

Corporate Governance Code

V15 27th July 2016

(Approved by the Board of Director's Meeting on 27th July 2016)

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1. Basic principles

Allianz Saudi Fransi Cooperative Insurance Company, "Allianz SF", or "AzSF" considers responsible corporate governance to be a key challenge and essential condition for the creation of sustainable value for its shareholders and all other stakeholders.

The corporate governance structures of a company are subject to various factors of influence. Their basis is formed by obligatory legal requirements, supplemented by the Saudi Corporate Governance Regulations. Essential elements of good corporate governance are above all the paying of absolute attention to the interests of shareholders, efficient cooperation between corporate bodies as well as transparent communication.

Minimization of possible Conflicts of Interest

Good corporate governance aims to minimize potential conflicts between the different stakeholders of a listed company.

Compliance of the Saudi Arabian Corporate Governance Regulations

The Company considers that good corporate governance is critical to its success. This requires the implementation of a clear framework for transparency and disclosure which the Company believes is reflected in the structure and guidelines provided for below:

- Rights of Shareholders and the General Assembly.
- Disclosure and Transparency.
- Board of Directors.

Allianz SF practices full compliance of all aspects of the Corporate Governance Regulations.

C.M.A Corporate Governance Regulations website:

http://www.cma.org.sa/cma/cms/upload_sec_content/dwfile19/convE.pdf

2. Introduction to the Company

The Company

Allianz Saudi Fransi Cooperative Insurance Company is a public joint stock company registered in Saudi Arabia under Commercial Registration number 1010235601, pursuant to the Ministerial Resolution No.142 dated 8/6/1428H (corresponding to 24/6/2007G) and in accordance with Royal Decree number M/60 dated 18/09/1427H corresponding to 11/10/2006G to engage in different types of cooperative insurance activities in accordance with the principles of the Saudi Cooperative Insurance Law and its Implementing Regulations, all under the supervision of the Saudi Arabian Monetary Agency "SAMA".

Date of Incorporation

The Company is registered in Saudi Arabia under Commercial Registration Number 1010235601 pursuant to the Ministerial Resolution No. 142 dated 8/6/1428H (corresponding to 24/6/2007G) and in accordance with Royal Decree No. M/60 dated 18/09/1427H (corresponding to 11/10/2006G).

Name of the Company

The Company's name changed from "Saudi Fransi Cooperative Insurance Company" to "Allianz Saudi Fransi Cooperative Insurance Company" pursuant to the modified Commercial Registry issued on 1st September 2010, based on the approval of SAMA (Ref: 58732/MT/1675).

The Company's Initial share capital

The initial share capital of the Company was SR 100,000,000 consisting of 10,000,000 shares with a nominal value of SR 10 each, all of which are fully paid. On April 2010, the Company has increased its capital by offering 10,000,000 ordinary shares at an offer price of SR 12.5 per share (nominal value of SR 10 plus a premium of SR 2.5) through a rights issue. This offering represents an increase in the Company's Capital of SR 100,000,000 and a total offer premium of SR 25,000,000. The share capital of the Company became SR 200,000,000 consisting of 20,000,000 shares with a nominal value of SR 10 each, all of which are fully paid.

Main offices As of December 2015

Office	Address	Telephone & Fax
Head Office- Riyadh	Khorais Road, Al Khaleej Bridge, Malaz – Riyadh - KSA P.O. Box 3540, Riyadh 11481	Tel: 966 (11) 874 9700 Fax: 966 (11) 874 9799
Riyadh Branch	Khorais Road, Al Khaleej Bridge, Malaz – Riyadh - KSA P.O. Box 3540, Riyadh 11481	Tel: 966 (11) 874 9700 Fax: 966 (11) 874 9799
Jeddah Regional Office	Suite 102, 1st Floor, Ewan Center, Ibrahim Juffali Street, Andalus District, Jeddah, KSA	Tel: 966 (12) 283 2444 283 2589 Fax: 966 (12) 283 0022
Madinah Branch	Office No. 501, 5 th Floor, Abo Ouf Plaza Tower, Airport Road, opposite Badr Market	Tel: 966 (14) 834 0627 Fax: 966 (14) 834 3788
Dammam Regional Office	Business City Building, King Abdelaziz Street, KSA	Tel: 966 (13) 831 5600 to 831 5606 Fax: 966 (13) 831 5609
Al-Hassa Branch	1 st Floor, Al Harshan Tower, Dahran Road, Mubarras – Al Shorufiyah District	Tel: 966 (13) 531 4521 Fax: 966 (13) 582 8118

Key History

- October 2006: The founders receive authorization to establish the Company as per Royal Decree No. 60/M
- March 2007: The Company goes public through an Initial Public Offering.
- June 2007: The Constituting General Assembly is held.
- March 2008: The Operational License from SAMA (Ref: TMN/11/20083) is obtained.
- September 2008: The Company moved to the New Head Office in Riyadh and received its 1st products approval.
- October 2008: The Board of Directors recommended increasing the capital to SAR 200 Mn.
- November 2008: SAMA has approved the transfer of Insaudi portfolio subject to no goodwill. (SAMA letter Ref 2294/MZ/MT).
- December 2008: The Company expands its geographical presence to cover Riyadh, Jeddah, Medina, Dammam, Khobar, and Al Hasa.
- January 2009: The General Assembly agrees on the transfer of the Insaudi Portfolio as of 1st January 2009.
- January 2009: Insaudi portfolio transfer was completed and integrated in the opening balance sheet for 2009.
- March 2009: Individual Protection & Savings P&S products approval received.
- June 2009: The Company Launched the Direct Sales force P&S operation.
- November 2009: The Bancassurance Protection & Savings products approval was received.
- April 2010: The Company Completed its 10 million shares rights issue and the Capital became SAR 200 Mn.
- June 2010: The Company has received SAMA approval to transfer the Bancassurance P&S portfolio previously booked by Banque Saudi Fransi.
- August 2010: The General Assembly approved the new members of the Board of Directors for three years up to 7th August 2010.
- November 2010: The Company transferred the Bancassurance Protection & Savings portfolio from BSF.
- March 2011: The 3 year Operating License renewal from SAMA was obtained on 30/2/1432H corresponding to 3/2/2011G.
- June 2011: The Company Launched the Protection & Saving Products “Golden Version” Sharia compliant.
- December 2011: The Company Financial Statements for the 4th fiscal year is showing positive results.
- January 2012: Restructure of Direct Sales Force for Retail Business.
- August 2012: Restructure of the Corporate Sales Force.
- January 2013: Launched common platform for all Sales Channels including Sales Support function.
- August 2013: Xavier Denys succeeded Antoine Issa as company Chief Executive Officer.
- January 2014: The Company obtained from SAMA the renewal of its operational license for another 3 years.

Vision

To be amongst the top Saudi insurance companies with global expertise and local insight, providing world class products and services in all lines of business, with nationwide reach using diverse channels of distribution, through highly trained and motivated employees.

Mission Statement

Create Trust – Deliver Excellence from A to z.

Values

Integrity, Sustainability, Expertise.

Shareholding Structure

The initial share capital of the Company was SR 100,000,000 consisting of 10,000,000 shares with a nominal value of SR 10 each, fully paid. After the Rights Issue of April 2010 the Company's Capital became SR 200,000,000 consisting of 20,000,000 shares with a nominal value of SR 10 each fully paid. The Founding Shareholders own 13 million shares representing 65% of the share capital of the Company. The remaining 7 million shares representing 35% are owned by the public. Below is a table showing the shareholders' structure of the Company:

Shareholder	Percentage	Number of Shares	Value (SR)
Banque Saudi Fransi	32.5%	6,500,000	65,000,000
Allianz France (Formerly known as: AGF International)	16.25%	3,250,000	32,500,000
Allianz MENA Holding Bermuda (Formerly known as: SNA Hldng. Bermuda)	16.25%	3,250,000	32,500,000
Public	35%	7,000,000	70,000,000
Total	100%	20,000,000	200,000,000

Competitive Advantages

With the Allianz Group and Banque Saudi Fransi as major Shareholders, the Company benefits from the global expertise of one of the world's leading insurers as well as the local insight of one of a leading bank in the Kingdom of Saudi Arabia. The Company believes that the combination of leading technical know how and standards and local expertise to provide corporate and individual customers with premium solutions for their insurance needs.

The Company anticipates that it will be able to rapidly adapt global solutions to local needs and develop various channels of distribution enhancing the accessibility to customers including:

- Bancassurance: the distribution of retail insurance products through Bank Saudi Fransi's branches pursuant to the Bancassurance agreement with Banque Saudi Fransi.
- Direct Sales Force: the distribution of a comprehensive range of individual insurance products through an in-house sales force highly trained and spread throughout branches all across the country.
- Brokers: the distribution of corporate solutions through selective local or international brokers well established in the country.
- Other distribution channels: The Company also intends to explore new sales avenues such as online sales.

Over the next five years, the Company plans to significantly expand both its branch network as well as its sales force across the Kingdom of Saudi Arabia. The Company expects to increase its branch network from 7 in 2010 to 15 over the next few years and will also benefit from the ever expanding geographical foot print of one of its Shareholders, i.e. Banque Saudi Fransi.

3. Company's Bylaws

Allianz Saudi Fransi Cooperative Insurance Company is a public joint stock company registered in Saudi Arabia under Commercial Registration Number 1010235601 pursuant to the Ministerial Resolution No. 142 dated 8/6/1428H (corresponding to 24/6/2007G) and in accordance with Royal Decree No. M/60 dated 18/09/1427H (corresponding to 11/10/2006G).

Objectives of the Company

The objects of the Company is to engage in -in accordance with the provisions of the Saudi Cooperative Insurance Law and its Implementing Regulations and the rules and regulations in force in the Kingdom of Saudi Arabia - cooperative insurance activities and all related activities such as reinsurance, agencies, representations, correspondence and brokerage. The Company may undertake all activities as may be required for achieving its objectives whether in respect of insurance or to investment of funds or to own, dispose of, transfer, lease or replace moveable and fixed assets whether directly or indirectly through companies to be established by the Company or acquired by it, or in participating in other entities in accordance with the precepts of Shariah.

The Company may own or have interest in or participate in any way with any other entity undertaking similar activities or other financial activities which may help the Company realize its objectives, or merge with those entities or acquire them. All the above activities can be exercised inside or outside the Kingdom of Saudi Arabia.

Duration of the Company

The duration of the Company shall be 99 Gregorian years commencing on the date of issuance of the Ministerial Resolution declaring its establishment. The Company's period may always be extended through a resolution adopted by the General Assembly in an extraordinary meeting taking place at least one year before the expiration of the Company duration.

Initial Public Offering

The Founders of the Company have subscribed for six million nine hundred thousand (6,900,000) of the Company's shares in the amount of sixty nine million Saudi Riyals (SAR 69,000,000) representing sixty percent (69%) of the ordinary shares of the Company, and have paid the entire value thereof at the incorporation of the Company. The remaining three million one hundred thousand (3,100,000) shares in the amount of thirty one million Saudi Riyals (SAR 31,000,000), were offered for public subscription following the issuance of the Royal Decree authorizing the incorporation of the Company. The shares were subscribed in full immediately following the offering. The Company's shares were complete and amounted to one hundred million (100,000,000) shares.

Rights Issue

The Founders of the Company have subscribed in the Rights Issue of the Company for thirteen million eight hundred thousand (13,800,000) of the Company's shares in the amount of one hundred thirty eight million Saudi Riyals (SAR 138,000,000) representing sixty percent (69%) of the ordinary shares of the Company. The remaining six million two hundred thousand (6,200,000) shares in the amount of sixty two million Saudi Riyals (SAR 62,000,000), were offered for public subscription. The shares were subscribed in full immediately following the offering. The Company's shares were complete and amounted to two hundred million (200,000,000) shares. The Company's Capital has increased 100% after the Rights Issue and is currently two hundred million Saudi Riyals (SAR 200,000,000).

Tradability of Shares

The Company's shares are tradable according to the rules and regulations of the Capital Market Authority. The founders' shares may not be traded before the publication of the financial statements of the Company for two full financial years* (each of which is not less than twelve months) from the date of establishment of the Company. These provisions shall apply to any shares subscribed to by the founders in case of increasing the Company's capital before the lapse of the prohibition period. However, the title to the cash shares may still be transferred during the prohibition period in accordance with the legal provisions for the sale of rights from one founder to another or to a member of the Board of Directors who will submit them as a qualification shares, or from the heirs of a deceased founder to a third party.

* Although the Bylaws are stating two years, the CMA regulation imposes a minimum of three full financial years.

Decrease of Share Capital

The General Assembly may in an Extraordinary Meeting after obtaining the approval of the competent authorities and, based on certain justifiable causes, adopt a resolution to reduce the Company's capital if it proves to be in excess of the Company's needs or if the Company sustains losses. This decision must be made through a resolution adopted by the General Assembly in an Extraordinary Meeting. Such resolution shall be issued after reading the auditor's report on the reasons calling for such reduction, the liabilities of the Company and the effect of the reduction on such liabilities, with due consideration to the provision of the Companies Regulations. The resolution shall provide for the manner in which the reduction shall be made. If the reduction of the capital is due to it being in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto within 60 days from the date of publication of the reduction resolution in a daily newspaper published in the city where the Company's head office is located. Should any creditor object and present to the Company documentary evidence of such debt within the time limit set above, then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.

Constitution of the Board of Directors

The General Assembly has agreed to decrease the Board of Directors membership from eight (8) members to six (6) members, to be appointed by the Ordinary General Assembly for a term not exceeding three years. Such appointment shall not contravene a juridical person's right to change its representative in the Board.

Board of Directors Shares

Each member of the Board of Directors shall give shares having a nominal value of not less than SR 5,000 for the contracts that may be entered into between the member and the Company and which had been approved by the General Assembly in its ordinary meeting. The right to seize such shares includes the shares due dividends, if any.

Vacancies

Membership of the Board shall be terminated upon the expiration of the appointment period, or the resignation, or death or removal of the member under any applicable law or regulation and with the prior approval of General Assembly in its ordinary meeting. The membership may also be revoked if the member is absent from three consecutive meetings without justification or if he is declared bankrupt or insolvent or has made a settlement request with his creditors or has ceased to pay his debts or if he has become mentally ill or is proved to have committed a dishonest or immoral act or if he is convicted of forgery.

If the post of a Board member becomes vacant, the Board of Directors may temporarily appoint a member to such vacant office, provided that such appointment is presented for approval at the first Ordinary General Assembly following such appointment.

Powers of the Board of Directors

Without prejudice to any of the powers conferred on the General Assembly, the Board of Directors shall be vested with the broadest powers to manage the business of the Company and supervise its affairs. The Board of Directors may delegate one or more of its members or a third party to undertake a specific function or functions.

Executive Committee

An executive committee constituted of a minimum of three members and a maximum of five members, is appointed by the Board of Directors. The members of the executive committee shall choose among themselves a president and in case of his absence, the committee will choose a temporary president amongst its members who are present. Members of the committee may delegate one another to vote on their behalf for only three meetings. The mandate of the members of the committee is the same mandate of the Board of Directors. The Board of Directors may fill in any vacancies in the Executive Committee.

The Executive Committee shall assist the Managing Director or the Chief Executive Officer within the limits of the powers granted to it by the Saudi Arabian Monetary Agency and the Board of Directors as instructed by them.

The meeting of the Executive Committee shall not be valid unless attended by at least two of its members (in person or by proxy) as long as the number of members themselves present shall not be less than two. The decisions of the Executive Committee shall be taken unanimously and in case of disagreement, the decisions shall be taken by the majority of three quarters of the members present in person or represented.

The Executive Committee shall convene from time to time whenever is deemed necessary by its president. However, it shall hold at least six meetings annually. A meeting of the Executive Committee may be convened at any time if at least two members of the Executive Committee so request. A decision approving such meeting shall be issued by the approval in writing of two of the Executive Committee members.

Chairman of the Board and Managing Director

The Board of Directors shall appoint a Chairman from among its members as well as a Managing Director, or a Chief Executive Officer who is not a member of the Board. The Chairman and the Managing Director or the Chief Executive Officer shall have the power to sign on behalf of the Company and the execution of the Board's decisions. They shall also have the power to represent the Company in its relationship with others and before judicial bodies. The Chairman, Managing Director or Chief Executive Officer have the right to delegate third parties to undertake certain functions. The Managing Director or Chief Executive Officer shall be responsible for the executive management of the Company. The Board determines salaries, allowances, and remunerations for each of the Chairman, Managing Director or Chief Executive Officer as prescribed in article (17) in the Company's Article of Association.

Secretary of the Board of Directors

The Board shall assign a secretary to the Board of Directors. The secretary remunerations shall be determined by the Board of Directors.

Meetings and Resolutions of the Board of Directors

Following an invitation by the Chairman or upon a request made to the Chairman by two of the Board members the Board of Directors shall meet. The Board of Directors shall hold at least four meetings annually in a fiscal year. It is not permissible to let the period of four months pass without holding a meeting. A meeting is not validly constituted unless attended by at least two third of the members (in person or by proxy). The resolutions of the Board of Directors are taken by a majority of two thirds of those members present or represented.

Audit Committee

The Board of Directors shall form an Audit Committee consisting of at least three members and not more than five members who should be non- executive and in majority shall not be Board of Directors' members (as the Saudi Arabia Monetary Agency, the Ministry of Commerce and Industry and the Capital Market Authority may decide in this regard).

Remuneration of the Board of Directors

The Chairman of the Board of Directors shall receive a remuneration for his services in the amount of one hundred and eighty thousand Saudi Riyals (SR180,000) annually. Members of the Board of Directors shall each receive a remuneration for their services in the amount of one hundred and twenty thousand Saudi Riyals (SR120,000).

In addition, the Chairman and members of the Board of Directors shall each receive an amount of three thousand Saudi Riyals (SR3,000) for attending each Board meeting. The Executive Committee, Audit Committee, Nomination & Remuneration Committee and Investment Committee shall each receive an amount of one thousand five hundred Saudi Riyals (SR1,500) for attending each meeting.

The Company shall also pay to the Chairman and members of the Board the actual expenses associated with their attendance of the Board or Executive Committee meetings, including travel, residence and accommodation expenses.

However, under all circumstances, the total payments made to the Chairman and Board members shall not exceed 5% of the Company's net profits. The Company shall ensure that all written details of the proposed remunerations and considerations will be presented to shareholders prior to the General Assembly meetings at which such remunerations and considerations shall be put to voting. The General Assembly shall approve conditions of granting such remunerations and considerations, provided the concerned Board members or any senior executive officers shall not have the right to vote on such resolutions.

The table shows the remuneration and other payments for the BOD, Executive & the various Committee members:

	Board of Directors			ExCom Members	Audit Committee Members	N&R Members	Investment Members
	Annual Remuneration	Attendance Fees	Expenses	Attendance Fees	Attendance Fees	Attendance Fees	Attendance Fees
Chairman	SAR 180,000 p.a.	SAR 3,000 per meeting	Actual ticket & Actual Accomodation	SAR 1,500 per meeting	SAR 1,500 per meeting	SAR 1,500 per meeting	SAR 1,500 per meeting
BOD Members	SAR 120,000 p.a.	SAR 3,000 per meeting	Actual ticket & Actual Accomodation	SAR 1,500 per meeting	SAR 1,500 per meeting	SAR 1,500 per meeting	SAR 1,500 per meeting
BOD Secretary		Additional SAR 25,000 p.a.	Actual ticket & Actual Accomodation				

**Maximum Annual Remuneration 5% of the Company's net Profit.*

General Assembly

The duly constituted General Assembly represents all Shareholders and shall be held in the city where the head office of the Company is located. Each subscriber, regardless of the number of shares held, shall have the right to attend the Constituent General Assembly, either in person or by proxy. Each shareholder holding twenty (20) or more shares shall have the right to attend the General Assembly, and each Shareholder may authorize another Shareholder, other than the members of the Board of Directors, to attend the General Assembly on his/its behalf.

Quorum of Ordinary General Assembly

A meeting of the Ordinary General Assembly shall be valid only if attended by Shareholders representing at least fifty percent (50%) of the Company's capital. If such quorum cannot be attained at the first meeting, a second meeting shall be held within thirty (30) days following the time set for the preceding meeting. Such notice shall be published in the manner prescribed in Article 88 of the Companies Regulations. The second meeting shall be deemed valid irrespective of the number of shares represented therein.

Voting Majorities

Resolutions of the Ordinary General Assembly shall be adopted by an absolute majority vote of the shares represented thereat. However, if a resolution relates to valuing in kind or preferential shares, a majority of the subscribers of cash shares is needed such that they represent at least two thirds (2/3) of the mentioned shares after discounting the shares subscribed to by those given in kind shares or those benefiting from preferential shares – such subscribers shall not have a vote in these resolutions, even if they also own cash shares. Resolutions of the Extraordinary General Assembly shall be adopted by a majority vote of two thirds of the shares represented at the meeting. However, if the resolution to be adopted is related to increasing or reducing the capital, extending the Company's period, dissolving the Company prior to the expiry of the period specified therefore under these By-laws or merging the Company with another company or establishment, or otherwise amending these By-laws then such resolution shall be valid only if adopted by a majority of three-quarters (3/4) of the shares represented at the meeting.

Appointment of Auditors

The General Assembly shall appoint two (2) auditors annually from among the auditors licensed to work in the Kingdom of Saudi Arabia. The auditors' compensation shall be fixed by the General Assembly. The General Assembly may further reappoint the same auditors.

Access to Records

The Auditor shall have access at all times to the Company's books, records and any other documents, and may request information and clarification as it deems necessary. It may further check the Company's assets and liabilities.

Auditor's Report

The auditor shall submit a report to the General Assembly Annual Meeting which includes the Company's status in providing the requested information, its opinion as to whether the Company's accounts conform to the facts and whether it has discovered any violations of the Bylaws or the Companies Regulations.

Financial Year

The Company's fiscal year commences on the first of January of each year and ends on the end of December of the same year.

Annual Accounts

The Board of Directors shall prepare at the end of each fiscal year an inventory of the value of the Company's assets and liabilities as that date; the Company's financial statements and a report on the Company's activities and financial position for the preceding year. The report shall include the method proposed by the Board for the distribution of net profits for that financial year and shall be ready within a period not exceeding forty (40) days after the end of the annual financial period to which they relate. The Board of Directors shall place such documents at the disposal of the Auditors at least fifty five (55) days prior to the date set for convening the Ordinary General Assembly. The Chairman of the Board shall sign the said documents and they shall be placed at the disposal of the shareholders in the Company's head office at least twenty-five (25) days prior to the date set for the Ordinary General Assembly. The Chairman of the Board of Directors shall publish in a newspaper circulated in the city where the head office of the Company is located, the financial statements and a comprehensive summary of the Board of Directors' report and the full text of the Auditors' Report, and shall send copies of such documents to the Companies Department at the Ministry of Commerce and Industry and the Capital Market Authority at least twenty-five (25) days prior to the date set for convening the Ordinary General Assembly.

Insurance Accounts

The insurance operations accounts shall be kept separate from the Shareholders' income statement, according to the following details:

- An independent account shall be dedicated to earned premiums, reinsurance commissions and other commissions;
- An independent account shall be dedicated to compensation incurred by the Company;
- There shall be determined at the end of every year the total surplus which represents the total premiums and compensation less marketing and administrative, and operational expenses and the necessary technical provisions in accordance with the directives in this regard;
- Net surplus shall be determined by: adding to, or subtracting from, the total surplus in paragraph (3) above, the policyholders' investment return share after calculating the policyholders' earnings and deducting what they owe in expenses realized; and
- Net surplus shall be distributed as follows: ten percent (10%) directly to the Policyholders and carrying over the balance to the Shareholders' income statement.

Shareholders' Income Statement

The Shareholders' profits from the investment of their funds shall be in accordance with the rules set by the Board of Directors. The share of the Shareholders in the net surplus shall be as set forth in paragraph (5) noted directly above.

Distribution of Annual Profits

Shareholders' profits shall be distributed as follows:

- Zakat and tax allocations are to be withheld;
- Twenty percent (20%) of the net profits shall be set aside to form a statutory reserve. Such setting aside shall be discontinued when said reserve totals the entire paid-up capital;
- The Ordinary General Assembly may, upon request of the Board of Directors, set aside an additional percentage of the annual net profits to form an additional reserve to be allocated for the purpose or purposes decided by the Ordinary General Assembly;
- Out of the balance of the profits, there shall be paid to the Shareholders an initial payment of not less than five percent (5%) of the paid-up capital;
- The balance shall be distributed among the Shareholders as an additional share of the profits or transferred to retained profits account;
- By resolution of the Board of Directors, periodic profits, deducted from the annual profits specified in subsection (4) above, may be distributed in accordance with applicable rules and regulations issued by competent authorities.

Company Losses

If the Company's losses total three-quarters of its capital, then the members of the Board shall call the Extraordinary General Assembly for a meeting to consider whether the Company shall continue to exist or be dissolved prior to the expiry of the period specified in the Company's Bylaws. In all cases the Assembly's resolution shall be published in the Official Gazette.

Dissolution and Winding up of the Company

The Company shall expire upon the expiry of its term in accordance with these By-Laws or by reason of the provisions of the Companies Regulations. If the Company is dissolved prior to the time set for the expiry of such duration, the Extraordinary General Assembly shall, based on a proposal by the Board of Directors, decide the method of liquidation, appoint one or more liquidators and specify their powers and remuneration. The powers of the Board of Directors shall cease upon the expiration of the Company. However, the Board shall continue the management of the Company until the liquidators are appointed. The Company's administrative departments shall retain their respective powers to the extent that they do not interfere with the powers of the liquidators.

4. The General Assembly

Shareholders' General Assembly

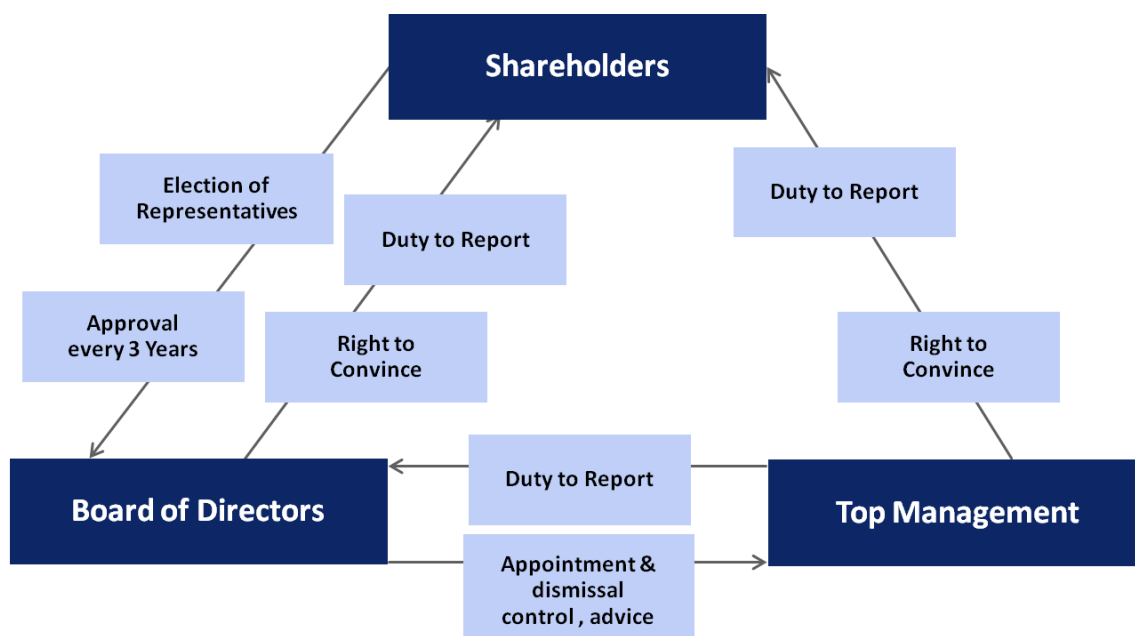
The Company endeavors to keep Shareholders up to date at the Shareholders General Assembly with regard to any major developments, and makes available periodical financial reports in line with the requirements of SAMA's guidelines and the requirements of the Listing Rules issued by the CMA.

Shareholder's Participation

At the General Assembly the shareholders exercise their rights in matters concerning the company. As a gathering of shareholders, the General Assembly elects its representatives on the Board of Directors and decides on whether to approve the activities of the Management and the Board of Directors. It decides on profit distributions, measures to procure or decrease capital, approval of affiliation agreements as well as changes to the Articles of Association. An ordinary Annual General Assembly (AGA) takes place every fiscal year. In voting in the General Assembly for the nomination to the board members, the simple majority voting method shall be applied. Every shareholder is entitled to participate at the General Assembly, to comment on any items on the agenda, to ask pertinent questions and to propose motions. A shareholder may, in writing, appoint any other shareholder who is neither a board member nor an employee of the company, to attend the General Assembly on his behalf.

Interaction of three bodies

The main interactions between the Board of Directors, Top Management, and General Assembly are summarized in the following diagram.



Conflict of Interest Policy

Any person considered as one of the Board Members or Senior Executives or Shareholders of the company take note of the regulations of the Saudi Arabian Monetary Agency (SAMA) and Capital Market Authority (CMA) regarding the Conflict of Interest, in particular, Articles 29 to 33 of SAMA's Corporate Governance Regulation, Article 18 of CMA's Corporate Governance Regulations and Articles 41 and 43 of CMA's Listing Rules as follows:

- Any person considered as one of the Board Members or Senior Executives or Shareholders shall not, without a prior authorization from the General Assembly, to be renewed each year, have any interest (whether directly or indirectly) in the company's business and contracts, or business related to the use of company's assets and its facilities. The activities to be performed through general bidding shall constitute an exception where the person is the best bidder and subject to SAMA's Non-Objection.
- The Board of Directors shall be notified from the Board Member or Senior Executive or Shareholder of any personal interest he/she may have in the business and contracts that are completed for the company's account. Such notification shall be entered in the minutes of the meeting.
- The Board Member or Senior Executive or Shareholder who is an interested party shall not be entitled to vote on the resolution to be adopted in this regard neither in the General Assembly nor in the Board of Directors.
- The Chairman of the Board of Directors shall notify the General Assembly, when convened, of the activities and contracts in respect of which the Board Member or Senior Executive or Shareholder may have a personal interest and shall attach to such notification a special report prepared by the company's auditor.
- Any person considered as one of the Board Members or Senior Executives or Shareholders shall not, without a prior authorization of the General Assembly, to be renewed annually, participate in any activity which may likely compete with the activities of the company, or trade in any branch of the activities carried out by the company.
- The company shall not grant cash loan whatsoever to any person considered as one of the Board Members, Shareholders, or render guarantee in respect of any loan entered into by any one of them with third parties, excluding banks and other fiduciary companies.
- Members of the Board and Senior Management who own an interest in an Insurance Service Provider (e.g. brokers, agents, etc.) shall:
 - Disclose to the Board their interest in the insurance-related company, in writing, at the earliest opportunity
 - Never encourage or solicit dealings with the company in which they hold an interest
 - Refrain from voting in decisions related to dealings with the company in which they hold an interest.
- The Company shall notify the General Assembly, when convened, of all businesses with any insurance-related company in which a member of the Board or Senior Management has an interest, and shall attach to such notification a special report prepared by the company's external auditors.
- Material developments in the sphere of company activities that may result in a conflict of interest must be disclosed to the public including any transaction between the company and a related party or any arrangement through which the company and a related party invest in any project or asset or provide financing therefore.
- The Board of Directors' report of the company must also contain a description of any transaction between the company and any related party, and information relating to any businesses or contract to which the company is a party and in which a director of the company, the Senior Executives or any person related to any of them is or was interested. For insurance contracts, the Company shall provide the details of such contracts including the line of business, size and associated loss if any. If there are no such businesses or contracts, the company must submit an appropriate statement.

5. The Board of Directors

Since August 2010, the Company is managed by a Board of Directors comprising six (6) members (previously 8) appointed by the Shareholders at an ordinary meeting General Assembly for a term not exceeding three years. The initial Board of Directors was appointed by the constitutive general assembly for a term of three (3) years from the date of the Ministerial Resolution declaring the establishment of the Company. The Board is required to meet at least four times per annum.

Charter of the Chairman of the Board

Main Responsibilities:

- Manage the affairs of the Board, with the objective that it is properly organized, functions effectively and fulfills its obligations and responsibilities
- Facilitate the functioning of the Board independently of management and maintain and enhance the quality of the Board's governance and that of the Company
- Regular interaction with the MD/CEO on governance and performance issues including providing feedback of other board members as well as acting as a 'sounding board' for the MD/CEO
- Lead the Board in the execution of its responsibilities to shareholders

a. Qualifications

The Chairman of the Board (Chairman) shall be elected by the Board of Directors amongst the Non-Executive members.

b. Specific Accountabilities

Among other things, the Chairman of the Board shall:

• Board Management

The Chairman will develop and approve the Board's meetings' agenda and schedule and oversee the performance of the Board to ensure that the focus of the Board's attention is on strategically important issues.

• Board Independence and Governance

The Chairman will facilitate the effective and transparent interaction of Board members and management, and among other responsibilities, provide feedback and input to the Chairs of the Committees on governance and other related matters.

• Interaction with MD/CEO and Management

The Chairman will interact with the MD/CEO on governance, performance and other significant issues. He will provide feedback to the MD/CEO and act as a sounding board with respect to strategies, accountability, relationships and other issues. The Chairman shall not be involved in the day to day management of the company. Among other functions, the Chairman will frequently interact with the Secretary General on Board governance and other important issues.

• Representation of Shareholders

In conjunction with the management, the Chairman will respond to the shareholders' concerns regarding governance issues or other Board related issues. He will chair the General Assembly meetings and will be available during the question and answer session of the meeting. He will provide leadership to the Board in the execution of its responsibilities to the shareholders.

• Interaction with other Stakeholders

At the request of the Board and with the concurrence of MD/CEO, take on an ambassadorial role with certain external groups including attending public events on behalf of the Company; meet with institutional shareholders and any other group as required.

Main Responsibilities of the Board of Directors

The Board of Directors is ultimately responsible for the policies and management of the Company. The Board of Directors approves strategic, accounting, organizational, and financing policies adopted by the Company as well as strategic plans and major transactions. Its responsibilities include the appointment and appropriate succession planning of executive officers and authorized signatories of the Company, in addition to supervision over the Company's management and performance. It establish and monitor internal controls and risk managements systems. The Board of Directors also ensures the integrity of the accounting and financial reporting as well as the appropriateness of its disclosure. It promotes high standards of Corporate Governance and ensures compliance with applicable laws and regulation. It ensures that the interest of the policyholders is always protected. The Board of Directors is also entrusted with organizing the Shareholders' meetings and carrying out Shareholders' resolutions.

Board of Directors Investment Related Responsibilities

- The Board of Directors shall be responsible for the approval of the investment policy and activities, taking into account the analysis of the asset/liability relationship, the Company's overall risk tolerance, its long-term risk-return requirements, its liquidity requirements and its solvency position.
- The Board of Directors is also responsible for approving policies on related issues of a more operational nature, including:
 - The criteria for selection of the external investment manager(s).
 - The selection and use of partners and brokers.
 - The nature of custodial arrangements.
 - The methodology and frequency of the performance and investment risk measurement
- The Board of Directors authorizes the investment committee and the senior management to formulate the investment policy, review it and implement the overall investment activities.
- The Board of Directors must also ensure that adequate reporting and internal control systems of the Company are in place, and designed to monitor that assets are being managed in accordance with the investment policy, and legal and regulatory requirements. This should be done by ensuring that:
 - The board receive quarterly information, including feedback from the Company's risk management function, on asset exposures, and the associated risks.
 - The systems provide accurate and timely information on asset risk exposure and are capable of generating ad-hoc requests.
 - Remuneration policies are structured to avoid potential incentives for unauthorized risk taking.
- The Board of Directors must ensure that senior management is in a position to monitor the performance of the external investment manager(s) against Board approved policies and procedures. The Board of Directors should review on an annual base the adequacy of its overall investment policy in the light of the Company's activities, and its overall risk tolerance, long-term risk return requirements, and solvency position.

Members of Board of Directors

In line with the Founders' Agreement entered into between the main founders' of the Company, an equal number of Board members will be appointed by the Saudi Fransi Bank and by Allianz Group.

The Board of Directors has a 3-years mandate and is composed of:

- Two members representing Banque Saudi Fransi (BSF)
 - Two members representing Allianz France & Allianz MENA Holding Bermuda
 - Two members representing the public
- Members of the Board shall always be informed of the course of business and act in good faith; with due diligence; in compliance with the applicable laws and regulations; and in the best interest of the Company's shareholders, policyholders, and other Stakeholders.
 - Members of the Board shall perform their duties free from any external influence, whether from within or outside the Company. Members of the committee shall not allow their own personal interest, or the interest of the parties they represent, to come before, or in conflict with, that of the Company, its shareholders, and other Stakeholders.
 - Members of the Board are prohibited from disclosing to shareholders or the public any confidential information obtained as they perform their role, other than in the general assembly, and must not use such information for their own benefit and personal gain.

Meetings

- The Chairman of the Board may convene a meeting at any time deemed necessary subject to a minimum of 4 meetings being held annually.
- A meeting of the Board may also be convened at the request of any 2 members.
- The quorum for any Board meeting is at least 2/3 of the members (present or represented) with at least 4 members present.
- Decision of the Board shall be issued unanimously but in case of disagreement, it may be taken by the majority of 2/3 of the members present or represented.

Secretary

The Secretary of the Board shall follow the direction of the Chairman. His responsibilities include:

- Arranging meetings of the Board;

- Ensuring the availability of appropriate means of communication for the exchange and recording of information between the Board and its committees and between members of senior management and non-executive board members; and
- Maintaining minutes of the Board meetings.

General Agenda Rules

Agendas, along with relevant materials, shall be sent to the members minimum 10 working days before the meeting.

General Rules of the Minutes

The draft minutes of the meeting shall be sent to the members maximum 15 days after the meeting. After incorporating the comments of the members (after two weeks of receiving the minutes) the minutes will be circulated to all committee members. The minutes shall be signed by the members and the Secretary of the Board in the following meeting and entered into an Official Register.

The minutes of the committee shall indicate the meeting's attendance, topics discussed, major deliberations, voting process, objections and abstentions from voting (with reasons if any), decisions taken, and reservations. All records and documents reviewed during the meeting and/or referred to in the minutes shall be attached to the minutes.

The person or entity responsible for implementing the resolutions taken shall be determined. The Board shall, at the beginning of each year, set a specific timetable for receiving reports.

6. Board of Directors Committees

6.1 The Board Executive Committee

The Chairman is selected by the Board of Directors (after obtaining SAMA's Non-Objection); in case of absence a temporary Chairman will be selected.

Members

- The executive committee is appointed by the Board of Directors (after obtaining SAMA's "no objection") for a 3 years term, however, the membership term of the Board member who is also a member in the Executive Committee is related to his membership term in the Board of Directors.
- It is constituted of a minimum of 3 and a maximum of 5 members (executive or non-executive members).
- Any vacancy will be filled by the Board of Directors.
- Members of the committee shall always be informed of the course of business and act in good faith; with due diligence; in compliance with the applicable laws and regulations; and in the best interest of the Company's shareholders, policyholders, and other Stakeholders.
- Members of the committee shall perform their duties free from any external influence, whether from within or outside the Company. Members of the committee shall not allow their own personal interest, or the interest of the parties they represent, to come before, or in conflict with, that of the Company, its shareholders, and other Stakeholders.
- Members of the committee are prohibited from disclosing to shareholders or the public any confidential information obtained as they perform their role, other than in the general assembly, and must not use such information for their own benefit and personal gain.

Mandate

The mandate of the members of the Executive Committee is similar to the mandate of the Board of Directors.

Meetings

- The Chairman of the Executive Committee may convene a meeting at any time deemed necessary subject to a minimum of six meetings being held annually.
- A meeting of the Executive Committee may also be convened at the request of any two members.
- The quorum for any meeting of the Executive Committee is at least two (in person).
- Decisions of the Executive Committee must be taken unanimously but, in case of disagreement may be taken by the majority of three quarters of the members present in person or represented.

Secretary or Administrator

The Board Secretary and/or the Chief Executive Officer.

Objective

The Board Executive Committee is responsible for providing recommendations to the Board on various issues including strategy and business plans. Its primary objective is to oversee the day-to-day performance of the Company and to provide support and guidance to the CEO.

Main Responsibilities

- Representing the Board of Directors in day-to-day management.
- Supervising the organization of the Board's meeting.
- Executing the Board's decisions in accordance with the CEO and the Company's management.
- Proposing / setting up the general company policy, objectives and strategy.
- Studying the budget and following up the performances and achievements versus the plan.
- Undertaking and supervising the progress of the operation and project's development.

General Agenda Rules

Agendas, along with relevant materials, shall be sent to the members minimum 10 working days before the meeting.

Agenda items:

- | | |
|------------------------------------|---|
| • Performance achievement versus | • Budget and Plan review |
| • Bancassurance Performance review | • New Projects Development |
| • Change in Company Strategy | • Authority Limits and Signatures |
| • Company Manuals and Policies | • Other agenda items as per the members |

General Rules of the Minutes

The draft minutes of the meeting shall be sent to the members maximum 15 days after the meeting. After incorporating the comments of the members (after two weeks of receiving the minutes) the minutes will be circulated to all committee members. The minutes shall be signed by the members and the Secretary of the Committee in the following meeting and entered into an Official Register.

The minutes of the committee shall indicate the meeting's attendance, topics discussed, major deliberations, voting process, objections and abstentions from voting (with reasons if any), decisions taken, and reservations. All records and documents reviewed during the meeting and/or referred to in the minutes shall be attached to the minutes.

The person or entity responsible for implementing the resolutions taken shall be determined. The committee shall, at the beginning of each year, set a specific timetable for receiving reports.

6.2 BOD Audit Committee

The Board of Directors shall form an Audit Committee consisting of at least three members and not more than five members who should be non- executive and in majority shall not be Board of Directors' members.

Chairman

The Chairman is selected by the committee members; in case of absence a temporary Chairman will be selected.

Members

- The Audit Committee is appointed by the Board of Directors (after obtaining SAMA's "no objection") for a 3 years term, however, the membership term of the Board member who is also a member in the Audit Committee is related to his membership term in the Board of Directors.
- The Audit Committee member nominated for membership shall be independent. The Audit Committee members shall not include board members, executives, employees, consultants, representatives of any parties connected to the Company, including to:
 - Major Shareholders and founders;
 - External Auditors;
 - Suppliers;
 - The Company's customers; and
 - The legal persons who have first-degree relationships with the Company's Board of Directors or executives or have any financial or business relationship therewith.

- It is constituted of a minimum of 3 members, including a specialist in financial and accounting matters.
- Executive Board members are not eligible for the Audit Committee membership.
- The Chairman of the Audit Committee shall not be related to the other members of the Board or have any financial or business relationship with any members of the Board.
- The Chairman of the Audit Committee of the Board shall not have a relationship with Senior Management of the Company that could affect his independence.
- The committee members should not be appointed among the company's executive managers, employees or consultants and should not be a member of the Board or Audit Committee of any other company operating in the insurance sector and is not entitled to be a founder of any similar companies.
- The Audit Committee shall consist of at least three members and no more than five, provided that the majority of them are from outside the Board.
- The Chairman is selected by the Board of Directors after obtaining SAMA's "no objection". In case of his absence, a temporary Chairman will appointed by the committee's Chairman.
- The Chairman of the Board should not be a member or president of the Audit Committee.
- No Audit Committee member shall simultaneously serve on the audit committees of more than four public companies.
- Members of the committee has the right to resign and the resignation request should be submitted to the Board three months before it becomes effective, otherwise he will be responsible towards the company.
- The member is considered resigned if he does not attend the committee meetings for more than three consecutive times without presenting an excuse accepted by the Board.
- If there is a vacant seat in the Audit Committee during the membership term, the Board shall assign – after obtaining the SAMA's non-objection in writing – another member in the vacant position and the new member will complete his predecessor's term.
- The Audit Committee member should be familiar with financial issues, accounting, financial reporting and insurance companies' audit and he should review the related Laws, Regulations and Instructions.
- The Board is entitled to renew the term of the committee or one of its members – after obtaining SAMA's non-objection in writing – for another three-year term and one time only.
- The membership of an Audit Committee member shall terminate automatically upon the occurrence of any change that would breach the membership's terms defined in Audit Committee Charter, or any regulations, Instructions or Decisions issued by SAMA. The Audit Committee member shall immediately inform the Company in writing upon the occurrence of such a change and he/she shall not attend any meeting of the Audit Committee held after the date of the change.
- All members of the Audit Committee shall have the same proportionate control and influence over the decisions of the committee.
- Members of the committee shall always be informed of the course of business and act in good faith; with due diligence; in compliance with the applicable laws and regulations; and in the best interest of the Company's shareholders, and other stakeholders.

Mandate

The mandate of the members of the Audit Committee is similar to the mandate of the Board of Directors.

Meetings

- The Audit Committee meeting shall not be held without the presence of two-thirds of its members.
- The Audit Committee shall meet at least six times a year, including an annual meeting with the Board of Directors. The Audit Committee is entitled, if the need arises, to hold other meetings in response to any of the following cases including but not limited to:
 - Upon the request of the Chairman of the Board
 - Cases in which the External Auditor, Internal Auditor, Compliance Officer or Actuary requests a Committee meeting due to reason that requires so.
 - Meetings on other issues such as:
 - Financial and audit issues.
 - Compliance issues.
 - Conflicts of interest.
 - Professional and ethical codes of conduct.
- Decisions are issued by the majority of the members.
- No voting by proxy shall be permitted.

- The committee is entitled to invite – if needed - whomever it deems relevant from within or outside the company to attend its meetings.

General Rules

- Audit Committee is entitled to contact directly all employees, committees, legal consultants, internal and external auditors in the company's head office and/or branches, in addition to the other stakeholders. It also has the right – without the Board's approval – to check all registers and documents (private and confidential) and regulations to perform its activities. The Audit Committee also has the right to seek the assistance of any external consultant to do specific tasks in order to assist it in performing its work.
- Members of the committee are prohibited from disclosing to shareholders or the public any confidential information obtained as they perform their role, other than in the General Assembly, and must not use such information for their own benefit and personal gain, even after he/she vacates the Audit Committee Membership.
- The committee's member is not entitled to have any direct or indirect interest in the company's works and contracts.
- The committee's member is not entitled to take part in any work that might compete with the company or trade in the activities performed by the company. The company has the right to claim for compensation or deem the operations that the member has initiated for his personal interest as part of the company's business.
- The company should not issue or renew any insurance policy to any of the committee's members or related stakeholders unless after the full payment of the premium. If any of the committee's members submits a request for the payment of a claim on an insurance policy issued to him by the company, the claim should be addressed according to the procedures of article (44) of the Implementing Regulation of the Law on Supervision of Cooperative Insurance Companies and the Compliance Officer should be also notified about any payments due to any member.
- The Audit Committee members are accountable to SAMA, the Company's shareholders and the Board for implementing the articles of SAMA'S "Audit Committee Regulation in Insurance and/or Reinsurance Companies" and executing the committee's action plan issued by a Board's decision.
- Members of the committee shall perform their duties free from any external influence, whether from within or outside the Company. Members of the committee shall not allow their own personal interest, or the interest of the parties they represent, to come before, or in conflict with, that of the Company, its shareholders, and other stakeholders.

Secretary or Administrator:

The Internal Audit Manager or Internal Auditor or any member of the Internal Audit team is eligible to handle secretarial job of Audit Committee. The Secretary of the Audit Committee shall not be a Secretary of any other board committee.

Objective

To discharge the Board's duties related to the supervision of the Company's financial reporting and evaluating the adequacy of internal and external audit processes, and evaluate and monitor the Company's control environment and risk management processes.

Committee's Tasks and Responsibilities:

The Audit Committee of "Allianz Saudi Fransi Cooperative Insurance Company" takes guidance from the Audit Committee Regulation in Insurance and/or Reinsurance Companies issued by SAMA's Insurance Supervision Department.

The tasks and responsibilities of the Audit Committee include the following:

- Develop a detailed plan stating its roles, responsibilities and mandate, provided that the plan is approved for implementation by a Board decision.
- Submit recommendations to the Board to a) approve the appointment or reappointment, dismissal and remuneration of external auditors, b) appointing or dismissing the manager, the compliance control department or the compliance officer, c) appointing or dismissing the manager of the internal

audit department or the internal auditor, d) Appoint the actuary. Above-mentioned recommendations require having obtained SAMA's non-objection in writing.

- Supervise the company's internal audit department to ensure its effectiveness in executing the activities and duties specified by the Board of Directors.
- To review the internal audit procedure and prepare a written report and its recommendations with respect to it.
- Ensure the independence of the a) external auditors from the Company, the Board members and the senior management of the company, b) internal audit department or the internal auditor in performing their tasks and ensure that there are no restrictions on their scope of work or any impediments that might negatively affect their work, c) compliance control department or the compliance officer in performing their tasks and ensure that there are no restrictions on their scope of work or any impediments that might negatively affect their work.
- Ensure the Company's compliance with the actuary suggestions and recommendations.
- Determining the monthly salary and bonus of the compliance control department manager or the compliance officer after obtaining the Board's written approval.
- Determining the monthly salary and bonus of the internal audit department manager or the internal auditor after obtaining the Board's written approval.
- Ensuring the Company has a written code of conduct duly approved by its Board of Directors to ensure that the Company's activities are conducted in a fair and ethical manner.
- Reviewing the audit plan of the internal and external auditors.
- Reviewing the critical accounting policies and procedures in addition to the modifications that might be introduced thereto.
- Coordinating between internal and external auditors.
- Supervising the activities of the external auditors and approve any activity beyond the scope of the audit work assigned to them during the performance of their duties.
- Reviewing the external auditors reports and reports of the internal audit department or the internal auditor and submits the related recommendations to the Board.
- Pursues the implementation of the corrective measures in respect of the comments included in the reports.
- Reviewing, approving and monitoring the implementation of the implementation of the compliance plan and the reports of the compliance control department or the compliance officer including any high risk for fraud findings and submits the related recommendations to the Board.
- Reviewing the actuary reports and submits the related recommendations to the Board
- Reviewing the comments of SAMA and the related supervisory and control entities and submits the related recommendations to the Board.
- Reviewing the internal and external auditors' assessment of the internal control Saudi Arabian Monetary Agency Insurance Supervision Department processes.
- Assessing the competence level, efficiency and objectivity of the external auditors, the internal audit department or the internal auditor, and the compliance control department or the compliance officer.
- Following up on the reports issued by SAMA and the related supervisory and control entities in addition to any international developments such as the guidelines of the International Association of Insurance Supervisors and submits the related recommendations to the Board.
- Reviewing and recommending the approval of the annual and quarterly financial statements to the Board of Directors.
- Discussing the annual and quarterly financial statements with the external auditors and the company's management before issuing them.
- Reviewing the external auditor's comments on the financial statements and follow up actions taken about them
- Reviewing intra-group transactions and related parties transactions.
- Following up on the important lawsuits filed by or against the company and submits the related periodic reports to the Board.

- Ensuring the optimal use and controls of information technology necessary to generate accurate and reliable information and data are in place.
- Ensure that all financial transactions are according to the local rules and regulations.
- The Audit Committee members are accountable to SAMA, the Company's shareholders and the Board for implementing the articles of SAMA's "Audit Committee Regulation in Insurance and/or Reinsurance Companies" and executing the committee's action plan issued by a Board's decision.
- The committee members should, while performing their tasks, give priority to the company's interest against any other considerations that might affect their work or decisions.
- To review the following topics with the external auditors:
 - Key amendments made by the Company to its accounting policies.
 - Material conflicts with the management regarding any issue pertaining to the safeguarding of invested assets.
 - Violations of Laws, Regulations and Instructions issued by the supervisory and control entities or non-compliance with the Company's policies and procedures.
 - Comments of other auditors (of external, non-Saudi Arabian, branches) on accounting procedures, reports and professional conduct.
 - Deficiencies in the general structure and performance of internal control systems.
 - Material errors in financial statements.
 - Management decisions and the basis on which the external auditors relied to validate critical accounting estimates, such as technical provisions and reserves.
 - Accounting principles and standards and disclosure decisions related to extraordinary transactions.
 - Adequacy of technical provisions and reserves set by the Actuary.
 - Actuary's Reports relevant to the Financial Statements.
 - Any major problems in dealing with the management that affected the working of the audit.
 - Internal control and the assessment of the Company's assets and solvency.
 - Any other issues that the committee is aware of and falls within its responsibilities.
 - Any amendments introduced to the audit scope and the reasons thereof.
 - Reviewing letters to management prepared by the external auditors and the Company's management comments thereon.

Information Flow:

- The committee's Chairman shall provide SAMA directly and without referring to the Board with copies of any of the reports and recommendations it issues and the related decisions issued by the company within seven (7) working days maximum as of the report submission date.
- The committee shall submit directly its reports and recommendations to the Board to take the necessary actions and take the appropriate decisions.
- The Manager of the Internal Audit Department or Internal Auditor shall submit their special reports directly to the Audit Committee in case of any financial or nonfinancial infringements related to the company's internal systems or in case of non-compliance with the Internal Audit Manuals and the implementation of the internal audit resulting decisions.
- The Manager of the Internal Audit Department or Internal Auditor shall provide SAMA directly and without referring to the Board, the audit committee, or the senior management with copies of such special reports submitted to the audit committee within seven (7) working days maximum as of the report submission date.
- The Manager of the Internal Audit Department or Internal Auditor reports directly to the Chairman of the Board with respect to administrative roles and functional performance, and none of the company's executive managers have direct or non-direct authority on the Internal Audit Department Manager or Internal Auditor. In addition, the Company cannot dispense the Manager of the Internal Audit Department or Internal Auditor unless it has a written approval from SAMA.
- The Manager of the Compliance Control Department or Compliance Officer shall submit their special reports directly to the Audit Committee in case of any violations or infringements of the Law on Supervision of Cooperative Insurance Companies and its Implementing Regulation or SAMA's Regulations and Instructions as well as in case of any violations or infringements of related Laws, Regulations, Decisions or Instructions.

- The Manager of the Compliance Control Department or Compliance Officer shall provide SAMA directly and without referring to the Board, the Audit Committee or the senior management with copies of such reports submitted to the audit committee within seven (7) working days maximum as of the report submission date.
- The Manager of the Compliance Control Department or Compliance Officer reports directly to the Chairman of the Board with respect to administrative roles and functional performances, and none of the company's executive managers have direct or non-direct authority on the Compliance Control Department Manager or Compliance Officer. In addition, the Company cannot dispense the Manager of the Compliance Control Department or Compliance Officer unless it has a written approval from SAMA.

General Agenda Rules

Agendas and all relevant materials shall be sent to the members at least 10 working days before the meeting.

Fixed Agenda items:

- Review quarterly financial statements
- Internal Audit missions feedback
- Internal Audit Plan progress
- Review implementation of audit findings' corrective actions
- Important correspondence with Authorities
- Miscellaneous

Other Agenda items:

- Recommendation to the BOD for approval of annual and quarterly financial report (prior to publishing the financials)
- Recommendation to the BOD of the appointment of external auditors (once a year prior to General Assembly)
- Review the internal audit procedure (once a year)
- Review Risk Management Process (once a year)
- Other agenda items as per the members suggestions

General Rules of the Minutes

The draft minutes of the meeting shall be sent to the members maximum 15 days after the meeting. After incorporating the comments of the members (after two weeks of receiving the minutes) the minutes will be circulated to all committee members. The minutes shall be signed by the members and the Secretary of the Committee in the following meeting and entered into an Official Register.

The minutes of the committee shall indicate the meeting's attendance, topics discussed, major deliberations, voting process, objections and abstentions from voting (with reasons if any), decisions taken, and reservations. All records and documents reviewed during the meeting and/or referred to in the minutes shall be attached to the minutes.

The person or entity responsible for implementing the resolutions taken shall be determined. The committee shall, at the beginning of each year, set a specific timetable for receiving reports from the relevant sources and shall ensure that the mechanism for the collection, preparation and submission of reports and data is in place and in line with the internal adopted policy. It shall also ensure the preparation of the important information and its presentation to the committee on a timely basis.

6.3 BOD Investment Committee

Chairman

The Chairman is selected by the Board of Directors (after obtaining SAMA's Non-Objection); in case of absence a temporary Chairman will be selected.

Members

- The Investment Committee is appointed by the Board of Directors (after obtaining SAMA's "no objection") for a 3 years term, however, the membership term of the Board member who is also a member in the Investment Committee is related to his membership term in the Board of Directors.
- It is constituted of a minimum of 3 members.
- Any vacancy will be filled by the Board of Directors.
- Members of the committee shall always be informed of the course of business and act in good faith; with due diligence; in compliance with the applicable laws and regulations; and in the best interest of the Company's shareholders, policyholders, and other Stakeholders.

- Members of the committee are prohibited from disclosing to shareholders or the public any confidential information obtained as they perform their role, other than in the general assembly, and must not use such information for their own benefit and personal gain.

Mandate

The mandate of the members of the Investment Committee is similar to the mandate of the Board of Directors.

Meetings

- The Investment Committee shall not be held without the presence of two-thirds of its members.
- The Investment Committee shall meet together at least four (4) times a year.
- Decisions are taken by the majority of the members.

Secretary / Administrator

The Board Secretary and/or the Chief Financial Officer.

Objective

To oversee the Investment Function ensuring that investments contribute towards the company's overall goal of providing an acceptable return on equity capital and policyholders' funds; and generate adequate returns while minimizing the risk of losing the amount invested due to credit events. The emphasis shall also be on liquidity of investments to ensure that the company can meet all its liabilities.

Main Responsibilities

The Investment Committee reports to the Board and its main responsibilities are:

- Assess the investment recommendation made by the top management.
- Formulate the investment policy and review the implementation of the investment activities on a quarterly basis. These activities include but are not limited to:
 - Reviewing the performance of each asset class.
 - Monitoring the overall risks of the policy.
 - Submitting a performance review report to the Board of Directors.
- Set the investment strategy in accordance with the investment policy approved by the BoD.
- Ensure the proper implementation of the investment policy/strategy on a quarterly basis.
- Establishing and reviewing Investment guidelines for the Company.
- Establishing and reviewing quality criteria for the Company's investment and strategy.
- Establishing and reviewing guidelines for the Company's portfolio structure.
- Reviewing the Financial markets' analysis prepared by the Investment Department and the asset manager.
- Investment income / performance review against the plan.
- Ensure the compliance of all investment activities with the requirements of the Investment Regulation issued by SAMA and any other applicable laws and regulations.
- Review the monthly report prepared by the Management regarding the activities of the period, the portfolio structure and composition, the risk exposure, the details of any regulatory or internal limits breached during the period as well as the actions taken; the activities planned for the future.

General Agenda Rules

Agendas, along with relevant materials, shall be sent to the members minimum 10 working days before the meeting.

Fixed Agenda items:

- Review of the investment performance
- Suggestion of new investment instruments (in line with investment allocation agreed with the BOD)
- Review implementation of the Investment Manual and Policy

Other Agenda items:

- Suggestion of new investment allocation to the BoD
- Other agenda items as per the members suggestions

General Rules for the Minutes

The draft minutes of the meeting shall be sent to the members maximum 15 days after the meeting. After incorporating the comments of the members (after two weeks of receiving the minutes) the minutes will be

circulated to all committee members. The minutes shall be signed by the members and the Secretary of the Committee in the following meeting and entered into an Official Register.

The minutes of the committee shall indicate the meeting's attendance, topics discussed, major deliberations, voting process, objections and abstentions from voting (with reasons if any), decisions taken, and reservations. All records and documents reviewed during the meeting and/or referred to in the minutes shall be attached to the minutes.

The person or entity responsible for implementing the resolutions taken shall be determined. The committee shall, at the beginning of each year, set a specific timetable for receiving reports from the relevant sources and shall ensure that the mechanism for the collection, preparation and submission of reports and data is in place and in line with the internal adopted policy. It shall also ensure the preparation of the important information and its presentation to the committee on a timely basis.

6.4 Nomination & Remuneration Committee

Chairman

The Chairman is selected by the Board of Directors (after obtaining SAMA's Non-Objection); in case of absence a temporary Chairman will be selected.

Members

- The nomination & remuneration committee is appointed by the Board of Directors (after obtaining SAMA's "no objection") for a 3 years term, however, the membership term of the Board member who is also a member in the Nomination & Remuneration Committee is related to his membership term in the Board of Directors.
- It is constituted of a minimum of 3 members.
- Any vacancy will be filled by the Board of Directors.
- The Chairman of the committee members must be an independent member.
- The Chairman is selected by the board of directors after obtaining SAMA's "no objection". In case of his absence, a temporary Chairman will be appointed by the committee's Chairman.
- Members of the committee shall always be informed of the course of business and act in good faith; with due diligence; in compliance with the applicable laws and regulations; and in the best interest of the Company's shareholders, policyholders, and other Stakeholders.
- Members of the committee shall perform their duties free from any external influence, whether from within or outside the Company. Members of the committee shall not allow their own personal interest, or the interest of the parties they represent, to come before, or in conflict with, that of the Company, its shareholders, and other Stakeholders.
- Members of the committee are prohibited from disclosing to shareholders or the public any confidential information obtained as they perform their role, other than in the general assembly, and must not use such information for their own benefit and personal gain.

Mandate

The mandate of the members of the Nomination & Remuneration Committee is similar to the mandate of the Board of Directors.

Meetings

- The Nomination & Remuneration Committee meeting shall not be held without the presence of two-thirds of its members.
- The committee shall meet at least twice a year and is entitled – if needed – to hold other meetings.
- Decisions are issued by the majority of the members The committee is entitled to invite – if needed - whomever it deems relevant to attend its meetings.

Secretary or Administrator

The Board secretary and/or the Chief Executive Officer.

Objective

- Annual review of the requirement of suitable skills for membership of the Board of Directors.
- Review the structure of the Board of Directors and recommend changes.
- Review remuneration and compensation policies and obtain board of directors' approval on the same.
- Recommend recruitment of senior management and succession plans.

Main Responsibilities

- Recommend to the Board appointments of membership to the Board of Directors, Board Committees and of Top Executives in accordance with the approved policies and standards. The Committee shall ensure that no person who has been previously convicted or any offense affecting honor or honesty is nominated for such membership.
- Regularly review the structure and composition of the Board of Directors and recommend changes.
- Assess and monitor the independence of Board and Board committee members and ensure the absence of any conflict of interest, including ensuring the independence of the independent members, at least on an annual basis.
- Determine strengths and weaknesses of the BOD and the Committees and recommend remedies.
- Prepare description of required capabilities and qualifications for membership in the BOD, including the time that a Board member should reserve for the activities of the Board.
- Carve clear policies regarding the indemnities and remuneration of the Board members, Board committees and senior executives.
- Evaluate the performance of the Board and Committee members on a regular basis (at least once per year).
- Approve and evaluate the compensation and succession plans, policies and programs of the Company.
- Make recommendations to the Board with regards to selecting and dismissing members of Senior Executives.
- Provide recommendations to the Board of Directors on various issues related to nomination and remuneration.
- Ensure that an annual remuneration review is conducted independently of executive management (by internal audit or external specialized firm).

General Agenda Rules

Agendas along with relevant materials, shall be sent to the members minimum 10 working days before the meeting.

Agenda items:

- | | |
|--|--|
| • Review the independence of BOD members | • Review new candidates to the BOD |
| • Review remuneration of the board members | • Review the remuneration adjustment of top management |
| • Review the bonuses of the top executives | • Other agenda items as per the members suggestions |

General Rules of the Minutes

The draft minutes of the meeting shall be sent to the members maximum 15 days after the meeting. After incorporating the comments of the members (after two weeks of receiving the minutes) the minutes will be circulated to all committee members. The minutes shall be signed by the members and the Secretary of the Committee in the following meeting and entered into an Official Register.

The minutes of the committee shall indicate the meeting's attendance, topics discussed, major deliberations, voting process, objections and abstentions from voting (with reasons if any), decisions taken, and reservations. All records and documents reviewed during the meeting and/or referred to in the minutes shall be attached to the minutes.

The person or entity responsible for implementing the resolutions taken shall be determined. The committee shall, at the beginning of each year, set a specific timetable for receiving reports from the relevant sources and shall ensure that the mechanism for the collection, preparation and submission of reports and data is in place and in line with the internal adopted policy. It shall also ensure the preparation of the important information and its presentation to the committee on a timely basis.

Part of the nomination and remuneration committee responsibilities is to recommend appointments of membership to the Board of Directors in accordance with the approved policies and standards described below.

Methods of appointing the Board of Directors:

- The Board of directors must comprise of six members appointed for a 3 years mandate.
- The board member should have number of shares with an amount not less than 10,000 SAR. These shares must be deposited within 30 days from the appointment, in one of the banks specified by the ministry of Commerce.
- The board Member must be trustworthy and experienced in financial and insurance business to enable them to carry out their duties in the best possible way.

- The board members shall not be a member of the board of directors , a board committee member or occupy a leadership position in any other insurance and or Reinsurance Company.
- The Company shall not nominate a member to its board of directors or to a senior management position without the written approval of the SAMA in the following circumstances:
 - A Person who had held similar position in a liquidated Company.
 - A Person who had been dismissed from a similar position in another Company.
- The majority of the members of the Board of Directors shall be non-executive members.
- The independent members of the Board of Directors shall not be less than two members, or one-third of the members, whichever is greater.
- The board member shall not act as a member of the Board of Directors of more than five joint stock companies at the same time.
- It is prohibited to conjoin the position of the Chairman of the Board of Directors with any other executive Position in the company, such as the Chief Executive Officer (CEO) or the managing director or the general manager.
- The Board member must not have any direct or indirect benefits from the contracts made by the company unless it is authorized by the General assembly. This excludes the businesses done with arms length when the shareholder has the better offer.
- The board member must not contribute in any businesses or deals that may compete with the company unless it is authorized by the general assembly.
- Fit and proper standards issued by the SAMA shall be applied to the Company's Chairman, Board Members, Directors, and Senior Managers. Designated forms issued for this purpose shall be completed and approved by the SAMA.
- The Chairman of the Board (Chairman) shall be elected by the Board of Directors amongst the members.

6.5 BOD Risk Management Committee

Chairman

The Chairman is selected by the Board of Directors from any non-executive members (after obtaining SAMA's Non-Objection); in case of absence a temporary Chairman will be selected.

Members

- The Risk Management Committee is appointed by the Board of Directors (after obtaining SAMA's "no objection") for a 3 years term, however, the membership term of the Board member who is also a member in the Investment Committee is related to his membership term in the Board of Directors.
- It is constituted of a minimum of 3 members.
- Any vacancy will be filled by the Board of Directors.
- Members of the committee shall always be informed of the course of business and act in good faith; with due diligence; in compliance with the applicable laws and regulations; and in the best interest of the Company's shareholders, policyholders, and other Stakeholders.
- Members of the committee are prohibited from disclosing to shareholders or the public any confidential information obtained as they perform their role, other than in the general assembly, and must not use such information for their own benefit and personal gain.

Mandate

The mandate of the members of the Risk Management Committee is similar to the mandate of the Board of Directors.

Meetings

- The Risk Management Committee shall not be held without the presence of two-thirds of its members.
- The Risk Management Committee shall meet together at least four (4) times a year.
- Decisions are taken by the majority of the members.

Secretary / Administrator

The Board Secretary and/or the Chief Risk Officer.

Objective

To oversee the Risk Management Function ensuring the identification of risks that may imperil the Company and maintain an acceptable risk profile.

Main Responsibilities

The Investment Committee reports to the Board and its main responsibilities are:

- Identifying risks that may imperil the Company and maintaining an acceptable risk profile for the Company;
- Overseeing the risk management system and assessing its effectiveness;
- Defining a comprehensive risk management strategy for the Company, overseeing its implementation, and reviewing and updating it on a regular basis by taking into account developments that are internal and external to the Company;
- Reviewing risk management policies;
- Re-evaluating the Company's tolerance for, and exposure to, risk on a regular basis (e.g. through stress testing exercises);
- Reporting to the Board details of risk exposures and recommending actions to manage them; and
- Advising the Board on issues related to risk management.

General Agenda Rules

Agendas, along with relevant materials, shall be sent to the members minimum 10 working days before the meeting.

Fixed Agenda items:

- Review of the risk profile and exposure of the Company
- Review statutory solvency of the Company
- Review implementation of the Risk Management Manual and Policies

Other Agenda items:

- Review the Risk Management Manual and Policies

General Rules for the Minutes

The draft minutes of the meeting shall be sent to the members maximum 15 days after the meeting. After incorporating the comments of the members (after two weeks of receiving the minutes) the minutes will be circulated to all committee members. The minutes shall be signed by the members and the Secretary of the Committee in the following meeting and entered into an Official Register.

The minutes of the committee shall indicate the meeting's attendance, topics discussed, major deliberations, voting process, objections and abstentions from voting (with reasons if any), decisions taken, and reservations. All records and documents reviewed during the meeting and/or referred to in the minutes shall be attached to the minutes.

The person or entity responsible for implementing the resolutions taken shall be determined. The committee shall, at the beginning of each year, set a specific timetable for receiving reports.

Company's Departments

1. OPERATIONS

The Company is a customer centric and has designed its structure accordingly. The Companies' operations are divided into departments split by customers' needs rather than by line of business. The operations departments are divided as follows:

- Corporate customers served by the "Business Center Corporate (BCC)" for P&C business
- and by the "Business Center Employee Benefits (BCEB)" for employee benefits business.
- Individual customers served by the "Business Center Individual (BCI)".
- Insurance claims served by the "Business Center Claims (BCL)".

All of the above are backed up with the "Information Technology (IT)" department.

A. BUSINESS CENTER CORPORATE (BCC):

Providing insurance solutions for corporate customers in the following sectors:

- Property & Casualty (P&C)

Performing the following functions:

- | | |
|-----------------------------|-----------------------|
| • Policy Renewal & Services | • Policy Insurance |
| • Pricing & Quotations | • Risk Assessment |
| • Underwriting | • Faculty Reinsurance |

B. BUSINESS CENTER HEALTH (BCEB):

Providing Employee Benefits Insurance solutions for corporate and individual costumers

Performing the following functions:

- | | |
|-----------------------------|-----------------------|
| • Policy Renewal & Services | • Policy Insurance |
| • Pricing & Quotations | • Risk Assessment |
| • Underwriting | • Faculty Reinsurance |

C. BUSINESS CENTER INDIVIDUAL (BCI):

Providing insurance solutions for Individual Customers in the following sectors:

- | | |
|---|------------------------|
| • Property & Casualty and Motor (P&C&M) | • Protection & Savings |
|---|------------------------|

Performing the Following Functions:

- | | |
|-----------------------------|-----------------------|
| • Policy Renewal & Services | • Policy Insurance |
| • Pricing & Quotations | • Risk Assessment |
| • Underwriting | • Faculty Reinsurance |

D. BUSINESS CENTER CLAIMS (BCL):

Services Claims for all lines of business.

Performing the following functions:

- | | |
|-------------------------|---|
| • Claims Assessment | • Coordination with TPA |
| • Claims Processing | • Claims surveyors or lawyers in case of litigation |
| • Coordination with TPA | |

E. INFORMATION TECHNOLOGY (IT):

- | | |
|-------------------------|--|
| • Software Management | • IT Security & Business Continuity Management |
| • Hardware & Networking | • CCHI Upload |

2. Human Resources & Government Relations:

- | | |
|------------------------|-----------------------|
| • HR Operations | • Facility Management |
| • Government Relations | • Support Services |

3. FINANCE

Accounting;

- | | |
|--------------------------|-------------------------------|
| • Accounting | • Relations with the Auditors |
| • Financial Preparations | • Support Services |

Reporting & Budgeting;

- Financial Reporting to authority & to the Shareholders
- Business planning
- Budgeting

Investment;

- Relation with Asset Management
- Follow up the performance
- Asset Liability Matching

Cash Management;

- Relation with Banks

4. MARKET MANAGEMENT

- Corporate
- Innovation & Customer
- Marketing

5. SALES

A. DIRECT SALES FORCE (DSF)

- Coaching and following up with the retail sales team.
- Opening new channels of distribution.
- Training: Prospecting recruitment and training of sales force.

B. CORPORATE SALES FORCE (CSF)

- Coaching and following up business development with the corporate sales team.
- Management of the corporate sales force including the relations with international brokers and local brokers.

C. BANCASSURANCE (BA) & ALTERNATIVE CHANNELS

- Bancassurance
- New Channels

D. BROKERS

- Business Development with international & local brokers.
- Opening new Brokers agreements.

6. INTERNAL AUDIT (Reporting to the Audit Committee)

- Internal Audit.

7. COMPLIANCE (Reporting to the Audit Committee)

- Ensure the observance and compliance of the rules & regulations of authorities.
- Create awareness on Compliance & Code of Conduct.
- Anti Money Laundry & combating terrorism & Anti Corruption.

8. REINSURANCE & ACTUARIAL

Reinsurance:

- Reinsurance accounting for treaties
- New treaty negotiations.
- Renewal

Actuarial:

- Reserves calculation
- Actuarial file preparation

Product Development:

- Pricing of products
- Coordination with external actuaries.
- Profit test
- Collection Unit.
- Product design
- Risk Management.

7. Internal Committees

The following Internal Committees are in place:

10.1 The Strategic Steering Committee – SSC:

Chairman:

The CEO presides the meetings of the Strategic Steering Committee.

Members:

CEO, DCEO, COO, CFO, Head of HR & Gov Relations, Head of Market Management, Head of Sales, and Head of R/I & Actuarial.

Members should be Grade 1 “Top Management”.

Guests: as Required

Internal Audit Manager, Compliance Manager

Secretary/Administrator:

Rotating Between the members

Objective:

The Strategic Steering Committee will be responsible for setting the overall strategic directions of Allianz SF and ensuring that all actions are consistent with Allianz Group standards & objectives. The SSC has to ensure that the company’s strategy is robust and is constantly challenged against changing Market trends and the on-going analysis of competitors’ performance. This includes regular reviews of project development, the overall business performance against plan and budget per department and for the company in general.

Frequency and duration of Meeting:

This meeting has to be conducted on the request of any of the members but at least once a month. The meeting will be for a duration of 2 to 3 hours.

General Agenda Rules:

Agendas for each Committee have to be prepared and ready for distribution at least 3 days before the Committee date. Fixed Agenda items will normally be:

- Review of previous meeting minutes
- Strategy Review
- Quantitative Targets review
- Qualitative Targets review
- Human Resource policy review

All the members should submit their proposals beforehand to the Committee secretary and have to identify the purpose for which they have submitted a specific item to the agenda under one of the following specific descriptions:

- Information only,
- Discussion and review,
- Decision making and actions,

Where presentations are to be made which are for anything other than information purposes only, copies must be provided to the participants at least three days before the meeting. This will allow all members to read the material and attend the meeting briefed and ready for the discussions and/or decisions that are required.

General Rules for the Minutes:

The Committee Minutes has to be prepared and distributed within 3 working days from the date of the meeting. The minutes have to highlight three categories of information:

- decisions reached,
- action items that people need to follow up on (identifying responsibilities for each action and the implementation time frame), open issues.

Main responsibilities include:

- Developing new business strategies to ensure expansion and improvements.
- Monitoring and reviewing existing strategies and strategic orientations.
- Assessing the global performance of all departments / units within AzSF
- Liaising with the Board of Directors to inform them of AzSF activities and performance
- Preparing business plans
- Coordinating business activity across AzSF to ensure a consistent strategy and drive
- Setting overall Human Resources policy.

10.2 Management Committee – MC:

Chairman:

The CEO presides the weekly meetings of the Management Committee and the SSC members presides the formal monthly Management Committee by rotation.

Members:

SSC members
BCC Manager
BCH Manager
BCI Manager
BCL Manager
IT Manager
Communication Manager
HR Manager
Finance Manager

If the Manager of the department is not available he will delegate a member.

As needed guests who can provide a value added to issues covered will also be invited.

Permanent Guests:

Internal Audit Manager
Compliance Manager

Secretary/Administrator:

CEO Executive Secretary

Objective:

The Management Committee will be responsible for ensuring that the overall strategic plans of Allianz SF are being implemented. One of the main objectives of the Management Committee is to facilitate communication of key strategic and business issues consistently across the organization and to discuss topics related to overall business performance. The Management Committee is responsible for agreeing HR and staff related issues as required and in coordination with the recommendations made by the HR Department.

Frequency and Duration of meetings:

The Management Committee meets every 1st Sunday on or after the 17th of the month and will start at 9:00 a.m. for a duration of 1 to 2 hours.

In addition to that, a weekly Management Committee meeting shall be held every Sunday morning at 09:00 AM to make a weekly briefing to all the Management Committee members.

General Agenda Rules:

Agendas for each Committee have to be prepared and ready for distribution at least 3 days before the Committee date. Fixed Agenda items will normally be:

- Review of previous meeting minutes
- Production Reports
- Major business materialized
- Major Business lost to competitors
- Major claims reported life and non-life
- Major customer complains & legal cases
- IT requests status
- Financial Results
- Collection Status
- Human resources statistics
- Announcements
- Market news (Insurance Companies, Banks, etc.)
- Major new Business relation/deal (new Bancassurance partner, joint venture)
- Review of new and existing projects
- Internal Audit plan progress
- Compliance Progress

All the members should submit their proposals beforehand to the Committee secretary and have to identify the purpose for which they have submitted a specific item to the agenda under one of the following specific descriptions:

- Information only,
- Discussion and review,
- Decision making and actions.

Where presentations are to be made which are for anything other than information purposes only, copies must be provided to the participants at least three days before the meeting. This will allow all members to read the material and attend the meeting briefed and ready for the discussions and/or decisions that are required.

General Rules for the Minutes:

The Committee Minutes has to be prepared and distributed within 3 working days from the date of the meeting. The minutes have to highlight three categories of information:

- decisions reached,
- action items that people need to follow up on (identifying responsibilities for each action and the implementation time frame), open issues.

Main responsibilities include:

- Review the departmental performances against agreed targets and maintaining the overall control over departments
- Communication and review of the existing projects progresses and impact of the projects on company resources
- Discussing issues of conflict among departments
- Developing new business strategies to ensure expansion and improvements (this could include performing feasibility studies)
- Ensuring cross-functional sharing of information and know-how between all functions / departments / units.
- Revision and Communication of the Sales targets
- The members of the MC have to ensure that all the actions agreed (communicated) within the MC are communicated to their direct reports within maximum 7 days from the day of the meeting, Etc.

10.3 The Governance, Risk & Control Committee - GRC:

Chairman

The Chief Executive Officer presides the meetings of the GRC Committee.

Members:

Chief Executive Officer (CEO)
 Deputy Chief Executive Officer (DCEO)
 Chief Operations Officer (COO)
 Chief Financial Officer (CFO)
 Chief Risk Officer for P&C&H (CRO P&C&H)
 Chief Risk Officer for P&S (CRO P&S)
 Head of Market Management
 Head of Human Resources & Government Relations
 Head of Sales
 Head of Reinsurance & Actuary

Guests

Compliance Manager
 Internal Audit Assistant Manager

Secretary / Administrator:

CEO Executive Assistant

Objective:

The GRC Committee will be responsible for overlooking the activities of the Company related to Government, Risk, Audit, Compliance, Anti Money Laundry, Anti-fraud, Anti-terrorism, Code of Conduct and Anti-corruption. The Committee will also be responsible to take immediate decisions and actions regarding any reported non compliance incident or high and severe findings.

Frequency and duration of Meeting:

The GRC Committee meets every 1st Sunday on or after the 17th of the month and will start at 4:00 p.m. for a duration of 1 to 2 hours.

The GRC Committee also meets on request of each of the members upon identification of a High or Severe Risk or a serious non compliance issue.

Reporting:

The GRC committee reports directly to the Audit Committee.

The GRC is an internal committee and nor the Compliance nor the Internal Audit functions are reporting to the GRC. Both departments report directly to the Audit Committee. However, they are participating to the GRC in order to:

- Allow them to have a clear understanding about the development of risks in the Company
- Allow the Management of the Company to follow-up:
 - On the deadlines for both the Audit and Compliance function regarding the Missions mandated by the Audit Committee.
 - On the deadlines of actions for the recommendations already presented to the Audit Committee.

Main Responsibilities:

- Review the monthly activities related to:
 - Governance
 - Risk Management
 - Internal Audit
 - Compliance
- Review any new Implementation Regulation and its implication on the Company Governance
- Identify any needed adjustment on Company Manuals
- Review all the findings of the Audit Missions and the follow up of the agreed actions
- Risk Management:
 - Review and pre-approve the risk strategy before final approval by the Executive Committee, ensuring its alignment with SAMA regulations, Company's risk, and business strategy.
 - Monitor the approved risk tolerance and exposures to single risks.
 - Request, follow up and assess contingency and action plans in case of (imminent) limit breaches.
 - Monitor the Company's solvency position.
 - Drive risk management activities endorsed by the Board of Directors or the Executive Committee.
 - Deliberate on issues on risks raised by owners.
 - Support management actions for breach of risk owners to limits.
 - Review the Risk Management Function's effectiveness and development in the context of regulatory internal requirements.

General Agenda Rules:

Agendas for each meeting have to be prepared and ready for distribution at least 3 days before the Committee date. At the end of each quarter, a Quarterly review meeting should address all the following fixed agenda items.

Governance:

- Identify any organization change impacting Corporate Governance

Risk:

- Update & discuss overall Risk Situation.
 - Major recent internal and external risk-related developments.
 - Top Risk Assessment (TRA) report.
 - Annual Risk view.
 - Optimization of risk capital profile via Reinsurance.
- Focus on Risk Management topics:
 - Actuarial Risks.
 - Market/ALM Risks.
 - Credit, Operational, Liquidity, Reputational & Strategic Risks.

Audit:

- Audit mission reports issued during the month.
- Audit missions versus plan.
- Significant findings derived from internal audit missions.
- Agreed Actions implementation status.

Compliance:

- New Laws & Regulations issued by local authorities (SAMA, CMA & CCHI).
- Investigation Reports issued during the month.
- Non Compliance Reports issued during the month including any Anti Money Laundry, Anti-fraud, Anti-terrorism, Code of Conduct and Anti-corruption.
- Compliance Activity Report.
- Important Correspondence with the authorities.

General Rules for the Minutes:

The Committee Minutes has to be prepared and distributed within three (3) working days from the date of the meeting. The minutes have to highlight three categories of information:

- Decisions reached
- Action items that people need to follow up
- Open issues

10.4 The Operations, Sales & Marketing Committee – OSMC:

Chairman:

The Head of Market Management presides the meetings of the OSMC.

Members:

- DCEO, Head of Market Management, Head of Sales
- Managers of BCC, BCI, BCH, BCL, IT
- Managers of Communication, Market Management, Sales Channels and Sales Support

For the official monthly meetings in case any designated member could not attend for any reason, he will have to delegate to one of his direct reports.

Guests:

The CEO will be invited as required and at least once a month.

As needed, guests who can provide a value added to issues covered will also be invited.

Secretary/Administrator:

Head of Market Management

Objective:

The OSMC will be responsible for ensuring that Operations, Sales and Marketing are working closely together and sharing the same strategic objectives of Allianz SF in order to achieve and over exceed the projected Business plan per distribution channel. The OSMC will ensure that the overall strategic distribution plan of Allianz SF is being implemented consistently across the organization. The committee will also monitor the changing Market dynamics and competition to come out with robust response from Allianz SF.

Note: The OSMC replaces the previous SMC.

Frequency and Duration of meetings:

The OSMC meets every week on Sunday at 2.30 PM. Every first Sunday of the month will be an AGENDA based official meeting followed by the minutes of the meeting. The duration of the meeting should be on an average 1 to 2 hours. In case the 1st Sunday of the month happens to be a holiday, the meeting will be shifted to next Sunday.

Main Responsibilities:

- Productivity & performance vs. plan
- Sales channels updates
- Market and Competition news and analysis
- Communication activities

- New Business opportunities
- Open issues between Operations, Sales & Marketing

General Agenda rules:

The Agendas for each meeting have to be prepared and distributed at least 3 days before the meeting date.

All the members should submit their proposals for Agenda beforehand to the Committee secretary and have to identify the purpose for which they have submitted a specific item under one of the following:

- Information only
- Discussion and Review
- Decision making and actions

Where presentations are to be made which are for anything other than information purposes only, copies must be provided to the participants at least 2 days before the meeting. This will allow all members to read the material and attend the meeting fully briefed and ready for the discussions and / or decisions that are required.

General Rules for the Minutes:

The Committee Minutes have to be prepared and distributed within 2 working days from the date of the meeting. The minutes have to highlight three categories of information:

- Decisions reached
- Action items that people need to follow
- Open issues

10.5 The Finance Committee - FiCo:

Chairman

The CEO presides the meetings of the Finance Committee and in his absence, the CFO will replace him.

Members:

Chief Executive Officer (CEO)
Chief Financial Officer (CFO)
Finance Manager
Investment Manager

Guests:

The Company will invite guests from BSF and/or Allianz Group and/or AIM as required.

Secretary / Administrator:

Chief Financial Officer (CFO)

Objectives:

The Finance Committee ("the FiCo") of Allianz Saudi Fransi serves as an internal committee reporting to the Investment Committee. Its primary task is to regularly review the investment strategy of the Company and its alignment with local implementing regulations and Allianz Group standards.

Specifically, its tasks are:

- to oversee the investment portfolios of the respective companies,
- to ensure a risk / return profile of investments which is consistent with the ALM requirements of the respective companies,
- to implement a defined investment management process and the investment guidelines of the Allianz Group,
- to review significant investment transactions according to defined limits,
- to oversee planning and development of the respective companies' investment income,
- to ensure the proper and efficient use of risk capital budgeted to the respective companies.

Its objectives are:

- to prepare investment proposals that will be submitted to the Investment Committee and
- to regularly provide additional input to the Investment Committee for sound business decisions in investment management.

The FiCo also monitors and assesses the achievement of plan data in these areas during the business year, and helps defining measures of improvement for the Investment Committee. Furthermore, the FiCo controls the implementation of measures decided by the Investment Committee and the Board of Directors across the organization.

Frequency and duration of Meeting:

The FiCo meets at least once every two months at a date proposed by the Secretary for a duration of one to two hours. Meetings can be held by conference calls. Extra meetings can be called by the Chairperson at the request of any of the member.

Reporting:

The FiCo reports directly to the Investment Committee.

General Agenda rules:

The agenda and schedule for meetings are determined by the secretary of the Finance Committee and shall be distributed at least three working days before the meeting. Fixed agenda items will normally be:

- Capital markets overview
- IFRS investment result/planning
- investment performance
- asset liability management
- investment strategy
- investment opportunities
- new investment regulations

All the members should submit their proposals beforehand to the Committee secretary and have to identify the purpose for which they have submitted a specific item under one of the following:

- Information only
- Discussion and Review
- Decision making and actions

General Rules for the Minutes:

The Committee Minutes have to be prepared and distributed within 2 working days from the date of the meeting. The minutes have to highlight three categories of information:

- Decisions reached
- Action items that people need to follow
- Open issues

Main Responsibilities:

The FiCo serves as an internal committee that reports to the Investment Committee:

- To recommend the Strategic Asset Allocation (SAA) of the respective portfolios
- To review the FX positions of the invested assets
- To provide recommendations on derivatives strategies
- To review the IFRS investment income plan for the coming year and the next three years alongside with the local GAAP investment income, and reviews the development of the investment income.

Scope of Functions

The Finance Committee:

- formulates investment guidelines that represent group-wide policies regarding the coordination of the investment process,
- recommends the asset allocation of the respective portfolios,
- recommends the strategic duration of the respective fixed income portfolios,
- review the allocation of asset management mandates and asset manager's performance,
- reviews the investment performance as well as implementation of investment policy,
- review new investment opportunities in different asset classes and recommend specific opportunities to the Investment Committee,

- provides recommendations on all other aspects related to investments after coordination with the Investment Committee.

- **Specifications for Investment Process**

The Finance Committee sets guidelines for investments. Specifically the responsibilities of the Finance Committee are:

- to support implementation of the Group-wide policies by the Investment Committee,
- to set up additional restrictions, if necessary, and submit to the Investment Committee for its approval.

Investment guidelines cover the minimum requirements needed to coordinate the investment process and to

- develop a common language around the notions
 - Planning,
 - ALM and Risk Management,
 - Performance Measurement,
 - Reporting / Accounting.
- improve local standards to best practice levels.

- **Specifications for Asset Allocation**

The Finance Committee supports the asset allocation process of Allianz Saudi Fransi. Within this responsibility, its functions are:

- to support application of the targets for the asset allocation and setting benchmarks and investment targets for asset classes and specific investment mandates,
- to support approval of the coming year's asset allocation of Allianz Saudi Fransi with due consideration of the development of capital markets, the asset/liability structure and allocated risk capital of Allianz Saudi Fransi and the interests of Allianz Saudi Fransi and its shareholders,
- to prepare further selected strategies in coordination with the Investment Committee such as FX-risk strategy etc.

- **Specifications for Asset Management**

The Finance Committee supports the selection of asset managers. An asset manager has to be appointed unless Allianz Saudi Fransi's assets are managed within its investment department or by Allianz Saudi Fransi's asset management subsidiary.

Specifically, the Finance Committee's responsibilities are:

- to set principles for asset management in terms of minimum requirements and selection criteria for asset managers in line with Group policy,
- to support the choice between investing in segregated / discretionary portfolios or in collective / pooled funds,
- to periodically review the performance of asset managers.

- **Specifications for IFRS Investment Income Planning and Steering**

The functions of the Finance Committee in steering the IFRS investment income are:

- To propose an investment income target for the coming year and submit to Investment Committee for approval,
- to discuss and propose controlling tools concerning the steering of IFRS investment income,
- to suggest steering measures of the current year's IFRS investment income of Allianz Saudi Fransi and impairments of assets in accordance with the interests of Allianz Saudi Fransi and Allianz Group,
- to review the previous and current year's performance and investment income.

- **Specifications for Transactions requiring Authorization**

All transactions' authorizations are defined by the Investment Committee for which the Finance Committee submits its suggestions as per Group standards.