



Corporate Governance Policy

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Chapter 1: Preliminary Provisions

1-1 Preamble

- a. This Policy sets out the rules and standards for managing Company in order to ensure its compliance with best governance practices that would ensure the protection of shareholders' rights as well as the rights of stakeholders .
- b. This Policy determines the requirements of the following laws and regulations :
 1. The Law of Supervision of Cooperative Insurance Companies and its Executive Regulations promulgated by Royal Decree No. (M/ 32) dated 06/02/1424H .
 2. The Companies Law issued by the Ministry of Commerce for the year (2015).
 3. The Corporate Governance Regulation in the Kingdom of Saudi Arabia and the Listing Rules issued by the Board of the Capital Market Authority (CMA).
 4. The Insurance Corporate Governance Regulations issued by the Saudi Arabian Monetary Authority (SAMA) on (10/22/2015) .
 5. The Audit Committee Regulation in Insurance and/ or Reinsurance Companies issued by the SAMA on (10/22/2015) .
 6. The Company's Articles of Association .
- c. The Board of Directors has the right to review, amend or add to this Policy whenever it deems it necessary within the framework of the relevant regulations and instructions .
- d. The information provided in the Preamble of this Policy shall be considered an integral part and supplementary hereto .

1-2 Definitions

For the purpose of implementing this Policy, the following words, expressions and terms shall have the meaning indicated opposite each of them, unless the context of the text otherwise requires .

SAMA :

Saudi Arabian Monetary Authority (SAMA) .

CMA :

The Capital Market Authority .

Board of Directors (the Board) :

The Board of Directors of the Company for Cooperative Insurance (Tawuniya) .

Chairman of the Board (Chairman) :

Non-executive Board Member elected by the Board to preside over its meetings and organize its activities .

Chief Executive Officer (CEO) :

The highest-ranked executive officer of the Company, who is in charge of its daily management .

Company :

The Company for Cooperative Insurance .

Related company :

Any company (or company from a group of companies that SAMA may consider as one unit) owns five percent or more of the Company's capital, or the company that the Company for Cooperative Insurance (alone or in partnership with a group of companies that SAMA may consider as one unit) owns five percent or more of its capital .

Related Parties :

- a. Substantial shareholders of the Company .
- b. Board members of the Company or any of its affiliates and their relatives .
- c. Senior executives of the Company or any of its affiliates and their relatives .
- d. Board members and Senior Executives of the Substantial Shareholders of the Company .
- e. Entities, other than companies, owned by a Board member or any Senior Executive or their relatives .
- f. Companies in which a Board member or a Senior Executives or any of their relatives is a partner .
- g. Companies in which any Board member or a Senior Executives or any of their relatives is a member of its Board of directors or is one of its Senior Executives .
- h. Joint stock companies in which a member of the Board or a senior executive or any of their relatives owns (5%) or more, subject to the provisions of paragraph (D) of this definition .
- i. Companies in which a Board member or a Senior Executive or any of their relatives has influence on their decisions even if only by giving advice or guidance .
- j. Any person whose advice and guidance influence the decisions of the Company, the Board members and the Senior Executives .
- k. Holding companies or affiliates of the Company .

Advice or guidance that is provided on a professional basis by a person licensed to provide such advice shall be excluded from the provisions of paragraphs (i) and (j) of this definition .

Related Persons :

Family members including father, mother, husband, spouse, son and daughter, or those with

whom a business relationship that could potentially influence decision-making, and any of the establishments in which a Board member owns more than five percent .

Shareholders Assembly :

An assembly consisting of the shareholders in the Company formed in accordance with the provisions of the Companies Law and the Company's Articles of Association .

Significant Shareholders :

Natural or legal persons who control, directly or indirectly, alone or in association with others, five percent or more of the Company's shareholding .

Executive Board Member :

A Board member who is a member of the executive management of the Company and participates in the day-to-day management of the Company and does receive a monthly salary in return .

Non-executive Board Member :

A Board member who provides opinion and technical advice and does not participate in any way in managing the Company and following up on its daily business and does not receive a monthly or annual salary .

Independent Member :

A Board member who is independent in judgment and character, i.e. the member is completely independent of management and the Company. Independence means having the ability to judge matters after taking into account all relevant information without any influence from management or from outside parties .

The independence of a Board member is not achieved in the following cases, for example :

- a. Being a significant shareholder or owner of five percent or more of the Company's shares or those of another Company from its group or in a Related Company, or representing a significant shareholder or work for him, or to have a kinship relationship with those who own this percentage .
- b. Being a representative of a legal person who owns five percent or more of the Company's shares or those of another Company from its group .
- c. Being a Board member of a Related Company or any of its subsidiary companies, so that he has held such a position during the last two years .
- d. Being a member of the Board of the Company for more than nine (9) years .

- e. Holding a Senior Management position in the Company, or in the management of a Related Company or with a significant shareholder, or having held a position therein during the last two years .
- f. Being an employee with the Company, with a Related Company, or with a Company that provides services to the Company (e.g. external auditors, suppliers, consulting firms, etc.) or has previously worked for one of these parties or has control shares with any of those parties during the last two years .
- g. Being a Related Person of a member of the Board or Senior Management of the Company or of a Related Company .
- h. Being under any financial obligation towards the Company or any members of its Board or Senior Management that might limit the exercise of independence on judgment and decision making .
- i. To participate in a business that would compete with the Company's, or to trade in one of the branches of the activity that the Company is transacting .
- j. Being a Related Person of a member of the Senior Executives of the Company or another Company of its group .
- k. Being a Related Person of any of the member of the Board of the Company or another Company of its group .
- l. Being a member of the Board of another Company from the group of the Company who is elected for membership in its Board of Directors .
- m. Having a direct or indirect interest in the business and contracts that are made for the Company's account, except for the work and contracts that are concluded with a Board member to meet his personal needs if these works and contracts are carried out in the same situations and conditions that the Company follows with all contractors and dealers and were within the Company's usual business activity, unless the Nominating Committee considers otherwise .
- n. Receiving money from the Company in addition to the remuneration of the membership of the Board or any of the committees exceeding (200,000) riyals or more than 50% of the remuneration in the previous year that he received in return for membership of the Board or any of the committees, whichever is less, or having a contractual or business relationship with the Company (either directly or through an entity that is Significant Shareholder, a Board member, or a manager therein) which resulted in paying to, or receiving from, the Company the equivalent of (250,000) Saudi riyal or more (other than the amounts related to insurance contracts and remuneration the Board member deserves in return for his membership in the Board of Directors) during the last two years .

Senior management (Company management) :

It includes the Managing Director and the Chief Executive Officer (CEO), the General Manager and his deputies, the Chief Financial Officer (CFO), the manager of key departments, those responsible for the Risk Management, internal Audit and Compliance functions in the Company and their equivalents as well those occupying any of the positions specified by the SAMA .

Leading Positions :

Includes the membership of the Board of Directors and senior management .

Stakeholders :

The persons or parties who have an interest in the business transacted by the Company, including shareholders, the Insureds, claimants, creditors, suppliers, the Company employees, reinsurers, as well as the regulatory and supervisory authorities .

Relatives :

- Fathers, mothers, grandfathers and grandmothers (and their ancestors) .
- Husbands and wives .
- Children and grandchildren and their descendants .
- Siblings, maternal and paternal half-siblings and their children .

Minority shareholders :

Shareholders who represent a category that does not control the Company and cannot influence it .

Controlling Interest :

The ability to influence actions or decisions of another person directly, indirectly, individually or collectively with a relative or an affiliate through: (A) owning %30 or more of the voting rights in a company, (B) having the right to appoint %30 or more of the administrative team members .

1-3 General Provisions**1- Accountability**

- a. To ensure that the interests of shareholders and stakeholders are promoted and taken into consideration, the Board of Directors has the right to question the senior management, and the shareholders have the right to question the Board and other stakeholders through relevant internal regulations and policies .
- b. The ultimate responsibility for the performance, behavior, and regulatory compliance of the Company rests with the Board of Directors. Delegating powers to Board committees or senior management does not exempt the Board from any of its responsibilities. The Board is also responsible for the performance of other parties that are contracted to perform tasks or manage certain functions, and in all cases, the Board of Directors may not issue a general or unspecified period general authorization (mandate) .

2) Fitness and Fit Persons

- a. The members of the Board of Directors, members of its committees and members of senior management have the trust, integrity, competence, knowledge and experience necessary to perform their own roles, and they must adhere to all rules, regulations and instructions issued by SAMA at all times, especially the requirements for appointment to leading positions in the financial institutions under the immediate supervision of SAMA .

- b. All appointments to leading positions, including members of the Board of Directors and members of its committees, shall be made in accordance with the requirements for appointment to leading positions in the financial institutions issued by SAMA .
- c. The Company's approved Nomination and Remuneration Policy includes the strict formal standards and procedures for monitoring and evaluating the suitability and fitness of the members of the Board of Directors, Board committees and members of the senior management on an ongoing basis. SAMA shall also be informed of any information or circumstances that may affect the evaluation of the suitability and fitness of these persons during a period of time not exceeding three (3) working days from the date of obtaining that information or from the occurrence of any change .

3) Independence

1. There must be a high level of independence in decision-making at the Company level, which can be achieved, for example, by separating the duties of the Board and management, enhancing the independence of control functions and avoiding the various risks of conflicts of interest .
2. The Board of Directors may avail of the services of independent external parties in ensuring the adequacy and effectiveness of the Company's corporate governance structure and procedures and in other technical aspects where the Board does not have good knowledge and experience .

Chapter 2 : Rights of Shareholders and the General Assembly

1-2 General Rights of Shareholders :

All rights related to shares shall be guaranteed to the shareholder, and particularly the right to obtain his/ her portion of the net profits which are to be distributed ; to obtain his/ her share of the Company's assets upon liquidation ; to attend the General or Special Shareholders Assemblies, take part in their deliberations and vote on their decisions ; to dispose of his/ her shares ; to monitor the performance of the Company and the activities of the Board ; to enquire and request information without prejudice to the interests of the Company or breach of the with the Capital Market Law and its implementing regulations, the Companies Law issued by the Ministry of Commerce and the Corporate Governance Regulations issued by SAMA.

2-2 Fair Treatment of shareholders

- a) The Board is obliged to seek shareholders' rights protection to ensure fairness and equality among them .
- a. The Board and the Executive Management of the Company is obliged not to discriminate among shareholders who own the same class of shares nor prevent them from accessing any of their rights .
- b. The Company shall specify in its internal policies the procedures that are necessary to guarantee that all shareholders exercise their rights .

2-3 Rights Related to Shares

All rights related to shares shall be guaranteed to the shareholder, and particularly the following:

- 1) to obtain his/ her portion of the net profits which are to be distributed in cash or through the issuance of shares ;
- 2) to obtain his/ her share of the Company's assets upon liquidation ;
- 3) to attend the General or Special Shareholders Assemblies, take part in their deliberations and vote on their decisions ;
- 4) to dispose of his/ her shares in accordance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations ;
- 5) to enquire and request viewing the books and documents of the Company, including the data and information related to the activities of the Company and its operational and investment strategy without prejudice to the interests of the Company or breach of the Companies Law and the Capital Market Law and their implementing regulations ;
- 6) to monitor the performance of the Company and the activities of the Board ;
- 7) to hold Board members accountable, to file liability lawsuits against them and appeal for nullification of the resolutions of the General and Special Shareholders Assemblies in accordance with the conditions and restrictions provided in the Companies Law and the bylaws of the Company and its Articles of Association ;
- 8) preemptive rights to subscribe for new shares issued in exchange for cash unless otherwise specified in the Company's bylaws or when the Extraordinary General Assembly suspends the pre-emptive rights as per Article (140) of the Company's Law ;
- 9) to record his/ her name in the Company's shareholders register ;
- 10) to request to view a copy of the Company's Articles of Association and bylaws unless the Company publishes them on its website ; and
- 11) to nominate and elect the Board members .

2-4 Facilitating Shareholders' to Exercise their Rights and Access to Information

- a) The Company's Articles of Association and internal regulations shall include the necessary procedures to ensure that all shareholders exercise their statutory rights .
- b) The Company shall make available to the shareholders complete, clear, and accurate and no misleading information to enable them to properly exercise their rights. Such information shall be provided at the proper times and shall be updated regularly. The Company must use the most effective means of communication with shareholders and provide clear and detailed information to the shareholders and shall include a list of the Company's information that the shareholders may obtain. This information shall be made available to all shareholders of the same category. No distinction may be made between shareholders in the provision of information.

2-5 Communicating with Shareholders

- a) The Board shall ensure communication between the Company and the shareholders based on the common understanding of the strategic objectives and interests of the Company .
- b) The chairman of the Board and the Chief Executive Officer shall inform the remaining Board members of the opinions of the shareholders and discuss these opinions with them .

- c) No shareholder may intervene in the operations of the Board or the work of the Executive Management of the Company unless he/ she is a member of its Board or its management team; or unless his/ her intervention is through the Ordinary General Assembly according to its powers or within the limits and situations permitted by the Board .

2-6 Shareholders Rights Related to the General Assembly Meeting

- a) The General Assembly shall be held at least once a year during the six months following the end of the Company's financial year .
- b) The General Assembly shall convene at the invitation of the Board of Directors. The Board must call the General Assembly to a meeting if the auditor or the Audit Committee requests this or a number of shareholders whose ownership represents (5%) of the capital at least, and the auditor may invite the assembly to convene if the Board does not invite it within thirty days from the date of request by the auditor .
- c) The invitation and the assembly agenda shall be announced in a daily newspaper distributed in the area in which the Company's Head Office is located at least twenty-one days before the date set for the meeting. A copy of the invitation and agenda shall be sent to the Ministry of Commerce, and a copy shall also be sent to CMA. Nevertheless, it is permissible to address the invitation at the aforementioned time to all shareholders by registered mail. A copy of the invitation and the agenda is sent to CMA within the specified period for publication .
- d) The Company may amend the agenda of the General Assembly during the period between the publication of the announcement referred to in paragraph (c) of this Article and the date of the General Assembly meeting, provided that the Company announces that in accordance with the conditions stipulated in paragraph (c) of this Article .
- e) Shareholders shall have the opportunity to actively participate and vote on its decisions by means of modern technology, according to the controls set by CMA and the General Assembly of the shareholders, and they are also informed of the rules governing these meetings and voting procedures .
- f) Ensure that the largest number of shareholders attend the General Assembly meeting, by choosing the appropriate venue and time .
- g) The Company must verify that the data of the shareholders wishing to attend the Company's Head Office are recorded before the time set for the meeting .
- h) The Board shall take into consideration the topics that the shareholders wish to include when preparing the agenda of the General Assembly meeting. Shareholders who own at least 5% of the Company's shares may add one or more topics to the agenda of the General Assembly when preparing it .
- i) The shareholders have the right to discuss the topics on the agenda of the General Assembly and direct questions about them to the Board members and the chartered accountant (external auditor). The Board or the external auditor must answer the shareholders ' questions to the extent that they do not compromise the interest of the Company .
- j) The topics presented to the General Assembly shall be accompanied by sufficient information that enables the shareholders to take their decisions .
- k) The Company shall announce the results of the General Assembly upon its completion on the capital market website (Tadawul). CMA shall be provided with the minutes of the meeting within 10 days of the meeting date .

- 1) By a decision of the CMA, the Ordinary General Assembly may be called to convene in the following cases :
 - 1- If the period specified for convening (during the six months following the end of the Company's financial year) expires without convening it .
 - 2- If the number of members of the Board of Directors falls below the minimum validity of its meeting .
 - 3- If it was found that there were violations of the provisions of the law or the Company's Articles of Association, or a defect in the Company's management.
 - 4- If the Board does not invite the General Assembly to convene within fifteen days from the date of the request of the auditor, the Audit Committee, or a number of shareholders representing at least 5% of the capital.
- m) A number of shareholders representing (2%) of the capital at least may submit a request to the Financial Market Authority to call the Ordinary General Assembly to convene, if any of the cases stipulated in Paragraph (L) above are met, and the Financial Market Authority must call for a meeting during Thirty days from the date of submitting the shareholders 'request, provided that the invitation includes a schedule of the association's work and the items required to be approved by the shareholders.

2-7 Competencies of the Extraordinary General Assembly

- 1) amending the Company's bylaws, except for amendments which are deemed null and void pursuant to the provisions of the Companies Law ;
- 2) increasing the Company's share capital in accordance with the situations provided by the Companies Law and Its Implementing Regulations ;
- 3) decreasing the Company's share capital if it exceeds the Company's needs or in the event the Company incurs financial losses, in accordance with the situations provided by the Companies Law and Its Implementing Regulations ;
- 4) resolving to form a consensual reserve for the Company as provided for in its Articles of Association to be set aside for a specific purpose, and the disposal thereof ;
- 5) resolving to maintain or liquidate the Company before the end of the term specified in its Articles of Association ;
- 6) approving the Company's shares buy-back ;
- 7) issuing preferred shares or approving their buying, or converting ordinary shares into preferred shares or converting preferred shares into ordinary shares as per the Company's Articles of Association and the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies ;
- 8) issuing debt instruments or financing deeds convertible into shares, and stating the maximum number of shares that may be issued against these instruments or deeds ;
- 9) allocate Shares that are issued upon the capital increase or part of them for the employees of the Company, and its affiliates or some of them, or any of them;
- 10) suspending preemptive rights of shareholders in subscribing for the capital increase in exchange for cash or giving priority to non-shareholders in cases as deemed in the interest of the Company if so is provided for in the Company's Articles of Association ; and
- 11) The Extraordinary General Assembly may issue resolutions that fall within the powers of the Ordinary General Assembly, provided that such resolutions are issued in

Quorum of the Extraordinary General Assembly Meeting

- 1- The meeting of the Extraordinary General Assembly is not valid unless attended by shareholders representing at least (half) of the Company's capital .
- 2- If the quorum required holding an extraordinary General Assembly meeting in accordance with paragraph (1) of this Article is not met, an invitation is issued for a second meeting, in the same conditions stipulated in Article (30) of this bylaw. The second meeting may be held one hour after the end of the period specified for the first meeting, provided that the invitation to hold the first meeting includes evidence indicating the possibility of holding this meeting, and in all cases the second meeting will be valid if attended by a number of shareholders representing at least (a quarter) of the capital .
- 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) of this bylaw, and the third meeting will be valid regardless of the number of shares represented in it, after the approval of the Capital Market Authority .

2-8 Competencies the Ordinary General Assembly

Except for the competencies reserved to the Extraordinary General Assembly, the Ordinary General Assembly shall have competencies in all affairs of the Company, and particularly the following :

- 1) appointing and dismissing Board members ;
 - 2) permitting a Board member to have direct or indirect interest in the business and contracts that are executed for the Company's account, in compliance with the provisions of the Companies Law and Its Implementing Regulations ;
 - 3) permitting a Board member to take part in any activities that may lead to competition with the Company, or competition in any of its activities, in compliance with the provisions of the Companies Law and its Implementing Regulations, provided that such permit must be renewed each year in which the Board member is allowed to perform that activity ;
 - 4) monitoring the compliance of the Board members with the provisions of the Companies Law and Its Implementing Regulations and other relevant laws and the Company's bylaws; inspecting any damage that may occur as a result of their violation of such provisions or mismanagement of the affairs of the Company and determine the liability resulting therefrom and undertaking the procedures it deems proper in this regard pursuant to the Companies Law and Its Implementing Regulations ;
 - 5) forming the Audit Committee pursuant to the provisions of the Companies Law and Its Implementing Regulations ;
 - 6) approving the Company's financial statement ;
 - 7) approving the Board report ;
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- 8) deciding on the proposals of the Board with respect to the method of distributing the net profits ;

- 9) appointing the external auditors of the Company, specifying their remunerations, reappointing them, replacing them and approving their reports ;
- 10) looking into the violations and errors committed by the external auditors of the Company when performing their duties and any difficulties, reported by the Company's external auditors, regarding their empowerment by the Company's Board or Management to review the books, records and other documents, statements and clarifications required to perform their duties, and respond to that as it deems appropriate in this regard ;
- 11) resolving to withhold from setting aside statutory reserve when it reaches an amount equal to (100%) of the Company's paid share capital, and resolving to distribute the surplus of such percentage to the Company's shareholders in financial years where the Company does not generate net profits ;
- 12) using the Company's consensual reserve, if such has not been set aside for a specific purpose, provided that using such reserve shall be based on a proposal submitted by the Board and used in ways that benefit the Company or the shareholders ;
- 13) forming other reserves besides the statutory reserve and consensual reserve and disposal of the same ;
- 14) setting aside amounts from the Company's net profits to set up social organizations for the benefit of the Company's employees or to assist any such existing establishments in accordance with Article (129) of the Companies Law ;
- 15) approving the sale of more than (50%) of the assets of the Company, whether in one or several transactions within a period of 12 months from the date of the first selling transaction. In case selling these assets includes what falls within the powers of the Extraordinary General Assembly, the approval of the said Assembly is required ; and
- 16) authorizing the Board to license the business and contracts that are performed in the account of the Company in which a Board member has a direct or indirect interest .

Quorum of the Ordinary General Assembly Meeting

- 1- The meeting of the Ordinary General Assembly is not valid unless attended by shareholders representing at least (a quarter) of the Company's capital .
- 2- If the quorum required holding an ordinary General Assembly meeting in accordance with paragraph (1) of this Article is not met, an invitation is issued for a second meeting, in the same conditions stipulated in Article (30) of this bylaw. The second meeting may be held one hour after the end of the period specified for the first meeting, provided that the invitation to hold the first meeting includes evidence indicating the possibility of holding this meeting, and in all cases the second meeting will be valid regardless of the number of shares represented in it

2-9 Granting Authorization to Business and Contracts

- 1) Authorizing the General Assembly to grant an authorization in respect of business and contracts to the Board :
 - a) The Ordinary General Assembly has the right to delegate the powers of granting authorization mentioned in Paragraph (1) of Article (71) of the Companies Law to the Board, provided that the delegation should be in accordance with the following conditions :

- The total amount of the business or contract, or the total business and contracts during the financial year shall be less than 1% of the Company's revenues according to the latest audited financial statements, provided that it is less than ten (10) million Saudi Riyals .
 - That the business or contract falls within the Company's usual activities .
 - That the business or contract does not include preferential conditions for a Board member, and that they are in the same conditions and conditions that the Company follows with the general dealers and contractors .
 - That the business or contract is not part of the consulting business and contracts performed by a Board member under a professional license for the benefit of the Company .
- b) A member of the Board of Directors shall be responsible for calculating the transactions mentioned in subparagraph (1) of Paragraph (a) in which he she has a direct or indirect interest during one financial year .
 - c) The period of delegation shall be a maximum of one year from the date of approval by the Ordinary General Assembly to delegate its powers mentioned in Paragraph (1) of Article (71) of the Companies Law to the Company's Board of Directors or until the end of the term of the delegated Board, whichever is earlier .
 - d) It shall be prohibited for any Board member to vote on the two articles of delegation and cancelling the delegation in the Ordinary General Assembly .
 - e) The Ordinary General Assembly has the right to add other conditions to the conditions mentioned in this Article, provided that these conditions are included in the conflict of interest policy referred to in Article (43) of the Corporate Governance Regulations .

2) Granting of an authorization for business and contracts by the General Assembly :

In the event that the Ordinary General Assembly does not delegate the powers for granting the authorization mentioned in Paragraph (a), or in the event that the conditions for granting the authorization do not apply, the authorization shall be obtained from the Ordinary General Assembly in respect of the business and contracts that are made for the Company's account, and a Board member has a direct or indirect interest therein .

Indirect interest : An indirect interest is considered if the business and contracts that are carried out for the Company's account can achieve financial or non-financial benefits for the following categories, for instance, but not limited to :

- a) relatives of a Board member .
- b) for a joint venture, a partnership in commendam, or limited liability company in which any of the Board members or their relatives are a partner or one of its managers .
- c) for a joint stock company in which a Board member or any of his/ her relatives are separated or collectively owning 5% or more of its total ordinary shares .
- d) for a non-corporate enterprise in which a Board member or one of his / her relatives owns or manages it .

- e) for an enterprise or company in which a Board member or any of his/ her relatives is a member of its Board of Directors or one of its senior executives, with the exception of the Company's affiliates .
 - f) a legal person represented by a Board member .
- 3) Refusal to grant an authorization :
- a) If the Board refuses to grant the authorization, the Board member must submit his/ her resignation within a period specified by the Board, otherwise his membership in the Board expires, unless he decides to abandon the contract or deal or reconcile his positions before the deadline set by the Board has passed .
 - b) If the General Assembly refuses to grant the authorization, the Board member must submit his resignation within a period set by the General Assembly, otherwise his membership in the Board expires, unless he decides to renounce the contract, deal or adjust his position before the deadline set by the General Assembly has passed .

2-10 Management of the Shareholders' Assembly

- a) The Shareholders' General Assembly meetings shall be chaired by the chairman, his deputy (if the chairman is absent) or who is delegated by the Board of directors of its members (when the chairman and his deputy are absent) .
- b) The chairman of the Shareholders' Assembly shall commit to grant the shareholders the opportunity to effectively participate and vote in the meetings of the General Assembly, and avoid any procedure that may preventing their attendance to the assemblies or the exercise of the voting right. Shareholders shall be informed of the rules governing such meetings and the voting procedures .
- c) Shareholders are entitled to discuss matters listed in the agenda of the General Assembly and raise relevant questions to the Board members and to the external auditor. The Board or the external auditor shall answer the questions raised by shareholders to the extent that does not jeopardize the Company's interest .
- d) Shareholders shall be granted access to the minutes of the General Assembly meeting ; and the Company shall provide CMA with a copy of such minutes within (10) days of the date of any such meeting .
- e) The Company shall announce to the public and inform the CMA and Tadawul, as per the rules prescribed by the CMA, of the results of a General Assembly meeting immediately following its conclusion .

2-11 Voting Rights

- a) Voting is a basic shareholder right that cannot be canceled in any way. The Company will avoid setting any procedure that may impede the use of the right to vote, and the shareholder's exercise of his right to vote is facilitated and made easy .
- b) The cumulative voting method should be followed when voting for selecting the Board members in the General Assembly meeting.
- c) A shareholder may delegate - in writing - another shareholder who is not a Board member and who is not an employee of the Company to attend the General Assembly meeting .

2-12 Election of the Board Members

- a) The Company shall announce on Tadawul website information about candidates for the Board membership when publishing or calling for a General Assembly meeting, provided that this information includes a description of the candidates' experience, qualifications, skills, jobs and previous and current memberships, and the Company must provide a copy of this information in its Head Office and website .
- b) The cumulative voting must be used in the election of the Board members, so that the share voting right may not be used more than once .
- c) Voting in the General Assembly is limited to candidates for membership of the Board of directors whose information has been announced by the Company in accordance with paragraph (a) of this article .

2-13 Shareholders' Equity in Dividends

- a) The Board shall set a clear policy regarding the distribution of dividends in a manner that serves the interests of the shareholders and the Company. Shareholders are informed of this policy in the General Assembly meeting and referred to in the Board of Directors report .
- b) The General Assembly approves the proposed dividends and the date of distribution. Eligibility for profits, whether in cash dividends or bonus shares, is for shareholders registered in the records of the Securities Depository Center at the end of trading on the day of the General Assembly .

Chapter : Disclosure and Transparency

Commitment to implement the policies and procedures set by the Board regarding disclosure, to achieve the principle of fairness in providing appropriate information to investors and other stakeholders in accordance with the statutory requirements as follows :

3-1 Disclosure in the Board Report

a) Policies and Procedure of Disclosure

Without prejudice to the Listing Rules, the Board shall set forth in writing the policies, procedures and supervisory rules related to disclosure pursuant to the disclosure requirements provided for in the Companies Law and the Capital Market Law, as the case may be, and their implementing regulations, taking into consideration the following :

- 1) such policies shall include proper disclosure methods that enable the shareholders and other Stakeholders to access the financial and non-financial information pertaining to the Company's performance and information in respect of ownership of shares, and to obtain a comprehensive view of the Company's position ;
- 2) disclosure to shareholders and investors shall be made without discrimination in a clear, correct and non-misleading fashion, and in a timely, regular and accurate manner in order to enable shareholders and other Stakeholders to exercise their rights to the fullest extent ;
- 3) reporting rules shall be established and shall describe the information required to be disclosed and the method of its classification in terms of its nature, and the frequency of its disclosure ;
and

4) the disclosure policies shall be reviewed periodically and their compliance with the best practices and the provisions of the Capital Market Law and its implementing rules shall be verified .

b) The Board's Report

Taking into account the provisions of the registration and listing rules in the CMA's regulations regarding the contents of the Board's report, which is attached to the Company's annual financial statements, the report of the Board of Directors must contain the following :

- 1- Providing the shareholders during the General Assembly meeting with a report that includes a comprehensive and objective assessment of the Company's position and performance at least annually, provided that it includes :
 - a. an analytical review of the Company's financial performance during the last period .
 - b. The most important plans and decisions taken and their impact on the performance and position of the Company ;
 - a. a clarification of any material differences in the operational results compared to the preceding year's results, along with any expectations announced by the Company ;
 - b. evaluating the Company's strategy and position from the financial point of view .
 - c. a description of the main scope of business of the Company and its affiliates. If there are two or more, a statement showing each activity and how it affects the Company businesses and results shall be attached ;
 - d. name of each affiliate company, its capital, the company's ownership percentage, the main scope of business, country of operation and country of incorporation .
 - e. details of shares and debt instruments issued for each affiliate company .
 - f. a descriptions of the dividends distribution policy ;
 - g. a description of any interest in a class of voting shares held by persons (other than the Company's directors, Senior Executives and their relatives) who have notified the Company of their holdings pursuant to Article 45 of Listing Rules, together with any change to such interests during the last fiscal year ;
 - h. names of the companies inside and outside the Kingdom in which a Board member is a member of their current or previous Board member or manager ;
 - i. a description of any interest, contractual securities or rights issue of the Board members, Senior Executives and their relatives on shares or debt instruments of the company or its affiliates, and any change on these interest or rights during the last fiscal year ;
 - j. information on any loans (payable upon request or not), a statement of the total indebtedness of the company and its affiliates, any amounts paid by the company in repayments of loans during the year, the amount of the principal debts, the creditor name, the loan term and remaining amount. In case there is no debts, a declaration thereof shall be presented :
 - k. a description of the class and number of any convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the Company during the fiscal year, as well as stating any compensation obtained by the Company in this regard ;
 - l. a description of any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the company ;.

- m. description of any redemption, purchase or cancellation by the Company of any redeemable debt instruments and the value of such securities outstanding, distinguishing between those listed securities purchased by the company and those purchased by its affiliates ;
- n. numbers of Company's requests of shareholders records, dates and reasons thereof ;
- o. where applicable, the means used by the Board to assess its performance, the performance of its committees and members and the external body which conducted the assessment and its relation with the Company, if any ;
- p. procedure taken to the Board to inform its members , Non-Executive Directors in particular, of the shareholders' suggestions and remarks on the Company and its performance ;
- q. any punishment, penalty, precautionary procedure or preventive measure imposed on the Company by the CMA or any other supervisory, regulatory or judiciary authority, describing the reasons for non-compliance, the imposing authority and the measures undertaken to remedy and avoid such non-compliance in the future ;
- r. any punishment, penalty, precautionary procedure or preventive measure imposed on any of the Board members by any other supervisory, regulatory or judiciary authority, which is related to the Company ;
- s. the Audit Committee's recommendation on the need for appointing an internal auditor for the Company, if there is no internal auditor ;
- t. valuating the risks facing the Company and how to monitor these risks ;
- u. a summary in a form of table or graph showing the company's assets, liabilities and results of the last five fiscal year or since the incorporation date, whichever is shorter ;
- v. any inconsistency with the standards approved by the Saudi Organization for Certified Public Accountant ;
- w. geographical analysis of the company's and its affiliates' revenues ;
- x. future performance expectations ;

2- In addition to any other requirements for disclosure issued by SAMA or other regulatory authorities, the annual report of the Company's Board includes the following information :

- a. for the Board : the functions of the Board, its formation, the name of the Board chairman and his deputy, the start and end dates of the current session, the number of the Board independent members, the number of meetings held during the session and their dates, the names of the attendees for each meeting, and the details of the remuneration paid to the Board members .
- b. for each Board member : the name of the member, his/ her classification (executive, non-executive, or independent), the names of other companies in which the member holds the position of a Board member, the corporate body represented by the member (if any), any other positions the member occupies in the Company (if applicable) .
- c. for each Board committee: the name, terms of reference and functions of the committee, the names of its members, their classification (chairman of the committee, executive, non-executive, independent, or non-members of the Board), the number of meetings held during the session and their dates, and the names of attendees of each meeting, details of the remuneration paid to members for their membership in the committee .
- d. a statement of the dates of the general assemblies of shareholders held during the last financial year and the names of the Board members attending these assemblies .
- e. a list of the names, positions, qualifications and experiences of each of Board member, its committees, and the members of senior management of the Company, their current

- and previous positions, their qualifications and experiences .
- f. the total remuneration paid to the Board members and the five members of the highest paid senior management, the CEO and the CFO if they are not among those who received the highest remuneration during the period (divided into salaries, fixed allowances, variable bonuses and any other components), in addition to a description of any performance-related bonuses available to members of senior management, in addition to the CEO and CFO if they are not among them .
 - g. ownership of Board members and members of senior management in the Company (direct and indirect) and changes in their ownership during the ending financial year as approved in the shareholders register .
 - h. description of transactions with related parties, including major shareholders, members of the Board and senior management, during the period and the mechanism for approval .
 - i. details of the company's social contributions, if any.
 - j. information relating to any business or contract to which the company is a party and in which a director of the company, a Senior Executive or any person related to any of them is or was interested, including the names of persons in relation, the nature, conditions, durations and the amount of the business or contract. If there are no such businesses or contracts, the company must submit a statement thereof .
 - k. a description of any arrangement or agreement under which a director or a Senior Executive of the company has waived any remuneration .
 - l. a description of any arrangements or agreement under which a shareholder of the Company waived any rights to profits .
 - m. a statement of the value of the regular payments paid and due to pay any zakat, taxes, fees or any other dues that were not paid until the end of the annual financial period, with a brief description of them and their reasons .
 - n. a statement of the value of any paid and outstanding statutory payment on account of any zakat, taxes, fees or any other charges that have not been paid until the end of the annual financial period with a brief description and the reasons therefor .
 - o. a statement as to the value of any investments made or any reserves set up for the benefit of the employees of the Company .
 - p. any cases that may involve a conflict of interest and the mechanism for dealing with them .
 - q. the recommendations of the Audit Committee that there is a conflict between its decisions and those of the Board, or which the Board refused to take into account regarding the nomination and dismissal of the Company's external auditor, determining their fees, evaluating their performance or appointing the internal auditor, the rationale for those recommendations, and the reasons for not taking them into account .
 - r. names of the major shareholders and the percentage of shares owned by them in the Company .
 - s. results of the annual review of the efficiency and effectiveness of the Company's internal control system, in addition to the Audit Committee's opinion on the adequacy of the Company's internal control system .
 - t. a statement about the Company's commitment to the requirements of this Policy and the requirements of the Corporate Governance Regulation and the reasons for non-compliance with any of these requirements .
 - u. declarations that :

- 1- proper books of account have been maintained ;
 - 2- the system of internal control is sound in design and has been effectively implemented ; and
 - 3- there are no significant doubts concerning the company's ability to continue its activity .
- v. if the external auditor's report contains reservations on the annual financial statements, the Board report shall highlight this mentioning the reasons and any relevant information .
 - w. if the Board recommended replacing the external auditor before the end of its term, the report shall indicate this mentioning the reasons for the replacement recommendation .

3- Provide online copies of the Company's corporate governance regulations and annual reports to its shareholders .

3-2 Disclosure by the Board and Executive Management

The Board shall regulate the disclosures of each of its members and the members of the Executive Management, observing the following :

- 1- maintaining a register for the disclosures of the Board members and the Executive Management and updating it regularly based on disclosures required as per the Companies Law, the Capital Market Law and their implementing regulations ; and
- 2- making such register available for review by the Company's shareholders free of charge .

3-3 Disclosure of Remuneration

a) The Board shall :

- 1) disclose the remuneration policy and the method by which remunerations of the Board and executive management are determined ;
- 2) provide an accurate, transparent and detailed disclosure in the Board report on the remunerations granted to the Board members and Executive Management, directly or indirectly, without any omission or misleading information, and whether these were in cash or other benefits of any nature. In case they were shares of the Company, the value of the shares is the market value on the due date ;
- 3) explain the relationship between remunerations granted and applicable remuneration policy, highlighting any significant deviation from such policy ;
- 4) a description of the necessary details with respect to the remunerations and compensations granted to each of the following, separately :
 - a. Board members ;
 - b. five Senior Executives who have received the highest remuneration from the Company, provided that the chief executive officer and chief financial officer are among them .
 - c. members of committees .

3-4 Conflict of Interest Policy

The Company believes in its values and principles of integrity, teamwork, care, initiative and achievement, and the policy of conflict of interest issued by the Company comes to enhance

and protect those values, and to avoid the personal, family, or professional interest of any person working for the Company to perform his/ her duties towards the Company, or to obtain through those interests some gains at the expense of the Company.

This policy shall include the following in particular :

- 1) informing Board members, Substantial Shareholders, Senior Executives and other employees of the Company of the importance of avoiding situations that may lead to a conflict between their interests and the interests of the Company, and dealing with them in accordance with the provisions of the Companies Law and Its Implementing Regulations .
- 2) providing examples of conflicts of interest situations that are relevant to the nature of the Company's activity .
- 3) clear procedures for disclosing conflicts of interest and obtaining an authorization or the requisite approval prior to commencing the activities that may lead to conflicts of interest.
- 4) the obligation to constantly disclose situations that may lead to conflicts of interest or upon the occurrence of such conflicts .
- 5) the obligation to abstain from voting or taking part in decision making when there is conflicts of interest .
- 6) clear procedures when the Company contracts or enters into a transaction with a Related Party, this shall include notifying the Authority and the public without any delay of that contract or transaction if it equals to or exceeds 1% of the Company's total revenues according to the last annual audited financial statements .
- 7) procedures to be taken by the Board when discovering that such policy is violated .

Chapter 4 : The Board of Directors

4-1 Composition of the Board

- 1) The Company is managed by a Board of Directors consisting of nine members elected by the Ordinary General Assembly for a period not exceeding three years, provided that the majority of them are non-executive members .
- 2) The composition of the Board reflects appropriate representation from the independent members. In all cases, the number of independent members of the Board may not be less than two, or one-third of the Board members, whichever is greater .
- 3) The General Assembly elects the Board members for the period stipulated in the Company's Articles of Association, provided that it does not exceed three years. They may be re-elected unless the Company's Articles of Association stipulate otherwise .
- 4) The Board generally has a variety of qualifications, knowledge, experience and skills in the various areas of the Company's business. Each Board member must also possess an adequate level of qualifications, knowledge, experience, skill and integrity to carry out their role and responsibilities effectively .
- 5) A member of the Company's Board may not be a member of the Board of Directors of another local insurance and / or reinsurance company or one of the committees emerging therefrom, or occupy one of the leading positions in those companies .

- 6) It is a requirement that a Board member not hold a membership in the board of directors of more than five joint stock companies listed in the Capital Market simultaneously .
- 7) The Company must notify the CMA of the names of Board members and their membership characteristics within five working days from the date of the starting of the Board's session or from the date of their nomination - whichever is earlier - and any changes to their membership within five working days from the date of the changes occurring .
- 8) The procedures for nominating the Board members take into account the following :
 - a. giving sufficient time to submit nomination applications for membership of the Board of Directors .
 - b. the Nominations and Remuneration Committee studies the nomination applications for membership of the Board of Directors and documents all relevant observations and recommendations .
 - c. obtaining the written non-objection of SAMA before the election of any of the Board members .
 - d. providing shareholders with sufficient information about the candidates, their qualifications, and their relations with the Company before voting on their selection .
 - e. adopting the cumulative voting method when voting in the General Assembly meeting to appoint members of the Board .
- 9) The Company shall notify SAMA when any of the applications for nomination for membership of the Board are rejected, along with explaining the reasons for rejection .
- 10) The number of candidates for the Board whose names are presented to the General Assembly must exceed the number of seats available so that the General Assembly has the opportunity to choose from among such candidates . When there are not enough candidates, the board of directors can use the services of an independent, specialized external party to select additional candidates for membership of the Board .
- 11) In the event that the position of one of the Board members becomes vacant, the Board has the right to nominate - temporarily - a member of the vacant position who had sufficient experience and after obtaining the non-objection of SAMA and without considering the arrangement in obtaining votes in the General Assembly in which the Board was elected. The Company management must inform the Ministry of Commerce, as well as the CMA within five (5) working days from the date of nomination, and that such nomination be presented to the Ordinary General Assembly at its first meeting, and the new member shall complete the term of his predecessor only .
- 12) Upon joining the Board, members of the Board are subject to an introducing program, and each member shall be provided with a nomination letter defining his/ her duties and responsibilities, in addition to comprehensive information about the Company's business and strategic plans and the relevant laws and regulations .

4-2 Conditions for the Membership of the Board

A member of the Board is required to be professionally capable and has the required experience, knowledge, skill and independence, which enable him/ her to perform his/her duties efficiently . He/ she shall have the following qualifications in particular :

- 1) Ability to lead: He/she shall enjoy leadership skills which enable him/ her to delegate powers in order to enhance performance and apply best practices in effective management and compliance with professional ethics and values .
- 2) Competency : He/ she shall have the academic qualifications and proper professional and personal skills as well as an appropriate level of training and practical experience related to the current and future businesses of the Company and the knowledge of management, economics ,accounting, law or governance, as well as the desire to learn and receive training .
- 3) Ability to guide : He/ she shall have the technical, leadership, and administrative competencies as well as the ability to take prompt decisions, and understand technical requirements and developments related to the job. He/ she shall also be able to provide strategic guidance and long-term planning and have a clear future vision .
- 4) Financial knowledge : He/ she shall have the ability to read and understand financial statements and reports .
- 5) Physical fitness : He/ she shall not suffer from any health issue that may hinder him/her from performing his/ her duties and responsibilities. The General Assembly shall take into account, when electing members to the Board, the recommendations of the nomination committee and the availability of the personal and professional capabilities required to perform their duties effectively pursuant to this Article .

4-3 Principles of truthfulness, honesty and loyalty

Each member of the Board shall comply with the principles of truthfulness, honesty, loyalty, and care of the interests of the Company and its shareholders, and prioritize their interests over his/ her personal interests. This shall include, in particular, the following :

- 1) **Truthfulness** : is achieved when the relationship between the Board member and the Company is an honest professional relationship, and he/she discloses to the Company any significant information before entering into any transaction or contract with the Company or any of its affiliates .
- 2) **Loyalty** : is achieved when the Board member avoids transactions that may entail conflicts of interest and ensures fairness of dealing, in compliance with the provisions relating to conflicts of interest in these Regulations .
- 3) **Care** : is achieved by performing the duties and responsibilities set forth in the Companies Law, the Capital Market Law and their implementing regulations and the Company's bylaws and other relevant laws .

4-4 Powers, Role and Responsibilities of the Board

4-5 Functions of the Board of Directors:

- 1- Without prejudice to the competencies of the General Assembly, the Board shall have the broadest powers in managing the Company in order to achieve its objectives, with the exception of what is excluded in a special provision in the Companies Law or this Policy including the acts or actions that fall within the jurisdiction of the General Assembly, and the Board chairman, for example for example, but not limited to, representing the Company in its relations with third parties, government, semi-governmental and private agencies ad sectors, before all statutory courts,

administrative courts (the Board of Grievances), commercial courts, labor courts, labor and workmen offices, higher and primary committees for the resolution of labor disputes and all judicial committees, including, but not limited to, the Commercial Paper Committee, Financial Disputes Settlement Committees, Banking Disputes Settlement Committees, Securities Disputes Resolution Committees, Commercial Disputes Resolution Committees, Customs Committees, Commercial Fraud Committees, Committees for Examining Violations of the Health Professions Law, the Committee for Examining Violations Of Health Institutions Law Provisions, Committees for the Resolution of Insurance Disputes and Violations, the Primary and Appeal Committees for Tax Disputes and Violations and all judicial and quasi-judicial committees, the other organizations, arbitration bodies, civil rights, police departments, Chambers of Commerce and Industry, all companies, enterprises, banks, commercial banks, money houses, all funds and government financing institutions of various names and specializations and the other lenders. The Board chairman has the right to approve, demand, defend, plead, litigate, waiver, reconcile, accept judgments and deny them, accept arbitration, request the implementation of verdicts, oppose them and seize what is obtained from execution, relieving the Company's debtors of their liabilities, entering into tenders, selling, buying and mortgaging real estate. The Board chairman has the right to contract and sign in the name of the Company and on its behalf on all types of contracts, deeds and documents, including without limitation contracts for the establishment of companies in which the Company participates with all its amendments and appendices, amendment decisions, and signing of agreements and instruments before the notary and official authorities, as well as agreements of loans, guarantees, bonds and Sukuk, for selling and buying real estate, issuing power of attorney / authorization on behalf of the Company, selling, buying, finalizing registration, accepting, receiving, delivering, renting, leasing, arresting, paying, opening accounts and credits, withdrawing and depositing with banks, issuing guarantees to banks, funds and government financing institutions, signing all papers, order bonds, checks, all commercial papers, documents and all banking transactions. The Board chairman also has the right to issue written authorization and legal and official agencies to empower, authorize, or delegate a person or several persons, corporate bodies, or several entities with all or some of the powers mentioned above, and he also has the right to give agents the power to delegate others .

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

- 2- The Board may contract loans of any duration, sell or mortgage the Company's assets, sell or mortgage the Company's business, or absolve the Company's debtors from their obligations, unless this regulation includes or is issued by the Ordinary General Assembly restricting the Board's powers in that .

4-6 Competencies of the Board of Directors:

- a- Among the main functions and competencies of the Board are the following :
 - 1) The strategic leadership of the Company, laying down the plans, policies, strategies and main objectives of the Company; supervising their implementation and reviewing them periodically; and, ensuring that the human and financial resources required to fulfill them are available, including :
 - a. setting a comprehensive strategy for the Company, key business plans and policies and mechanisms of the risk management and review and guide them ;

- b. determining the most appropriate capital structure for the Company, its strategies and financial objectives, and approving all kinds of estimated budgets ;
 - c. overseeing the main capital expenditures of the Company and the acquisition or disposal of assets ;
 - d. setting performance indicators, and monitoring the implementation thereof and the overall performance of the Company ;
 - e. reviewing and approving the organizational and human resources structures of the Company on a periodic basis; and
 - f. ensuring that the financial and human resources required for achieving the objectives and main plans of the Company are available .
- 2) setting rules and procedures for internal control and generally overseeing them, including:
 - a. developing a written policy to remedy actual and potential conflicts of interest scenarios for each of the Board members, the Executive Management, and the shareholders. This includes misuse of the Company's assets and facilities and the mismanagement resulting from transactions with Related Parties ;
 - b. ensuring the integrity of the financial and accounting rules, including rules relating to the preparation of financial reports ;
 - c. ensuring the implementation of appropriate control procedures for risk assessment and management by generally forecasting the risks that the Company may encounter and creating an environment which is aware of the culture of risk management at the Company level and disclosing such risks transparently to the Stakeholders and parties related to the Company and monitoring them continuously ; and
 - d. reviewing the effectiveness of the Company's internal control procedures on an annual basis .
 - 3) reviewing the effectiveness of the internal control systems in the Company on an annual basis ;
 - 4) designing and monitoring the company's risk management system to assess, manage and monitor risks on an ongoing basis .
 - 5) appoint the manager of the internal audit unit or department, or the internal auditor and dismiss him and determine his remuneration, if any ;
 - 6) selecting and changing the executive staff in the key positions (when needed), and ensuring that the Company has an appropriate policy to replace a suitable alternative who is qualified to work and possesses the required skills ;
 - 7) supervising senior management and monitoring the Company's performance against the performance objectives set by the Board ;
 - 8) overseeing the management of the Company's finances, cash flows, and financial and credit relationships with others ;
 - 9) providing recommendations to the Extraordinary General Assembly as to what it deems appropriate regarding the following :
 - a. increasing or decreasing the share capital of the Company ; and
 - b. dissolving the Company before the end of its term as specified in its bylaws or deciding the continuity of the Company .
 - 10) providing recommendation to the Ordinary General Assembly as to what it deem appropriate regarding :
 - a. using the consensual reserve of the Company, if such has been formed by the

- b. forming additional financial allocations or reserves for the Company ; and
 - c. the method of distributing the net profits of the Company .
- 11) ensure the accuracy and integrity of the reporting system and the accuracy of the financial data and information that must be disclosed in accordance with the applicable policies and systems for disclosure and transparency ;
 - 12) upgrading the level and standards of corporate governance in the Company and ensuring that the relevant laws and regulations are adhered to at all times on an ongoing basis ;
 - 13) assuring that Board members perform their duties away from any external influence, whether from inside or outside the Company. They must also not present their personal interests or of those who represent the interests of the Company, shareholders and other stakeholders, and ensure that the interests of the insured are protected at all times ;
 - 14) the Board members its committees are prohibited from disclosing the confidential information they obtained as part of their exercise of their responsibilities to shareholders or the public outside the scope of the General Assembly meetings, or from using any of this information to achieve personal benefit or private profit ;
 - 15) The members of the Board of Directors delegate the Chairman of the Board to organize the activities of the Board and confer upon him the necessary powers to perform his duties ;
 - 16) setting forth specific and explicit policies, standards and procedures for membership in the Board, without prejudice to the mandatory provisions of these Regulations, and implementing them following approval by the General Assembly ;
 - 17) developing a written policy that regulates the relationship with Stakeholders ;
 - 18) preparing the Company's interim and annual financial statements and approving them before publishing them ;
 - 19) preparing the Board report and approving it before publishing it ;
 - 20) ensuring the accuracy and integrity of the data and information which must be disclosed pursuant to the applicable policies and systems in respect of disclosure and transparency ;
 - 21) developing effective communication channels allowing shareholders to continuously and periodically review the various aspects of the Company's businesses as well as any material developments ;
 - 22) forming specialized committees of the Board pursuant to resolutions that shall specify the term, powers and responsibilities of such committees as well as the manner used by the Board to monitor such committees. Such resolutions shall also specify the names of the members and their duties, rights and obligations and shall evaluate the performance and activities of these committees and their members ;
 - 23) specifying the types of remunerations granted to the Company's employees, such as fixed remunerations, remunerations linked to performance and remunerations in the form of shares without prejudice to the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies ;
 - 24) setting the values and standards that govern the work at the Company.

b- Competencies of the Board chairman :

Without prejudice to any other monitoring or supervisory requirements, the functions of the Board chairman shall in particular include the following :

- 1) organizing the work of the Board, including setting meeting agendas taking into account any issue raised by any Board member or by the external auditor, consulting with the CEO and the Board members, presiding over Board meetings, and supervising providing the Board with complete, correct and not misleading information in due course ;
- 2) ensuring that the Board effectively discusses all fundamental issues in due course ;
- 3) convening periodic meetings with the Non-Executive Directors without the presence of any executive officers of the Company ;
- 4) encouraging the Board members to effectively perform their duties in order to achieve the interests of the Company ;
- 5) support the efforts of the Board to raise the level and standards of corporate governance in the Company and ensure compliance with the relevant laws and regulations at all times .
- 6) encouraging constructive relationships and effective participation between the Board and the Executive Management on the one hand, and the Executive, Non-Executive and Independent Directors on the other hand, and creating a culture that encourages constructive criticism;
- 7) ensuring that there are actual communication channels with shareholders and conveying their opinions to the Board;
- 8) representing the Company before the judicial authorities and supervise the relations between the Board and other internal and external bodies ;
- 9) informing the Ordinary General Assembly at its convening of the business and contracts in which one of the Board members has a direct or indirect interest, provided that this notification includes the information that the member provided to the Board, and that this notification is accompanied by a special report from the Company's external auditor ;
- 10) no overlap between the competencies of the Board chairman and the competencies of the CEO. The chairman must adhere to his supervisory role and not carry out the executive tasks that are within the competence of the CEO;
- 11) it is prohibited to combine the position of Board chairman with any executive position in the Company, such as the position of managing director, CEO or General Manager ;
- 12) ensure that the Board carries out its duties responsibly and without undue interference in the Company's operations;
- 13) the Board shall hold regular meetings upon the invitation of the chairman. The chairman should call the Board to hold an emergency meeting whenever requested - in writing – by two of the Board members.

c- Competencies of the Board vice chairman

The vice chairman replaces the Board chairman in his absence, and is entitled to all the

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powers of the Board chairman in accordance with what is stipulated in the above paragraph .

Tasks and Duties of the Board Members

Each member of the Board shall, being a Board member, perform the following tasks and duties:

- 1) expressing opinions as to the appointment and dismissal of members of the Executive Management ;
- 2) developing a succession and replacement plan for the Company's executive positions ;

- 3) complying fully with the provisions of the Companies Law, Capital Market Law, their implementing regulations, the relevant regulations and the bylaws when performing his/her duties as a member of the Board and abstaining from taking or participating in any action that constitute mismanagement of the Company's affairs ;
- 4) attending the Board and the General Assembly meetings, and not being absent except for legitimate excuse of which the chairman of the Board shall be notified by prior notice, or for emergency reasons ;
- 5) allocating sufficient time to fulfill his/her responsibilities and preparing for the Board and its committees meetings and effectively participating therein, including raising relevant questions and carrying discussions with the Senior Executives ;
- 6) studying and analyzing all information related to the matters looked into by the Board before expressing an opinion on the same ;
- 7) enabling other Board members to express their opinions freely, and encouraging the Board to deliberate on the subjects and obtain the views of the competent members of the Company's Executive Management and others, when necessary ;
- 8) notifying the Board fully and immediately of any interest, either direct or indirect, in the businesses and contracts that are executed for the Company's account, the notification shall include the nature and extent of such interest, the names of concerned persons, and the expected benefit to be obtained directly or indirectly from interest whether financial or non-financial. the concerned member shall abstain from voting on any decisions issued in connection therewith in compliance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations ;
- 9) notifying the Board fully and immediately of his/her participation, directly or indirectly, in any businesses that may compete with the Company or lead to competing with the Company, directly or indirectly, in respect of any of its activities, in compliance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations ;
- 10) refraining from disclosing or announcing any secrets he/she came across through his/her membership in the Board to any shareholder of the Company, unless such disclosure is made during the meetings of the General Assembly, or to a third party, in pursuance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations ;
- 11) working on the basis of complete information, in good faith and with the necessary care and diligence for the interest of the Company and all shareholders ;
- 12) recognizing his/ her duties, roles and responsibilities arising from the membership ;
- 13) developing his/ her knowledge in the field of the Company's business and activities and in the related financial, commercial and industrial fields ; and

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- 14) resigning from the membership of the Board if he/she is unable to fully fulfill his/ her duties in the Board .

4-7 Duties of the Independent Director

An independent director of the Board shall effectively participate in the following duties :

- 1) expressing his/ her independent opinion in respect of strategic issues and the Company's policies and performance and appointing members of the Executive Management ;
- 2) ensuring that the interest of the Company and its shareholders are taken into account and given priority in case of any conflicts of interest ;

- 3) overseeing the development of the Company's Corporate Governance rules, and monitoring the implementation of the rules by the Executive / Senior management .

4-8 Separation of Positions

- 1) without prejudice to the provisions of the Company's bylaws, The Board appoints a chairman, a vice chairman and may appoint a managing director of its members ;
- 2) it is prohibited to hold, at the same time, the position of chairman of the Board and any other executive position in the Company, including the positions of the managing director, the Chief Executive Officer, or the general manager, even if the Company's bylaws provided for otherwise ;
- 3) the Board shall define the competencies and specify the responsibilities of the chairman, the vice chairman, and the managing director (if any) explicitly and in writing if the Company's bylaws has no reference thereto ;
- 4) in all cases, no person shall have the sole and absolute power to take decisions in the Company .

4-9 Oversight over the Executive Management

The Board shall form the Executive Management of the Company, regulate its operating procedures, monitor and oversee it and ensure that it performs the duties assigned to it, and to achieve this, the Board shall :

- 1) develop the necessary administrative and financial policies ;
- 2) ensure that the Executive Management operates in accordance with the policies approved by the Board ;
- 3) select and appoint the Chief Executive Officer of the Company, and oversee his/ her work;
- 4) appoint the manager of the internal audit unit or department, or the internal auditor and dismiss him and determine his remuneration, if any ;
- 5) convene periodic meetings with the Executive Management to explore the work progress and any obstacles and problems in connection therewith, and review and discuss the important information in respect of the Company's business ;
- 6) develop standards for the performance of the Executive Management consistent with the objectives and strategy of the Company ;
- 7) review and evaluate the performance of the Executive Management ; and
- 8) develop succession plans for the management of the Company.

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4-10 Distribution of Competencies and Duties

The organizational structure of the Company shall specify the competencies and distribute the duties between the Board and the Executive Management in accordance with the best practices in Corporate Governance, and to improve the efficiency of the Company's decision making and to achieve a balance of powers and authorities across the Board and the Executive Management, and to achieve this, the Board shall :

- 1) approve and develop internal policies in respect of the Company's business, including specifying the duties, competencies and responsibilities assigned to the various organizational levels ;
- 2) approving a written and detailed policy that identifies the powers delegated to the Executive Management, a matrix stating these powers, means of implementation and the

- period of delegation\ The Board may request the Executive Management to submit periodic reports in respect of its exercise of such delegated powers ; and
- 3) identifying the matters on which the Board reserves the power to decide.

4-11 The Board Meetings

- 1) The Board meetings are held periodically and regularly and whenever the need arises, provided that the number of annual Board meetings is not less than (4) meetings, so that there is at least one meeting every three months .
- 2) The Board shall meet upon the invitation of its chairman or upon a request from two of its members. The invitation to the meeting shall be sent to each of the Board members no less than five days prior to the date of the meeting accompanied by its agenda and the necessary documents and information, unless circumstance require convening an emergency meeting, the invitation accompanied with the agenda and necessary documents and information may be sent within a period of less than five days before the date of the meeting, and the council determines the place, date and mechanism of the meeting. Electronic communication means can be used, for example, but not limited to telephone or video calling.
- 3) A meeting of the Board is not valid unless it is attended by (six) members in person or by delegation, provided that the number of members present by themselves is (four) at least .
- 4) The non-executive Board directors hold closed meetings without the presence of the rest of the management members at least once a year. Non-executive Board directors may invite any of the employees of the oversight functions to attend these meetings .
- 5) 5) The board meeting minutes are recorded and signed by the council chairman, members and secretary, and documented in an official record .
- 6) The Board meeting minutes indicate the names of the attendees, the topics discussed, the main deliberations, voting, objections, abstention (with reasons if any), decisions taken, and any reservations on these decisions. The minutes are also attached to all records and documents that were viewed during the meeting and / or referred to in the meeting minutes .
- 7) If any of the members of the Board has comments about the performance of the Company or any of the issues presented and they have not been decided upon in the Board meeting, then they must be recorded and what the Board takes or decides to take in response to them in the minutes of the Board meeting .
- 8) It is permissible, by decision of the Capital Market Authority, to call the Ordinary

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General Assembly to convene in the event that the number of members of the Board falls below the minimum quorum of its meeting .

- 9) It is not permissible for a Board member to delegate someone else to attend the meeting, and as an exception to this, a member of the Board may delegate other Board members .

4-12 Organizing Attendance of the Board Meetings

The Attendance of Board meetings, and dealing with cases of irregular attendance by members of such meetings shall be organized.

An Independent Director of the Board shall make every effort to attend all meetings in which important and material decisions affecting the position of the Company are made.

4-13 The Agenda of Board Meetings

- a) The Board shall approve the agenda once the Board meeting is convened. Should any member of the Board raise any objection in respect of such agenda, such objection shall be recorded in the minutes of the meeting.
- b) Each member of the Board is entitled to propose additional items to the agenda.

4-14 Exercising the Competencies of the Board

- a) The Board shall exercise its competencies and duties to lead the Company within a framework of effective and prudent controls that allow assessing and managing risks and limiting and mitigating their effects .
- b) Without prejudice to Paragraph (b) of Article (21) of these Regulations, the Board may, within the scope of its competencies, delegate to one or more of its members or committees or a third party the performance of a specific function or functions .
- c) The Board shall develop an internal policy that explains the procedures of the Board activities and aims at encouraging its members to work effectively to fulfill their obligations towards the Company .
- d) The Board shall organize its activities and allocate sufficient time to perform the duties and responsibilities assigned to it, including preparing for Board and committees meetings and ensuring the coordination, recording and retaining of the minutes of its meetings .

4-15 Termination of a Board Membership

1. A Board membership expires with the end of the Board session, resignation, death, or absence from three meetings within one year without a legitimate and acceptable excuse, or if it is proven to the Board 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 General Assembly or if his/ her membership has expired in accordance with any law or instructions in force in the Kingdom of Saudi Arabia, if he/ she is judged bankrupt or insolvent or submitted a request for settlement with his creditors, or has stopped paying his debts, or has suffered a mental illness or a physical disability that may lead to the member's inability to completely performing his role, or it is proven that he committed an act of breach of trust and morals, or was convicted of forgery under a final judgment .
2. At all times, the Ordinary General Assembly may dismiss all or any of the Board members without prejudice to the dismissed member's right towards the Company to
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claim compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time, and the Board member may retire, provided that this is at an appropriate time, otherwise he will be liable for the damages arising from his retirement .
3. If a member of the Board resigns and has comments on the performance of the Company, he/ she shall submit a written statement thereof to the Board chairman, and this statement must be presented to the Board member .
4. The Saudi Arabian Monetary Authority shall be notified upon the resignation of any Board member or the termination of his/ her membership for any reason other than the

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

4-16 Criteria and Procedure for Election to the Board Membership

The procedures for election to the Board membership are subject to the following criteria :

1. the candidate shall have the requirements of sufficient experience, honesty and administrative skills that contribute to strengthening the leading role of the Company .
2. the candidate should not be a member of a Board or an executive member of another Saudi insurance company .
3. the candidate should not occupy the Board of more than (5) joint stock companies simultaneously .
4. he/ she should not have previously been convicted of a crime involving dishonor or dishonesty .
5. SAMA approval of the candidate's membership must be obtained .

4-17 The Secretary of the Board

- 1) the Board shall appoint a secretary to it for the period of the Board session to coordinate the work of the Board and provide support and assistance to the Board members. The secretary can be a member of the Board or a company employee .
- 2) the Board secretary shall have sufficient experience and knowledge of the Company's business and activities, has good communication skills, and is familiar with relevant laws and regulations and best practices in the field of corporate governance. Without prejudice to any other regulatory or supervisory requirements, the Board secretary shall performs his/ her responsibilities based on the direction of the Board chairman, including, but not limited to, coordinating Board meetings in addition to ensuring that appropriate means of communication are available for the exchange and recording of information between the Board and its committees and between the Executive Board members and non-executive members; and keeping the Board meeting minutes. These minutes are the permanent official record of the actions and decisions taken by the Board and its emanating committees. Accuracy should be observed in the meeting minutes and clearly reflect all the items and topics raised in the Board meetings, the decisions taken and any other topics discussed .
- 3) the Board minutes document any voting that took place during the meeting, including opposition and abstention. Any records or documents referred to during the meetings should be attached or indicated, and a statement should be prepared that includes the

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names of the members present and not present, a list of approved committees and any abstention (if any) for any member and its reasons, and the signature of this report by all the members present .

- 4) the Board secretary shall inform the Board members of the meeting dates, provides them with agendas and relevant documents, and ensure that they are delivered before the meeting within a period not less than (10) working days .
- 5) the minutes of the sessions shall be distributed to the concerned parties during a period not exceeding fifteen (15) days, with the determination of the person or entity responsible for implementing the decisions taken, and the Board at the beginning of each year shall set a specific timetable for receiving reports from the concerned committees and from the

internal auditors. The Board shall ensure that the mechanism for collecting, preparing and submitting reports is sound and consistent with the approved internal policy, including preparing important information and presenting it to the Board at the specified time .

- 6) presenting the draft minutes to the Board members to provide their opinions on them before signing the same ;
- 7) regulating the disclosure register of the Board and Executive / Senior Management ;
- 8) ensuring that the Board members comply with the procedures approved by the Board ;
- 9) providing assistance and advice to the Board members ;
- 10) a remuneration shall be determined by a decision of the Board of Directors for the Secretary of the Board of Directors for performing this role ;
- 11) the Secretary of the Board may not be dismissed except pursuant to a decision of the Board .

4-18 Training

The Company shall pay adequate attention to the training and preparation of the Board members and the Executive Management, and shall develop the necessary programs required for the same, taking the following into account :

- 1) preparing programs for the recently-appointed Board members and Executive Management to familiarize them with the progress of the Company's business and activities, particularly the following :
 - a. the strategy and objectives of the Company ;
 - b. the financial and operational aspects of the Company's activities ;
 - c. the obligations of the Board members and their duties, responsibilities and rights ;
 - d. the duties and competencies of the committees of the Board .
- 2) developing the necessary mechanisms for Board members and the Executive Management to continuously enroll in training programs and courses in order to develop their skills and knowledge in the fields related to the activities of the Company .

4-19 The Assessment

- a) The Board shall develop, based on the proposal of the nomination committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among

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- others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company ;
- b) The procedures of performance assessment shall be in writing and clearly stated and disclosed to the Board members and parties concerned with the assessment ;
- c) The performance assessment shall entail an assessment of the skills and experiences of the Board, identification of the weaknesses and strengths of the Board and shall attempt to resolve such weaknesses using the available methods, such as nominating competent professional staff able to improve the performance of the Board. The performance assessment shall also entail the assessment of the mechanisms of the Board's activities in general ;
- d) The individual assessment of the Board members shall take into account the extent of effective participation of the member and his/her commitment to performing his/ her

duties and responsibilities, including attending the Board and its committees meetings and dedicating adequate time thereof ;

- e) The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years ;
- f) Non-Executive Directors shall carry out a periodic assessment of the performance of the chairman of the Board after getting the opinions of the Executive Directors, without the presence of the chairman of the Board in the discussion on this matter, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.

4-20 Board Committees and their Independence

- 1) An appropriate number of specialized committees shall be formed according to the Company's need and conditions, in order for the Board to be able to perform its duties effectively, and in accordance with general procedures set by the Board that include defining the committee's mission, the duration of its work, the powers granted to it during this period and how the Board of directors supervises it .
- 2) The committee must inform the Board of the decisions adopts, reaches, or takes, with absolute transparency. The Board regularly monitors the work of these committees to verify that they perform the work assigned to them, as well as review the minutes and recommendations of the meetings held by the committees. Accordingly, a sufficient number of members are appointed in the committees concerned with the tasks that may result in conflict of interest situations, such as ensuring the integrity of financial reports and other things. Financial, review of related persons deals, nomination for membership of the Board, appointment of executive directors and determination of remuneration .
- 3) Each committee shall be responsible before the Board for its activities, this shall not relief the Board of its responsibility for such activities, duties and powers that it has delegated to such committee .
- 4) The number of members of a committee shall not be less than three or more than five .
- 5) The chairmen or whom they delegate of each committee members, shall attend the General Assembly Meetings and answer any questions raised by the shareholders. the Company shall provide the Authority with the names of the members and the types of their memberships in such Board's committees within five (5) days of their appointment, and shall notify the Authority of any changes thereto within five (5) days of the date of such changes .

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- 6) A Company may combine remuneration and nomination committees into one committee named remuneration and nomination committee. In such case, the remuneration and nomination committee must satisfy the requirements related to any of them, provided that the committee convenes periodically at least every six .

4-21 Committees Membership

- a) A sufficient number of Non-Executive Directors shall be appointed to the committees which perform duties that may involve conflicts of interest, such as ensuring the integrity of financial and non-financial reports, reviewing Related Party transactions, nomination to membership of the Board, appointment of Senior Executives and determining the remuneration. Chairmen and members of these committees shall comply with principles

of truthfulness, honesty, loyalty, and care and shall attend to the interests of the Company and its shareholders, and prioritize them over their personal interests .

- b) Chairman of the Board shall not be a member of the audit committee. He may be a member of other committees, provided that he is not the chairman of committees mentioned in these Regulations .

4-22 Studying Subjects

- a) Each committee shall assess the matters that fall within its authority or those referred to it by the Board and shall communicate its recommendations to the Board to issue decisions in connection therewith or take decisions in regards to these matters if delegated by the Board, taking into account it is the responsibility of the Company's Board for its actions .
- b) The committees may seek assistance from any experts or specialists, whether internal or external, within the scope of its powers. This shall be included in the minutes of the committee meeting; the minutes states the name of the expert and his relation to the Company or its Executive / Senior Management .

4.23 Committee Meetings

- a) No member of the Board or the Executive Management except the secretary or a member of the committee may attend the meetings of a committee unless such committee requests his/her opinion or advice .
- b) Committee meetings are valid if attended by a majority of its members. Resolutions of the committees shall be issued by a majority of the votes present and, in case of a tie, the chairman of the relevant committee shall have the casting vote .
- c) Board meetings shall be documented and minutes including the discussions and deliberations carried during such meetings shall be prepared. Recommendations of the committees and voting results shall be documented and retained in a special and organized register, including the names of the attendees and any reservations they expressed (if any). Such minutes shall be signed by all of the attending members .

Accordingly, the following committees were formed :

First : The Audit Committee .

Second : The Nomination and Remuneration Committee .

Third : The Investment Committee .

Fourth : The Executive Committee .

Fifth : The Risk Management Committee .

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24-4 The Audit Committee

a) Nature of the Committee:

An independent committee affiliated to the Board according to the regulations approved by the Company's General Assembly, and it submits its reports directly to the Board .

b) Purpose of the Committee :

The Committee monitor the performance and application of internal controls in the Company, ensure the efficiency and effectiveness of the laws and regulations, verify

the implementation of decisions related to internal control, and ensure strict compliance with the application of relevant laws and regulations .

c) Audit Committee Formation :

- The Audit Committee is formed by a decision of the Ordinary General Assembly based on the recommendation of the Board, after obtaining the SAMA's No Objection in writing, and the Committee selects from among its members a chairman for a period of three years .
- The Audit Committee consists of at least three members and a maximum of five members, provided that at least one member is independent, and most of them are from outside the Board .
- The Board chairman may not be a member or chairman of the Committee .
- The member of the Audit Committee must not be someone who works or has been working during the past two years in the executive / senior management or Finance Department, or is an employee of the external auditor's company .
- A member of the Committee should not be one of the Company's executives, employees, or advisors .
- A member of the Audit Committee must not be a member of the Board of Directors, directors, employees, advisors, employees, or representatives of one of the parties related to the Company, including, for example, but not limited to, the following :
 - a. Major shareholders or founders .
 - b. External auditors .
 - c. Suppliers .
 - d. Clients of the Company .
 - e. Legal persons who have a financial, commercial or first-degree relationship with the Company's Board or the Company's executive employees .
- A member of the Audit Committee must not be a member of the Board of Directors or the Audit Committee of any other company operating in the insurance sector in the Kingdom of Saudi Arabia .
- A member of the Audit Committee should not be an executive member of the Board .
- The member of the Board nominated for the membership of the Committee must be independent directors .
- It is not permissible for any member of the Audit Committee to serve simultaneously on the audit committees of more than four public companies.

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The Board must ensure that the members of the Audit Committee are qualified to fulfill their responsibilities. At least two members of the Committee, including the Committee chairman, must have recent and relevant experience in accounting and financial management .

- The Board may recommend to the General Assembly the renewal of the Committee or one of its members for another three years, one time only .
- The Board, after obtaining SAMA's No Objection in writing, has the right to recommend the dismissal of any of the Committee members in the event that he misses the membership conditions or commits a violation of these regulations or the provisions of the Cooperative Insurance Companies Supervision Law or its

- Implementing Regulations or the provisions of the regulations and other relevant instructions .
- SAMA may cancel its No Objection for nominating any member or of the Audit Committee .
 - A member of the Committee has the right to resign provided that his/ her resignation request is submitted in advance to the Board one month before the date of his/ her resignation taking effect, and the Company must notify SAMA and CMA in writing of the resignation of the Committee member and the reasons for his/ her resignation and provide SAMA with a copy of the resignation request within five (5) working days from the date of such resignation .
 - It is not permissible for the Chairman of the Audit Committee to have a relationship or financial or commercial relationship with any Board member .
 - It is not permissible for the Chairman of the Audit Committee to have a relationship with the senior management of the Company that affects his/ her independence .
 - A Committee member is deemed to have resigned from the Committee's membership if he/ she fails, without an excuse acceptable to the Committee and the Board, to attend its meetings for more than three successive meetings .
 - If the position of one of the Committee members becomes vacant during the period of membership, the Board shall nominate, within a maximum period of one month from the vacancy of this position after obtaining SAMA's No Objection in writing, another member of the vacant position, and the new member shall complete the term of his predecessor, provided that the approval of the nearest General Assembly meeting is obtained on such nomination .
 - The Committee membership of a Committee member shall terminate immediately if any change occurs that violates the membership conditions set forth in these regulations or any other regulations, instructions or decisions issued by SAMA or other relevant legislative authorities. The member of the Committee shall inform the Company in writing as soon as this change occurs. A Committee member may not attend any Committee meeting that is held after the date of such change .

D) Competencies of the Committee :

The duties of the Committee shall particularly include the following :

With regard to External Auditors :

- a. providing recommendations to the Board to nominate or re-nominate external auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of
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- b. their contracts; and this includes ensuring that the nominated external auditors have the necessary expertise to review the business of insurance and / or reinsurance companies .
 - b. verifying the independence of the external auditors from the members of the Board and senior management of the Company.
 - c. reviewing the external auditor's plan, work and reports and that they have not submitted technical or administrative works that are outside the scope of the audit work, and expressing their comments and views thereon .
 - d. reviewing the external auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith and provide recommendations thereon to the Board.

- e. responding to queries of the Company's external auditor .
- f. reviewing the management letter prepared by the external auditor and the Company's management opinions about it .

With regard to Financial Reports :

- a) studying and auditing the Company's interim and annual financial statements before presenting them to the Board and senior management of the Company and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency ;
- b) providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy ;
- c) analysing any important or non-familiar issues contained in the financial reports ;
- d) examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon ;
- e) accurately investigating any issues raised by the Company's chief financial officer or any person assuming his/her duties or the Company's compliance officer or external auditor ;
- f) examining the accounting estimates in respect of significant matters that are contained in the financial reports .

With regard to the Internal Audit Department Work :

- a. recommending to the Board the appointment and dismissal of the chief internal auditor or the internal auditor after obtaining SAMA's No Objection in writing .
 - b. determining the monthly salary, incentive bonus and other remuneration for the Internal Audit Department or the internal auditor in line with the Company's internal regulations approved by the Board .
 - c. ensure the independence of the Internal Audit Department or the internal auditor in performing their duties, and verify that there is no restriction on their work or the existence of anything that could negatively affect their work .
 - d. monitoring and supervising the performance and activities of the internal auditor and the Internal Audit Department in the Company to verify the availability of the necessary materials and their effectiveness in performing the tasks assigned to it .
 - e. studying the internal auditors' Audit Plan .
 - f. coordinating between the internal and external auditors .
 - g. reviewing the reports of the Internal Audit Department or the internal auditor and submit recommendations regarding them to the Board .
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- h. examining the internal audit reports and following up on the implementation of corrective measures for the observations contained therein .
 - i. evaluating the level of efficiency, effectiveness and objectivity of the work of the Internal Audit Department or the internal auditor .

With regard to the work of compliance management:

- a. appointing and dismissal of the chief compliance officer after obtaining SAMA's No Objection in writing .

- b. determining the monthly salary, incentive bonus and other remunerations for the Compliance Department or chief compliance officer in line with the Company's internal regulations approved by the Board .
- c. studying the Compliance Plan, approve it and follow up on its implementation .
- d. ensuring the independence of the Compliance Department or the chief compliance officer in performing their duties, and verify that there is no restriction on their work or the existence of anything that could negatively affect their work .
- e. studying the reports of the Compliance Department or the chief compliance officer and submit recommendations regarding them to the Board .
- f. evaluating the level of efficiency, effectiveness and objectivity of the work of the Compliance Department or the chief compliance officer .
- g. studying the observations and reports of SAMA and the other relevant supervisory and regulatory authorities regarding any statutory violations or request corrective measures and submit recommendations regarding them to the Board .
- h. reviewing the results of the reports of the regulatory authorities and verify that the Company has taken the necessary measures in this regard .
- i. verifying the Company's compliance with the relevant laws, regulations, policies and instructions .

Other

- a) following up on significant lawsuits filed by the Company or filed against it with the chief compliance officer or the compliance officer, and submitting periodic reports on them to the Board .
- b) studying the actuary's reports and make recommendations regarding them to the Board .
- c) reviewing the contracts and transactions proposed to be conducted by the Company with the Related Parties, and submitting its views on this to the Board .
- d) ensuring that the Company is committed to implementing the proposals and recommendations of the actuary when they are mandatory according to the regulations and instructions issued by SAMA and the relevant supervisory and regulatory authorities.
- e) Ensuring that a written bylaw of the rules of professional conduct is available after being approved by the Company's Board to warrant that the Company's activities are carried out in a fair and ethical manner .
- f) Ensuring the optimal use of information technology and provide the necessary controls to obtain accurate and reliable information and data .
- g) Raising what it deems necessary to take action in their regard to the Board, and express its recommendations on the measures to be taken .

E) Powers of the Audit Committee

In order to perform its duties, the audit committee may:

- a) review the Company's records and documents .

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- b) request any clarification or statement from the Board members or the Executive Management .
- c) request that the Board calls for a General Assembly Meeting if its activities have been impeded by the Board or if the Company has suffered significant losses and damages.

F) Conflict between the Audit Committee and the Board

If a conflict arises between the recommendations of the audit committee and the Board resolutions, or if the Board refuses to put the committee's recommendations into action as to appointing or dismissal the company's external auditor or determining its remuneration, assessing its performance or appointing the internal auditor, the Board's report shall include the committee's recommendations and justifications, and the reasons for not following such recommendations

G) Arrangements for Providing Remarks

The audit committee shall develop arrangements that enable the Company's employees to confidentially provide their remarks in respect of any inaccuracies in the financial or other reports. The audit committee shall ensure that such arrangements have been put into action through an adequate independent investigation in respect of the error or inaccuracy, and shall adopt appropriate follow-up procedures.

H) Committee Meetings

1. The Audit Committee shall hold six meetings a year at least, including the annual meeting with the Board .
2. A meeting may be held - whenever the need arises - at the request of the Board chairman, the chief internal auditor, the chief compliance officer, or the actuary.
3. The Committee chairman prepares the agenda of the topics to be presented in the Committee meetings, in consultation with other members .
4. No person other than the Committee chairman, members and secretary is entitled to attend the Audit Committee meetings, and the Committee has the right to invite whomever it deems fit to attend its meetings when needed .
5. The Committee must hold a (one-on-one) meeting without the presence of the executive / senior management with the Company's external auditors at least once a year .
6. The Audit Committee meeting is not held unless at least half of its members are present .

4-25 Nomination and Remuneration Committee

A) Nature of the Committee:

The Nomination and Remuneration Committee affiliated to the Board and nominated by the Board in accordance with the rules approved for it by the General Assembly of the Company .

B) Purpose of the Committee:

Nominating for membership of the Board, and setting policies and standards for remuneration to the members of the Board and senior executives in the Company.

C) Formation of the Committee:

The Nomination and Remuneration Committee is formed by the Board of Directors

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as follows :

1. The number of the Committee members shall not be less than three as a minimum.
2. Two independent members shall be among the members nominated .
3. The Committee is not chaired by the Board chairman .
4. The term of membership of the Committee members is linked to the session of the Board .

D) Competencies of the Committee :

Among the duties and responsibilities of the Nomination and Remuneration Committee are the following :

1. proposing the clear policies and standards for membership in the Board and executive / senior management .
2. recommending to the Board the nomination for membership of the Board and its committees in accordance with the statutory requirements, policies and approved standards .
3. setting job descriptions for executive members, non-executive members, independent members and senior executives .
4. reviewing, annually, the required needs of appropriate skills for membership of the Board and its committees, preparing a description of the capabilities and qualifications required to fill executive/senior management positions, membership of the Board and its committees, and determining the time that the member should allocate to the work of the Board and / or the Board's committees. Evaluating the structure and composition of the Board and its committees and determining the aspects of weakness in it periodically and suggesting the necessary steps to address the same .
5. evaluating and monitoring the independence of the members of the Board and its committees and ensure that there is no conflict of interest, including ensuring on an annual basis the independence of independent members .
6. establishing clear remuneration policies for members of the Board of Directors, its committees, and members of senior management, and submitting them to the Board for approval by the General Assembly, taking into account in this policy the following standards related to performance, disclosure, and verification of their implementation .
7. reviewing, on periodic basis, the remuneration policy, and evaluation of its effectiveness in achieving the objectives sought therefrom .
8. clarifying the relationship between the bonuses granted and the applicable remuneration policy, and indicate any material deviation from this policy .
9. monitoring the periodic evaluation of the performance of the members of the Board and its committees .
10. providing recommendations regarding the appointment and dismissal of senior management members .
11. developing special procedures in case the position of a member of the Board or senior executives becomes vacant .
12. proposing the succession policy and procedures for the CEO and senior members of senior management and monitor the implementation of succession plans and procedures for them .
13. reviewing the remuneration plans for the senior management members .
14. supervising the introducing program and periodic training for members of the Board .

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15. recommending to the Board on matters related to the nomination and remuneration of members of the Board, the committees emanating from the Board, and the Company's senior executives, in accordance with the approved policy .

E) Nomination Procedures

- a) When nominating a Board member, the nomination committee shall take into consideration the provisions of these Regulations and the requirements set by the Authorities ; and
- b) The number of nominees to the Board whose names are presented to the General Assembly shall be more than the number of available seats to give a chance to the General Assembly to select the Board members among those nominees .

F) Nomination Rights of Shareholders

None of the provisions of this Chapter shall prejudice the right of any shareholder to nominate him/herself or others to the membership of the Board in accordance with the provisions of the Companies Law and Its Implementing Regulations .

G) Publishing the Nomination Announcements

The Company shall publish the nomination announcement on the websites of the Company and the Exchange and through any other medium specified by the Authority; to invite persons wishing to be nominated to the membership of the Board, provided that the nomination period shall remain open for at least a month from the date of the announcement .

H) Committee Meetings:

1. The Nominations and Remuneration Committee holds at least two meetings a year .
2. The Committee chairman prepares the agenda of the topics to be presented in the Committee's meetings, in consultation with the other members .
3. No person other than the committee chairman, members and secretary is entitled to attend the Nomination and Remuneration Committee meetings, and the committee has the right to invite whomever it deems fit to attend its meetings when needed.

4-26 Investment Committee

A) Nature of the Committee :

The Investment Committee affiliated to the Board and is nominated by the Board according to the regulations approved by the General Assembly of the Company, and it submits its reports directly to the Board .

B) Purpose of the Committee:

Reviewing and assessing the investment offers to create investment opportunities, evaluate them, and recommend them within the limits of the powers assigned to them by the Board of Directors.

C) Formation of the Committee :

The Investment Committee is formed by the Board as follows :

1. The number of the Committee members shall not be less than three .
2. The Committee shall include independent, executive and non-executive members .

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3. The council appoints a chairperson for the committee from among its members.
4. The term of membership of the Committee members is linked to the session of the Board.

D) Competencies of the Committee :

Among the duties and responsibilities of the Investment Committee are the following:

1. review and approving the Investment Strategy and policies submitted by the executive / senior management .
2. supervising the implementation of the Investment Strategy and policies and ensuring compliance with them .
3. reviewing and evaluating investment offers and take decisions related to the Company's investments within the limits of the powers granted by the Board .
4. appointing investment managers inside and outside the Kingdom, evaluating their services, terminating their duties and determining their fees .
5. setting investment limits inside and outside the Kingdom in accordance with the regulations issued by SAMA .
6. supervising compliance with investment limits in every investment tool .
7. reviewing and evaluating the Company's existing investments through periodic reports .
8. notifying the Board about the actions it takes, the results it reaches, or the decisions it takes .

E) Committee Meetings :

1. The Investment Committee shall hold at least four meetings a year .
2. The Committee's decisions and recommendations are issued by a majority vote of its attending members, and in the event of a tie vote, the side with which the Committee chairman votes shall prevail .
3. The meeting minutes are kept according to the records prepared for that purpose .
4. The Committee shall hold a (one-on-one) meeting without the presence of the executive / senior management with the statutory accountants of the Company at least once a year .

4-27 Executive Committee

A) Nature of the Committee :

The Executive Committee is a committee affiliated to the Board of Directors and nominated by the Board according to the regulations approved for it by the General Assembly of the Company, and submits its reports directly to the Board .

B) Purpose of the Committee:

The Committee aims at ensuring the effectiveness of the decision-making process at the highest levels in order to achieve the Company's objectives with flexibility in accordance with the powers granted to it by the Board of Directors .

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C) Formation of the Committee:

The Executive Committee is formed by the Board of Directors as follows :

1. The number of Committee members shall not be less than three and not more than five members .

2. The Committee consists of executive and non-executive members .
3. The term of membership of the Committee members is linked to the session of the Board .

D) Competencies of the Committee:

Among the duties and responsibilities of the Executive Committee are the following:

1. recommending to the Board of Directors about strategic and operational plans, budgets and business plans, and taking the necessary actions in their regard .
2. taking decisions on matters delegated to it by the Board that are outside the scope of the Company's CEO, including matters related to capital expenditures and purchases, within the limits authorized to the Committee by the Board .

E) Committee Meetings:

- 1) The Executive Committee shall hold at least six meetings a year .
- 2) The Committee has the right to hold a meeting at any time (except for the mentioned periodic meetings) when needed .

28-4 Risk Management Committee

A) Nature of the Committee :

The Risk Management Committee is affiliated to the Board and nominated by the Board according to the regulations approved by the General Assembly of the Company, and it submits its reports directly to the Board .

B) Purpose of the Committee :

The Risk Management Committee, which is affiliated to the Board, aims at assisting the Board in performing its corporate governance responsibilities in the aspect related to risk management, in addition to being responsible for overseeing and monitoring the Company's Risk Management Plan, related practices, and its implementation in light of the Risk Management Strategy approved by the Board .

C) Formation of the Committee :

The Risk Management Committee is formed by the Board of Directors as follows :

1. The Committee consists of (3) members at least, who possess knowledge of financial and risk management .
2. The Risk Management Committee is chaired by a non-executive member .

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3. The term of membership of the Committee members is linked to the session of the Board .

D) Competencies of the Committee :

1. The duties and responsibilities of the committee consist of the following :
 - a. determining the risks that the company may be exposed to, and maintaining an acceptable level of risk appetite of the Company ;
 - b. supervising risk management systems and evaluating their effectiveness ;
 - c. ensuring the feasibility of the Company continuation, the successful continuity of its activities and determining the risks that threaten its existence during the following twelve (12) months ;
 - d. developing a comprehensive risk management strategy for the Company, supervising its implementation, reviewing and updating it periodically, taking into account the relevant internal and external variables ;
 - e. review risk management policies ;
 - f. regularly reassessing the Company's risk appetite and its exposure of risks periodically ;
 - g. preparing detailed reports on the exposure to risks and the recommended measures to manage such risks, and presenting them to the Board ;
 - h. providing recommendations to the Board on matters related to risk management ;
 - i. ensuring the availability of adequate resources and systems for risk management ;
 - j. reviewing the organizational structure for risk management and providing recommendations regarding the same before approval by the Board ;
 - k. verifying the independence of the risk management employees from activities that may expose the Company to risk ;
 - l. ensuring that the risk management employees understand the risks threatening the Company and seeking to raise awareness of the culture of risk ;
 - m. reviewing any issues raised by the Audit Committee that may affect the Company's risk management .
2. The Committee shall submit its reports to the Board on the results of its work in accordance with the controls and mechanisms contained in the Risk Management Charter. The minutes of the meetings of the Risk Management Committee shall be presented to the Board for perusal and information .
3. When needed, the Committee has the right to seek external consulting services in order to perform its duties, at the expense of the Company, after obtaining the approval of the Board .

E) Committee Meetings:

1. The Committee shall hold meetings at least four times a year. An invitation to attend the meeting will be sent with the agenda and related materials .
 2. The meeting does not take place without the attendance of at least two thirds of the Committee members, including the Committee chairman .
 3. The decisions and recommendations of the Committee are issued by the majority of the attendance votes, and in the event of a tie, the vote of the committee chairman will be cast .
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4. The meeting minutes are kept and signed by the Committee chairman and secretary. These minutes are distributed to the concerned persons within a period not exceeding (15) days .
 5. The minutes of the meetings are submitted to the Board for information .

29-4 Remuneration for the Board Members

- 1) The Company's Articles of Association indicates the method of remuneration for Board members by the Company setting and developing a policy for rewards and remuneration that is compatible with the requirements of relevant laws, regulations and instructions, and this policy is approved by the Board, and this remuneration may be a specific salary or attendance allowance for sessions or benefits in kind or a certain percentage of the profits, and it is permissible to combine two or more of these benefits .
- 2) The remuneration of the Board members may be modified with the approval of the Extraordinary General Assembly of shareholders .
- 3) The Board proposes the remuneration of the Board members upon the recommendation of the Nomination and Remuneration Committee and in accordance with the relevant laws, regulations and instructions and with any conditions approved by the General Assembly. The Company makes sure that all details of the proposed remuneration are published in writing, so that they are available to all shareholders prior to the holding of the General Assembly in which this remuneration is voted on .
- 4) The Saudi Arabian Monetary Authority shall be provided with a copy of the Remuneration Policy within (180) calendar days from the date of issuance of the Corporate Governance Regulation issued by the Saudi Arabian Monetary Authority for the licensed companies, and from the date of the license for other companies. The Board should review the remuneration policy, and consider the need to amend it at least annually, provided that the Saudi Arabian Monetary Authority is notified of any amendments to this policy within (21) working days from the date of the amendment's approval .
- 5) The Company shall maintain a bonus and remuneration policy, so that this policy includes all levels and categories of employees, whether they are full-time or contracted .
- 6) The remuneration policy takes into account the following:
 - a) Its consistency with the Company's strategy and objectives .
 - b) That the remuneration be presented for the purpose of inducing the members of the Board of Directors and the executive / senior management to the success and development of the Company in the long term, such as linking the variable part of the remuneration with performance in the long term .
 - c) Remuneration is determined based on the level of the position, the tasks and responsibilities entrusted to the occupant, academic qualifications, practical experiences, skills, and level of performance .
 - d) Its consistency with the size, nature and degree of risks of the Company .
 - e) Taking into account the practices of other companies in determining remuneration, while avoiding the unjustified increase in remuneration and bonus that may result from that .
 - f) To aim at attracting, maintaining and motivating professional competencies, without exaggerating them .
 - g) Cases of suspension or refund of bonus payments if it appears that it was decided

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based on inaccurate information provided by a Board member or executive / senior management; this is to prevent the employment situation being exploited for undue rewards .

- h) Organizing the award of shares in the Company to the Board members and the executive / senior management, whether it is a new issue or shares purchased by the Company .
 - i) That the policy covers the objectives of the rewards and remuneration plan (with emphasis on enhancing the effectiveness of risk management and achieving the safety and stability of the Company's financial position) .
 - j) To cover the structure of the remuneration system (including the main determinants of remuneration and its compatibility with the degree of risk, etc.) .
 - k) That it contains determinants of the elements of rewards and compensation (fixed and variable elements, financial and non-financial benefits, etc. ...).
 - l) That such rewards and remuneration be linked to performance .
- 7) The Board will ensure that the level and structure of rewards and remuneration :
- a) Fair .
 - b) Compatible with the Company's objectives .
 - c) It encourages prudential practices and does not take high risks to achieve short-term returns, and is consistent with the Company's risk management policy approved by the Board .
 - d) It does not cause any conflict of interest that would adversely affect the performance of the Company .
 - e) It aims at achieving the interests of the insured, the shareholders and the Company's long-term strategic objectives .
- 8) The Company must have a system for objectively and systematically evaluating the performance of its employees at all levels. Specifically, the evaluation of the performance of senior management should be based on the long term and not limited to the performance of one year only .
- 9) The Board Nomination and Remuneration Committee shall ensure that an annual review of the Company's remuneration and compensation practices (by the internal audit function or a specialized external entity) is done independently and without interference from the executive / senior management of the Company .
- 10) The Company must have a structure for rewards and compensation for employees in control functions such as: (internal audit and compliance monitoring) in a way that contributes to enhancing the impartiality and independence of these jobs. The performance of employees in these jobs is evaluated and their remuneration determined without any interference from the executive / senior management of the Company .
- 11) It is not permissible for a member of the Board or senior management (except for sales managers) to obtain commissions or bonuses for the business they contribute to concluding in the interest of the company. In addition, it is not permissible to directly link any part of the remuneration and compensation of a member of the Board or senior management (except for sales managers) to the Company's business volume (insurance departments).

30-4 Conflict of Interest in the Board

1. A Board member shall perform his/ her duties honestly and impartially, and must advance the interests of the Company over his personal interest, and not to exploit

his/ her position to achieve personal interests .

2. A Board member shall maintain the confidentiality of information related to the Company and its activities and not to disclose it to anyone else .
3. A Board member or senior management executive must not have a personal interest, direct or indirect, in the business and contracts that are carried out for the account of the Company without an authorization from the General Assembly to be renewed every year or by whom the Assembly delegates as mentioned in paragraph 16 of 2-8, with the exception of business which is done through public competition if the member is the best bidder. The Board member or the senior management executive shall inform the Board of his/ her personal 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 Board meeting, and any Board member with an interest may not participate in voting on the decision issued in this regard in the General Assembly or in a Board meeting. The Board chairman shall inform the General Assembly when it convenes about the business and contracts in which one of the Board members or the senior management member has a personal interest in and their amounts. A special report from the external auditor shall be attached to this notification .
4. To notify the Board of the competing business that the Board member wishes to transact, and record this notification in the minutes of the Board meeting .
5. That the interested member does not participate in the vote on the decision to be issued in this regard by the Board and the shareholders' assemblies .
6. The Board chairman shall inform the Ordinary General Assembly at its convening of the competing business practiced by a Board member, and that is after the Board verifies that the Board member is competing with the Company's business or competing in one of the branches of his/ her business activity in accordance with the criteria issued by the Company's General Assembly - based on the proposal of the Board of Directors. This shall be published on the Company's website, provided that these business activities are verified annually .
7. It is not permissible for a Board member or a senior management member, without an authorization from the General Assembly, to be renewed every year, to participate in any business that would compete with the Company or to trade in any of the branches of the activity that it transacts .
8. Members of the Board and senior management who have direct or indirect ownership or interest in any of the competing businesses, including the insurance-related professions, must observe the following criteria :
 - a. A written disclosure to the Board of their ownership in the free professions company as soon as possible .
 - b. Refrain from encouraging dealings with the free professions company in which they have ownership .
 - c. Abstaining from voting on any of the decisions related to dealing with the free professions company in which they have ownership .
 - d. A Board member is prohibited from voting on the decision of the Board or the General Assembly in the business and contracts that are made for the account of the Company if he has a direct or indirect interest therein.

The Company also shall disclose to the General Assembly when it convenes about its dealings with any of the free professions companies related to insurance in which any of the Board members or the senior management have a personal interest in them. Attached to this notification is a special report from the external auditor .

9. The Board chairman shall provide the General Assembly with the details of the insurance contracts in which one of the members of the Board, the senior management or the parties related to them have an interest, including the type and size of these contracts and any losses resulting from them, if any.
10. It is not permissible to provide cash loans of any kind to Board members or to guarantee any loan contracted by one of them with others, with the exception of banks and other credit companies .
11. A Board member is prohibited from exploiting or benefiting - directly or indirectly - from any of the Company's assets, information, or investment opportunities presented to him/ her as a Board member, or offered to the Company, and this includes investment opportunities that fall within the Company's activities, or that the Company desires to benefit from, and the ban applies to any Board member who resigns in order to exploit investment opportunities - directly or indirectly - that the Company wishes to benefit from and which he/ she became aware of during his/ her membership in the Board .

4-31 Disclosure of Conflict of Interest by the Nominee

A person who desires to nominate himself/ herself for the membership of the Board shall disclose to the Board or the General Assembly any cases of conflicts of interest, including :

- 1) having direct or indirect interest in the contracts and businesses entered into for the benefit of the Company in which he/ she desires to be nominated to the Board .
- 2) engaging in business that may compete with the Company or any of its activities .

4-32 Concept of Competing Business

The following shall be deemed a participation in any business that may compete with the Company or any of its activities :

- 1) the Board members' establishing a company or a sole proprietorship or the ownership of a controlling percentage of shares or stakes in a Company or any other entity engages in business activities that are similar to the activities of the Company or its group .
- 2) accepting membership in the Board of a company, an entity that competing with the Company or its group, or managing the affairs of a competing sole proprietorship or any competing company of any form .
- 3) the Board member's acting as an overt or covert commercial agent for another company or entity competing with the Company or its group.

4-33 Rejecting the Renewal of Authorization

If the General Assembly rejects renewing the authorization granted, the member of the Board shall resign within a period specified by the General Assembly; otherwise, his/her membership in the Board shall be deemed terminated, unless he/ she decides to withdraw from such contract, transaction or competing venture or regularize his/her situation in accordance with the Companies Law and its Implementing Regulations prior to the end of the period set by the General Assembly.

4-34 Accepting Gifts

No member of the Board or Senior Executives may accept gifts from any person who

has entered into commercial transactions with the Company if such acceptance of gifts may lead to a conflicts of interest.

4-35 Reporting Non-Complaint Practices

The Board shall, based upon a proposal from the audit committee, develop the necessary policies and procedures to be followed by Stakeholders when submitting complaints or reporting any violations, taking the following into consideration:

- 1) facilitating the method by which Stakeholders (including Company employees) report to the Board conducts and practices of the Executive Management's that violate applicable laws, regulations and rules or raising doubts as to the financial statements or the internal audit controls or others, whether such conducts or practices are against them or not, and conducting the necessary investigation in that regard;
- 2) maintaining the confidentiality of reporting procedures through facilitating direct contact with an independent member of the audit committee or other specialized committees;
- 3) appointing an employee to receive and address complaints or reports sent by Stakeholders;
- 4) dedicating a telephone number or an email address for receiving complaints; and
- 5) providing the necessary protection to the Stakeholders .

4-36 Professional and Ethical Standards

Professional Conduct Policy

The Board shall establish a policy for professional conduct and ethical values at the Company, which shall particularly take the following into consideration :

- 1) ensuring that each member of the Board or the Executive Management and employees perform his/ her duties of loyalty and care to the Company, and undertake the measures that may protect the Company's interests and contribute to its development and increase its value, and shall, at all times, prioritize the Company's interests over his/her own interests .
- 2) a Board member shall represent all shareholders of the Company and take all actions to achieve the best interests of the Company and its shareholders, while protecting the rights of the other Stakeholders rather than only the interests of the group that elected him .
- 3) entrench among the Board members and Senior Executives the principle of compliance with all relevant laws, regulations and instructions .
- 4) preventing the Board members or the Executive Management from abusing their positions with the aim of achieving benefits for himself/herself or a third party .
- 5) ensuring that the Company's assets and resources are only used to achieve the Company's purposes and objectives, and not to achieve personal interests .
- 6) establishing accurate, well-formed, and clear rules regulating the authority to access the Company's internal information and timing to access it, in a way that prevents the Board members, the Executive Management and others from making personal use or disclosing the same to any person, except within the prescribed limits or as permitted by law .

4-37 Regulating the Relationship with Stakeholders

The Board shall establish clear and written policies and procedures regulating the relationship with Stakeholders with the aim of protecting them and safeguard their rights, which shall include the following, in particular :

- 1) methods to compensate Stakeholders when their rights established by laws or protected by contracts are infringed .
- 2) methods for resolving complaints or disputes that may arise between the Company and the Stakeholders .
- 3) methods for building good relationships with customers and suppliers and maintaining the confidentiality of their information .
- 4) rules of professional conduct for Company managers and employees that are prepared in compliance with the proper professional and ethical standards and regulate their relationship with Stakeholders, provided that the Board shall establish mechanisms for supervising the implementation of, and compliance with such rules .
- 5) the Company's social contributions .
- 6) ensuring that the Company's transactions with Board members and Related Parties are entered into on terms identical to the terms of transactions with Stakeholders without any discrimination or bias .
- 7) Stakeholders obtaining of information relevant to their activities to enable them to perform their duties. Such information shall be correct and sufficient and shall be provided in timely manner and on a regular basis .
- 8) treating Company employees pursuant to the principles of justice and equality and without discrimination .

Chapter 5 : Control Functions

5-1 Internal Control System

The Board shall approve an internal control system for the Company in order to assess the policies and procedures relating to risk management, implementation of the provisions of the Company's governance rules approved by the Company and compliance with the relevant laws and regulations. Such system shall ensure compliance with clear accountability standards at all executive levels in the Company, and that Related Party transactions are implemented in accordance with the relevant provisions and controls .

5-2 Establishing Independent Units or Departments within the Company

- a) For purposes of implementing the approved internal control system, the Company shall establish units or departments for the assessment and management of risks and for internal auditing .
- b) The Company may utilize external entities to perform the duties and competencies of the units or departments of risks assessments and management and internal control without prejudice to the Company's responsibility for those duties and competencies .

5-3 Risk Management

Risk Management Role and Responsibilities

Risk management is responsible for identifying, assessing, measuring, controlling, limiting, and monitoring the various types of company risks, on an ongoing basis, at the

departmental and Company level .

- 1) The Company's risk management competencies and responsibilities include, but are not limited to, the following in addition to any other regulatory or supervisory requirements :
 - a. implementing the Risk Management Strategy approved by the Board .
 - b. monitoring the risk profile at the Company level .
 - c. developing effective risk management policies and procedures with the aim of identifying, assessing, measuring, controlling, reducing, and controlling those risks.
 - d. identify emerging risks and suggest appropriate ways to reduce and control them .
 - e. review periodically the Company's risk appetite and the extent of its exposure to risks .
 - f. establish an emergency plan to ensure business continuity .
 - g. coordination with the senior management of the company to ensure the efficiency and effectiveness of risk management systems.
- 2) The Risk Department carries out its duties and activities in the light of the statutory requirements for risk management and other laws and supervisory regulations issued by SAMA .
- 3) Ensure the independence of Risk Management from all operating departments of the Company .
- 4) The Risk Department operates under the chairmanship of the Chief Risk Officer and may report to the CEO or any other executive. In addition, the Chief Risk Officer may communicate directly with the Risk Management Committee without any hindrance .
- 5) A sufficient number of employees shall be employed in proportion to the nature and volume of business in the Company. The Company provides two risk management officers, as a minimum: one is responsible for general and health insurance, and the other is responsible for protection and savings insurance .

5-4 Internal Audit

A) Composition of an internal audit unit or department

The internal audit unit or department shall be composed of at least one internal auditor whose appointment is recommended by the Audit Committee. Such internal auditor shall be responsible before the Audit Committee. The formation and operation of the internal audit unit or department shall take into consideration the following :

- 1) employees of such department shall be competent, independent and adequately trained, and shall not be entrusted with any other functions other than internal audit duties and internal control system .
- 2) the department shall report to the audit committee, and shall be subordinate and accountable to it .
- 3) the remunerations of the manager of the audit unit or department shall be determined by the a recommendation of the audit committee as per Company's policies .
- 4) the department or unit shall be given access to information and documents, and shall be able to obtain the same without any restrictions .

B) The role and responsibilities of the internal audit

The general tasks and responsibilities of the internal audit department include –

for example, but not limited to - the following :

- 1) evaluate the effectiveness and efficiency of internal controls, policies and procedures, the Company's reporting mechanism, and the extent of compliance with them, and make recommendations for their improvement .
- 2) verify compliance with internal policies, plans, procedures, standards, laws and regulations .
- 3) the credibility, truthfulness and integrity of financial and non-financial information and the means used to determine, measure, classify and report this information to the Audit Committee .
- 4) adequacy and effectiveness of systems design, review of implementation, performance and efficiency of operations .
- 5) the independence of the Internal Audit Department is realized through its referral to the CEO from the administrative point of view, and the Audit Committee from the functional point of view .
- 6) the possibility of access completely, freely and without restrictions to all facilities, activities, data, systems, records, information and properties of the company, and to meet any of its employees .

C) Internal Audit Plan

The internal audit unit or department shall operate pursuant to a comprehensive audit plan approved by the audit committee. Such plan shall be updated annually. Key activities and operations, including the activities of risk management and compliance departments, shall be reviewed at least annually .

D) Internal Audit Report

- a) The internal audit unit or department shall prepare and submit a written report on its activities at least quarterly to the Board and the audit committee. Such report shall include an assessment of the Company's internal control system and the final opinion and recommendations of the unit or department. Such report shall also specify the procedures taken by each department for addressing the findings and recommendations from the previous audit, and any remarks thereon, particularly failures to promptly address such findings and recommendations and the reasons for such failure .
- b) The internal audit unit or department shall prepare a general written report to be submitted to the Board and the audit committee on the audit activities it carried during the fiscal year compared to the approved plan. Such report shall explain the reasons for any deviation from the plan, if any, during the quarter following the end of the relevant financial year .
- c) The Board shall specify the scope of the report of the internal audit unit or department, based on recommendations from the audit committee and the internal audit unit or department. The report shall include the following in particular .
 - 1) procedures for monitoring and overseeing the financial affairs, investments and risk management ;
 - 2) assessing the development of risk factors threatening the Company and the

existing systems, in order to confront radical or unexpected changes in the Exchange ;

- 3) an assessment of the performance of the Board and the Senior Management with respect to the implementation of internal control systems, including specifying the number of times the Board has been informed of control issues (including risk management) and a description of the method followed to address such issues ;
- 4) failures or weaknesses in the implementation of internal control, or emergency situations that have affected or may affect the Company's financial performance, and the measures taken by the Company to address such failures (particularly the issues disclosed in the Company's annual reports and its financial statements) ;
- 5) the extent to which the Company has complied with the internal controls when determining and managing risks; and
- 6) information describing the Company's risk management operations .

5-5 Control of Compliance

A) The role and responsibilities of compliance monitoring

The general duties and responsibilities of the Compliance Department include, for example, but not limited to, the following :

- 1) monitor the Company's compliance with all relevant laws, regulations and instructions issued by SAMA or other supervisory authorities and take the necessary measures to improve the level of statutory compliance with the Company.
- 2) ensure that there is a high level of response to the regulatory requirements imposed by the regulatory authorities such as SAMA, CCHI, CMA, the Ministry of Commerce and others, and verify full compliance with those requirements, and submit reports related to them in a timely manner .
- 3) ensure that the executive / senior management has an adequate understanding of the risks of non-compliance that the Company may be exposed to and that it is working on evaluating the controls, processes, systems, policies and procedures related to the extent of their effectiveness in facing these risks .
- 4) take the necessary steps towards promoting and encouraging a culture of high-efficiency commitment across the entire Company .
- 5) the ability to fully, freely and without restrictions, access all facilities, activities, data, systems, records, information and properties of the Company, and to meet any of its employees .
- 6) reviewing the procedures and processes of any department in the Company to verify its full compliance .

5-6 Actuarial Management and Appointed Actuary

1. The role and responsibilities of the actuarial management
 - a. Adhere to the requirements of SAMA regarding :
 1. the principles and liabilities of insurance contracts .
 2. technical prices .
 3. monitoring the adequacy of insurance premiums .
 4. loss history / experience studies .

5. capital adequacy .
 6. reinsurance .
 7. quantitative aspects of risk management .
 8. Supporting the actuarial work in the company.
- b. Manage and review all reports and requirements related to the actuarial aspects .
 - c. Provide observations and recommendations to the Company management on the findings related to the actuarial studies and work .
 - d. Providing technical support regarding the adequacy of technical provisions.
 - e. Providing technical support regarding price adequacy .
 - f. Ensure full compliance with actuarial regulatory requirements .
 - g. The appointed actuary and the manager of Actuarial Management must communicate with the Board, senior management, and internal and external auditors of the Company, and the actuarial management activities include overseeing the provision of training and professional development for actuarial management .

2- The Competencies of the appointed actuary

The general competencies and responsibilities of the appointed actuary include - for example, but not limited to, the following :

1. obtain all necessary information from the previous appointed actuary .
2. study the Company's working financial position .
3. evaluate the adequacy of the Company's capital .
4. evaluate the Company's ability to fulfill its future obligations .
5. pricing of protection, savings, health, and motor insurance products, with recommendations made on the adequacy of premium rates for other classes of general insurance products .
6. determining the technical allocations for the Company and recommending it .
7. coordination with the officials in managing risks in the Company to assess the impact of material risks and to determine the appropriate mechanism to mitigate their effects .
8. evaluate the adequacy of the reinsurance arrangements and appropriate levels of retention of risk and recommend an optimal level of retention .
9. submit recommendations to the Company's Board regarding the Investment Policy of the Company, taking into account the nature and timing of obligations towards insurance policyholders and the availability of appropriate assets .
10. determine the surplus or deficit of the Company in general .
11. preparing the appropriate reports according to the financial report forms required by SAMA .
12. review the Company's underwriting evidence .
13. preparing an annual report showing the efficiency of the Company's technical reserves and the prices of insurance products .
14. analysis of the evolution of the insurance portfolio and cost analysis .
15. prepare a report showing the suitability of assets for responsibilities .
16. provide advice on any other actuarial matters .

5-7 External Auditor

a) Assigning the Audit Function

The Company shall assign the function of auditing its annual accounts to an independent and competent external auditor who possesses the necessary expertise and qualifications to prepare an objective and independent report to the Board and the shareholders, setting out whether the Company's financial statements clearly and impartially express the financial position of the Company and its performance in the significant areas.

b) Appointment of the External Auditor

The General Assembly shall nominate two external auditors (or more) from among the auditors licensed to work in the Kingdom, and determine their fees and the duration of their work, and it may re-nominate them, provided that the total period of their nomination does not exceed five continuous years, and whoever has exhausted this period may be re-nominated after two years from the date of its expiration, the General Assembly may also and at all times change them without prejudice to their right to compensation if the change occurred at an inappropriate time or for an unlawful reason, and the nomination of the external auditor by the General Assembly will be based on a nomination from the Board taking into account the following requirements are met :

- 1) the nomination shall be based on a recommendation from the audit committee ;
- 2) the external auditor shall be authorized by the Competent Authority ;
- 3) the external auditor's interests shall not conflict with the interests of the Company ;
and
- 4) the number of nominees shall not be less than two .

c) Duties of the External Auditor

The external auditor shall :

- 1) owe the duties of loyalty and care to the Company .
- 2) notify CMA if the Board fails to take appropriate actions in respect of suspicious issues it raises .
- 3) request the Board to call for a General Assembly meeting if the Board has not facilitated his mission; and shall be liable to compensate the Company, the shareholders or third parties for the damages resulted from errors it commits in the course of its engagement. If an error is attributable to more than one external auditor, they shall be jointly responsible therefor .
- 4) the external auditor shall present to the annual General Assembly a report prepared in accordance with the generally accepted auditing standards, ensuring the position of the Company management to enable him to obtain the data and clarifications he requested and the violation of the provisions of the Cooperative Insurance Companies Supervision Law and its Implementing Regulations and other relevant rules, regulations and instructions, the Company's Articles of Association, and its opinion on the fairness of the Company's financial statements. The external auditor shall read his report before the General Assembly. If the Assembly decides to approve the Board report and the financial statements without hearing the external auditor's report, its decision will be null and void .

Chapter 6 : Senior Management

- 1) The senior management is responsible for supervising the daily activities of the Company, without prejudice to any other regulatory or supervisory requirements the competencies of the senior management include, but are not limited to, the following :

- a) executing the Company's strategic plans, and the internal policies and systems approved by the Board ;
- b) suggesting the Company's comprehensive strategy as well as the principal and interim business plans and the policies and mechanisms for investment, financing, risk management and emergency administrative circumstances management plans and implementing them ;
- c) proposing the most appropriate capital structure for the Company and its strategies and financial objectives ;
- d) proposing the main capital expenditures of the Company and acquiring and disposing of assets ;
- e) proposing the organizational and human resources structures of the company and presenting them to the Board for approval ;
- f) implementing the Company's Corporate Governance rules effectively, to the extent they do not conflict with the provisions of these Regulations, and proposing amendments thereto if needed ;
- g) designing the necessary policies and procedures to ensure the efficiency and effectiveness of the internal control system, and general supervision over them ;
- h) implementing internal control systems and procedures, and generally overseeing them, which include :
 - 1. implementing the conflicts of interest policy ;
 - 2. correctly applying the financial and accounting procedures, including the procedures relating to the preparation of financial reports ;
 - 3. applying appropriate control systems for measuring and managing risks by generally forecasting the risks that the Company may encounter and creating an environment which is aware of the culture of risk mitigation at the Company level, and transparently disclosing them to the Company's Board and other Stakeholders .
- i) implementing internal control and risk management systems and ensuring that they are effective and efficient, and ensuring compliance with the level of risks approved by the Board ;
- j) implementing policies and procedures to ensure the Company's compliance with the laws and regulations and its obligation to disclose material information to shareholders and Stakeholders ;
- k) proposing the policy and types of remunerations granted to employees, such as fixed remunerations, remunerations linked to performance and remunerations in the form of shares ;
- l) proposing and developing internal policies related to the business of the Company, including specifying the duties, competencies and responsibilities assigned to the various organizational levels ;
- m) proposing a clear policy to delegate tasks to the Executive Management and the method for implementing such policy ;
- n) proposing the powers to be delegated to the Executive Management, the procedures for decision making and the period of delegation, provided that it shall present periodic reports to the Board in respect of its exercise of such powers ;
- o) managing the daily business and activity of the Company, in addition to managing its resources in the most appropriate form in accordance with the objectives and strategies of the Company ;
- p) developing procedures for identifying, measuring, limiting and controlling risks.
- q) maintaining documents and auditing accounts ;

- r) working according to the Board directives and submit periodic financial and non-financial reports regarding the progress made in the Company's business activity in light of the Company's strategic plans and objectives ;
 - s) providing the Board with the necessary information to exercise its powers and making recommendations regarding the following :
 - 1. increase or decrease the Company's capital .
 - 2. dissolving the Company before the term specified in its Articles of Association or deciding its continuation .
 - 3. use of the Company's contractual reserve .
 - 4. create additional reserves for the Company .
 - 5. the method of distributing the net profits of the company.
 - t) ensure that all regulatory and supervisory requirements are met to the maximum extent possible ;
 - u) active participation in building and developing a culture of moral values within the Company .
- 2) each position in the senior management shall have a documented and detailed job description specifying the roles, responsibilities, specifications, qualifications, reporting lines (dependency), the mechanism of interaction with other internal bodies, and the powers and limits of authority .
 - 3) the members of the senior management shall have the necessary skills, knowledge and experience required to ensure that the Company's business activities are managed in an efficient and prudent manner. SAMA must be provided with information about the competence and qualifications of the members of the senior management upon its request.
 - 4) the senior management shall provide the Board with a comprehensive view of the management's performance during at least every Board meeting.
 - 5) the priority for senior management positions is for Saudis, and in the event that a non-Saudi is required to be appointed, the Company must prove that a Saudi qualified to fill the required position is not available, based on the requirements for appointment to leading positions issued by SAMA on July 2013 .

6-1 Providing Members with Information

The Executive/ Senior Management of the Company shall provide the Board members, the Non-Executive Directors in particular, and the committees of the Company with all of the necessary information, details, documents and records, provided that they shall be complete, clear, correct and non-misleading, in due course to enable them to perform their duties and obligations.

Chapter 7 : Retaining of Documents

The Company shall retain all minutes, documents, reports and other papers required to be maintained in the Company's Head Office for at least ten years as per these Regulations. This shall include the Board report, Audit Committee report and Internal Audit reports. Without prejudice to this period, the Company, in case of any lawsuit (filed or threatened to be filed) or ongoing claim or any investigation relating to those minutes, documents, reports and other papers, shall maintain them until the end of the ongoing lawsuit, claim or investigation .

Chapter 8 : Publication and Entry into Force

These regulations shall be effective from the date of their approval by the General Assembly.