Assembly may, at any time, remove all or any of the Board members, the ordinary general assembly shall elect a new board of directors or a replacement for removed members, as the case may be, in accordance with the provisions of companies Law and its regulations.
3. In the event that the chairman and members of the Board resign, they shall call for the Ordinary General Assembly meeting to convene in order to elect a new Board, and such resignation shall not be effective until a new Board is elected, provided that the period of such continuation of the resigned Board does not exceed (120) days from the date of such resignation.

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4. A 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, the Insurance Authority must be notified when any member of the Borad resigns or his membership is terminated for any reason other than the end of the Borad's term, within five (5) working days from the date of termination of membership, and the Commercial Registry and the Capital Market Authority must be notified within (15) fifteen days, taking into account the relevant disclosure requirements.

Article (18): Board Vacancies:

- 1- In the event of failure to elect a Board for a new term and the term of the current Board has lapsed, the members of such Board shall continue to perform their duties until a new Board is elected, provided that the period of such continuation of the lapsed Board does not exceed (90) days from the end date of the Board's term.
- 2- In the event that the position of one of the members of the Board of Directors becomes vacant, the Board may appoint - temporarily - a member for the vacant position who has sufficient experience and after obtaining a non-objection from the Insurance Authority, that he notify the Commercial Registry, as well as the Capital Market Authority within (15) fifteen days from the date of appointment, and that the appointment be presented to the Ordinary General Assembly at its first meeting, and the appointed member completes the term of his predecessor. It is also possible to remain the seat is vacant until the end of the Borad term or the General Assembly is called to appoint a member to the vacant seat if this does not affect the validity of the Borad meeting.
- 3- If the number of board members falls below the minimum number required for the validity of board meetings as stipulated in this Law or the company's articles of association, the remaining members shall call for an ordinary general assembly meeting within 60 days to elect the required number of members.

Article (19): Powers of the Board:

Without prejudice to the powers vested in the General Assembly, the Board of Directors shall have the broadest powers in managing the Company to achieve its purpose. in accordance with the Companies Law and its Implementing Regulations, the company's

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bylaws and other relevant regulations in order to achieve its purposes The board, within the limits of its competence, may delegate one or more of its members or others to carry out certain work or actions - so long as it does not conflict with the relevant laws and regulations. The Board of Directors has the right, including, but not limited to, to represent the company in its relations with others, government and private agencies, civil rights, police departments, chambers of commerce and industry, all companies, establishments, banks, commercial banks, treasuries, all funds and government financing institutions of various names and specializations, and other lenders. The Board is also entitled to request the enforcement of judgments, to oppose thereof, to receive outputs of the enforcement, to absolve the company's debtors of their obligations, to enter into tenders, and to purchase, sell and mortgage real estate. The Board also has the right to contract and sign in the name of the Company and on its behalf on all types of contracts, documents and papers, including without limitation contracts for the establishment of companies in which the Company participates with all its amendments and annexes, amendment Resolutions, and signing of agreements and deeds before the Notary Public and official authorities, as well as agreements of loans, guarantees, and instruments for sale and purchase of real estate and issuing powers of attorney on behalf of the Company. The Board also has the right to sell, purchase, transfer, accept sale, purchase, receive, deliver, rent, lease, capture, pay, open accounts, credits, withdraw and deposit with banks. The Board also has the right to issue guarantees for the banks, funds and government financing institutions, and to sign all documents, order bonds, checks, all securities, documents and all banking transactions.

Article (20): Remuneration for Board Members:

- 1- Remuneration of the chairman and 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 the above, this is in accordance with the relevant regulations approved by the General Assembly.
- 2- The Board of Directors’ report to the Ordinary General Assembly shall include a comprehensive statement of all the amounts received by the Directors during the fiscal year in the way of emoluments, expense allowances, and other benefits as well as of all the amounts received by the 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 last General Assembly.

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Article (21): Powers of the Chairman, Vice Chairman, Managing Director, and Board Secretary

1. The Board of Directors shall appoint, at its first meeting, a Chairman and a Vice-Chairman from among its members. He shall appoint an executive managing director and may appoint a CEO, provided that the relevant regulations specify the powers assigned to them and determine their remuneration in accordance with what is stipulated in Article (20) of this bylaw. It is not permissible to combine the position of Chairman of the Board of Directors with any executive position in the company.
2. The Chairman of the Board of Directors and the Managing Director represent the company before the judiciary, arbitration bodies, and third parties, and they may, by written decision, delegate some of their powers to other members of the Board or to third parties in carrying out specific work or works. The Chairman of the Board of Directors and the Managing Director have the right to sign on behalf of the company and implement the Board's decisions.
3. The Board of Directors shall appoint a Board secretary, and the relevant regulations specify the duties of the Secretary and determine his remuneration.
4. The Board may also appoint one or more advisors in the various affairs of the Company, and the Board shall determine their remuneration.
5. 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 meets at the company's head office and may hold its meetings outside the company's headquarters. They may also be held using modern technological means, the Board meeting shall be held at least four (4) times during a fiscal year at least one meeting every three months.
- 2- The Board shall meet by convocation from the Chairman who shall call for a meeting, and whenever requested in writing by a board member and the invitation to the meeting must be sent in advance, documented in the manner deemed appropriate by the Borad, to each member of the Borad at least (5) five days before the date of the meeting, accompanied by the meeting agenda and the necessary documents and information. Unless the situation requires holding the meeting in an emergency, then the invitation to the meeting may be sent accompanied by an agenda. The meeting and the necessary documents and information within a period of less than (5) five days before the date of the meeting.

Article (23): Quorum of the Board Meeting:

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Board meeting shall not have a quorum unless attended by (Half) of its Directors either in person or by way of proxy, provided that (3) three Directors shall at least be present personally, A member of the Borad may represent any of the members on his behalf, and no one else may represent him in attending meetings or voting on its decisions, provided that the representative member does not have more than one delegation.

Article (24): Board Deliberations:

- 1- The deliberations and decisions of the Board of Directors shall be recorded in minutes prepared by the Secretary and signed by the Chairman of the meeting, the members of the Board of Directors present, and the Secretary.
- 2- The minutes are recorded in a special register signed by the Chairman of the Board of Directors and the Secretary.
- 3- Means of technology may be used to obtain signatures, record deliberations and decisions, and prepare meeting minutes.
- 4- The decisions of the Board of Directors shall be issued by a majority of the votes of the members present in person or at least on behalf of them, and in the event of equal votes, the side with which the Chairman of the meeting voted shall prevail.
- 5- The Board of Directors’ decision is effective from the date of its issuance, unless it stipulates that it will take effect at another time or when certain conditions are met.
- 6- The Borad may issue its decisions on urgent matters by presenting them to all members by circulation, unless one of the members requests - in writing - a Council meeting to deliberate on them. Decisions are issued with the approval of the majority of the votes of its members and these decisions are presented at the first subsequent meeting to be recorded in the minutes of that meeting.

Article (25): Agreements and Contracts:

1. The Company has the right - after obtaining the Insurance authority non-objection - to enter into an agreement to manage technical services with one or more companies qualified in the field of insurance according to the regulations issued by the relevant insurance authority.
2. It is not permissible for a member of the Board of Directors to have a direct or indirect interest in the business and contracts carried out on behalf of the company, except with a license from the General Assembly or from the Board of Directors based on the authorization of the General Assembly - renewed every year - allowing him to do so, and he is exempt from that. Businesses and contracts that are carried out meet personal needs

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or are carried out in accordance with public competition. A member of the Board of Directors must inform the Board immediately upon becoming aware of any direct or indirect interest in the business and contracts carried out on behalf of the company, 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, 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. 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, if such works or contracts were carried out Amended 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 object to the decision shall not be liable if their objection is explicitly recorded in the meeting minutes. Absence from the meeting at which the decision is issued shall not exempt the absentee from liability, unless it is established that he was not aware of the decision or was unable to object to it after becoming aware thereof.
8. It is not permissible for a Board member or a member of one of its committees, 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 a prior approval from the Ordinary General Assembly or of the Board through a delegation of the Ordinary General Assembly– to be renewed every year - allowing him to do so.

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Chapter 5

Shareholders' Assemblies:

Article (26): Attending the Assemblies:

- 1- Shareholder 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 directors 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- Every shareholder has the right to attend the General Assembly meeting, and he may delegate someone other than a member of the Board of Directors on his behalf.
- 3- The General Assembly meeting may be held and the shareholder may participate in deliberations and voting on decisions by means of modern technology.

Article (27): Powers of the Ordinary General Assembly:

1. Except for matters falling within the powers of the extraordinary general assembly, the ordinary general assembly shall have the powers necessary over all other company matters, particularly the following:
 - a. Reviewing and discussing the board of directors' report for the ending fiscal year.
 - b. Reviewing the financial statements of the ending fiscal year.
 - c. Reviewing the auditor's report for the ending fiscal year, if any, and making a decision thereon.
 - d. Deciding on board proposals relating to the distribution of dividends, if any.
2. Another ordinary general assembly may be called to meet whenever necessary.

Article (28): Powers of the Extraordinary General Assembly:

1. The extraordinary general assembly shall have the following powers:
 - A. Amending the company's by law, after obtaining a non-objection from the Insurance Authority, with the exception of provisions that are prohibited from being amended by law.
 - B. Deciding on the continuation or dissolution of the company.
 - C. Approving the company's purchase of its shares.
2. Another ordinary general assembly may be called to meet whenever necessary.

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Article (29): Call for Assembly Meetings:

- 1- General and special assemblies shall convene upon a call by the board of directors, in accordance with the conditions stipulated in the company's articles of association. 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 meeting.
- 2- The Competent Authority may call for an ordinary general assembly meeting in the following cases:
 - A) If the period specified for the ordinary general assembly meeting "Within six months following the end of the company's fiscal year" lapses without holding a meeting.
 - B) If it is established that the provisions of this Law or the company's articles of association are violated or that there is a fault in the company's management, including cases in which the number of board members falls 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 paragraph (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.
- 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 of the meeting by registered mail sent to the addresses registered in the shareholders' register, or by an announcement using means of technology; and
 - B. a copy of the invitation and the meeting agenda are sent to the Commercial Register, and to the CMA if the company is listed in the capital market 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.

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D) Meeting agenda, including the items on which shareholders are required to vote.

Article (30): Assemblies Attendance Register:

Shareholders, in person or by proxy, in accordance with the relevant controls and regulations to attend the general or private assembly, register their names at the company's main center before the time specified for the assembly to be held, or through modern technological means in accordance with the relevant controls and regulations.

Article (31): Quorum for the Ordinary General Assembly Meeting:

- 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- If the quorum required for an ordinary general assembly meeting is not satisfied as stipulated in paragraph (1) of this Article, a call shall be made for a second meeting to be held under the same conditions stipulated in Article 91 of this Law within 30 days following the date set for the first meeting. The second meeting may be held one hour after the end of the period set for the first meeting, provided this is permitted by the company's articles of association and the invitation for the first meeting provides for the possibility of holding a second meeting. In all cases, the second meeting shall be deemed valid regardless of the number of voting shares represented therein.

Article (32): Quorum for the Extraordinary General Assembly Meeting:

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. If the quorum required for an extraordinary general assembly meeting is not satisfied as stipulated in paragraph (1) of this Article, a call shall be made for a second meeting to be held under the same conditions stipulated in Article 91 of this Law. The second meeting may be held one hour after the end of the period set for the first meeting, provided that the invitation for the first meeting provides for the possibility of holding a 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, 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 91 of this Law. The

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third meeting shall be deemed valid regardless of the number of voting shares represented therein.

Article (33): Voting in Shareholder Assemblies:

- 1- Shareholders 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.
- 2- Members of the board of directors may not vote on assembly decisions relating to transactions and contracts in which they have direct or indirect interest or which involve a conflict of interest.

Article (34): Resolutions of the Assembly:

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 its articles of association, 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.
3. Decisions of a joint-stock company’s general assembly shall become effective from the date of their issuance, unless this Law, the company’s articles of association, or said decisions stipulate a specific date or condition for their effectiveness.

Article (35): Deliberations at the Assemblies:

Any shareholder may discuss the items included on the agenda of the general assembly and direct related questions to board members and the auditor. Any provision to the contrary in the company’s articles of association shall be deemed null and void. 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.

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Article (36): Preparing Minutes:

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. The minutes shall be recorded after every meeting in a special register and signed by the assembly's chairman and secretary and by the vote counters. The Competent Authority may set rules for the minutes of assembly meetings and the duties of assembly secretaries and vote counters.

Chapter 6

Committees of the Board of Directors:

Article (37): Board Committees:

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

Chapter 7

Auditor:

Article (38): Appointment, Removal, and Resignation of Company 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 partners, general assembly, or shareholders, as the case may be, and he may be re-appointed. The Regulations shall determine the maximum term for an individual auditor or an auditing firm and the partner therein supervising the audit.
2. The partners, general assembly, or shareholders, as the case may be, may remove the auditor, without prejudice to his right to compensation for any damage he incurs, if justified. The manager or 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 five days from the decision date.
3. The auditor may resign pursuant to a written notice submitted to the company. His assignment shall terminate from the date of submitting the resignation notice or at a later date as specified therein, without prejudice to the company's right to compensation for any damage it incurs, if justified. The resigning auditor shall, upon submission of the notice, provide the company and the Competent Authority with the reasons for his

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resignation. The company's manager or board of directors shall call the partners or shareholders to meet or the general assembly to be held, as the case may be, to review said reasons and appoint another auditor.

Article (39): Powers of the Auditor:

The Auditor shall have access at all times to the Company's books, records and any other documents, 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 submit a request thereto to call for a meeting of the partners, shareholders, or general assembly, as the case may be, to review the matter. If the manager or board of directors fails to call for a meeting within 30 days from the date of the auditor's request, the auditor himself may call for a meeting.

Article (40): Auditor Obligations:

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 regarding enabling him to obtain the data and notes he requests and what he may have not covered in violation of the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations, by-laws, statutes and other relevant instructions and his opinion In the fairness of the Company's financial statements. The Auditor shall read his report in the General Assembly. If the Assembly decides to approve the report of the Board of Directors and the financial statements without hearing the auditor's report, its Resolution shall be null and void.

Chapter 8

Company Accounts and Dividend Distribution:

Article (41): 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 incorporation of the Company and ends on (31) December of the following year.

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Article (42): Accounting Records and Financial Statements

1. At the end of each fiscal year, the Board of Directors shall prepare the financial statements (the financial statements consist of the statement of insurance operations and shareholders operations, statement of insurance operations surplus (deficit), statement of shareholders' income, statement of shareholders' equity, statement of insurance operations' cash flow and the statement of shareholders' cash equity). The Board shall also prepare 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.
3. The Chairman of the Board of Directors must provide the shareholders with the company's financial statements, the Board of Directors' report after signing them, and the auditors' report, unless published in any modern technology means, at (21) before the date of the annual ordinary general assembly, and he must deposit these documents as specified by the regulations.
4. A company shall maintain accounting records and supporting documents relating to its activities, contracts, and financial statements at the company's headquarters or as determined by the company.

Article (43): 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 separately set for earned premiums, reinsurance commissions and other commissions.
2. An account shall be separately set 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

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operational expenses, and the necessary technical allocations shall be determined according to the regulations governing such matter.

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 paragraph (3) above, or deducted therefrom.

5. Distributing the net surplus, and should be 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 (44): Zakat and Reserve:

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 other reserves to the extent that serves the interest of the Company or ensures the distribution of fixed profits as possible to the Shareholders. Said assembly may allocate amounts from the net profit for social objectives that benefit the company's staff.
4. The General Assembly determines the percentage that must be distributed to shareholders from the net profits after deducting reserves, if any.

Article (45): Dividend distribution and entitlement:

1. The Board of Directors shall implement the Resolution of the General Assembly regarding the distribution of profits to the registered shareholders within 15 days from

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the date of entitlement of these profits specified in the Resolution of the General Assembly, or in the Resolution of the Board of Directors to distribute interim dividends.

2. The Company may distribute interim dividends to its shareholders semi-annually or quarterly after fulfilling the following requirements:
 - A. That the Ordinary General Assembly shall authorize the Board to distribute interim dividends according to a resolution to be renewed annually.
 - B. The Company shall be of good and regular profitability.
 - C. The Company shall have reasonable liquidity and can reasonably expect the level of its profits
 - D. That the Company shall have distributable profits according to the latest audited financial statements, sufficient to cover the profits proposed to be distributed, after deducting the distributed and capitalized profits after the date of these financial statements.
3. The Board of Directors shall include in its annual Resolution submitted to the Company's General Assembly the percentages of profits that were distributed to shareholders during the various periods of the fiscal year in addition to the percentage of profits proposed to be distributed at the end of the fiscal year and the total of these profits.
4. The distribution of profits shall be registered on the account of retained earnings accumulated from previous years or the agreed reserves, or both, and the Company shall take into account the sequence and regularity in the manner of ratios and distribution of profits according to the capabilities and liquidity available to the Company. The Board of Directors shall disclose and announce the percentages of the regular periodic profits that are decided to be distributed to shareholders on time.
5. The company when decide the Resolution to distribute interim profits, the Company is obligated to immediately disclose and announce such profits, and to provide the Capital Market Authority with a copy thereof upon its issuance.
6. 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 at the end of the specified due day. The Board of Directors must implement the General Assembly's decision regarding the distribution of profits to shareholders. The Company shall inform the Capital Market Authority without delay of any Resolutions to distribute profits or recommend

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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 insurance authority.

Article (46): Company losses:

If the Company's losses reach half of the issued 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

Disputes:

Article (47): The Company's Liability:

The Company shall be responsible for 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 jurisdiction of the Board.

Article (48): Responsibility of Board Members:

1. The members of the Board of Directors shall be jointly and severally liable for any damage incurred by the company, partners, shareholders, or third parties resulting from the violation of the provisions of the Law on the Supervision of Cooperative Insurance Companies and its Implementing Regulations and the other relevant laws, every condition requiring otherwise shall be deemed null and void. The 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

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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 on discharging the members of the Board of Directors
3. Except for cases of forgery and fraud, a derivative action shall not be heard upon the lapse of five years from the end of the fiscal year in which the act resulting in damage was committed, or upon the lapse of three years from the end of the board member's term of membership, 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 default 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 competent judicial authority may, at the request of a 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.

Chapter 10

Liquidation of the Company:

Article (49): Dissolution of the Company:

- 1- Upon termination, a company shall enter into liquidation in accordance with the provisions of this Law. The general assembly, or shareholders shall initiate liquidation proceedings and the company shall retain its legal personality to the extent necessary for liquidation.
- 2- If a company is terminated for any of the reasons stipulated in this Law, the company's partners, shareholders, managers, or board of directors, as the case may be, must prepare the statement referred to in Article 242(1) of this Law, unless such statement was prepared prior to the company's termination and the date on which it was prepared does not exceed 30 days.

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- 3- 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.
- 4- Optional liquidation may only be adopted by the Partners or General Assembly.
- 5- The liquidation resolution shall appoint 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.
- 6- The authority of the company's board of directors ends with its dissolution. However, they remain in charge of the company's management and are considered, in relation to others, to be liquidators until the liquidator is appointed. During the liquidation period, the company's agencies will retain their powers that do not conflict with the powers of the liquidator. In liquidation, care must be taken to preserve the subscribers' right to the surplus of insurance operations and the reserves formed. As stipulated in Articles (44) and (45) of this law.

Chapter 11

Concluding Provisions:

Article (50): Company Governing Law:

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

Article (51): Publication of Articles:

These Articles shall be filed and published in accordance with the provisions of the Companies Regulations and its implementing rules.

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