

Annual Report

AXA COOPERATIVE INSURANCE COMPANY
FOR THE YEAR ENDED DECEMBER 31, 2021

BOARD OF DIRECTORS AND COMMITTEES

Board of Directors	
Mr. Yousef Abalkhail	Chairman & Independent Director
Mr. Bijan Khosroshahi	Vice Chairman & Non-Executive Director
Mr. Jean Cloutier	Non-Executive Director
Mr. Paul Adamson	Non- Executive Director
Mr. Farid Saber	Non-Executive Director
Mr. Osama Kishk	Non-Executive Director
Mr. Hani Al Obaid	Independent Director
Mr. Omar Al Jeraisy	Independent Director

COMMITTEES OF THE BOARD AS AT DECEMBER 31, 2021

AUDIT COMMITTEE

Khlaïd Al Turaifi (Chairman & non-member)
Turki Obailan (Non-member)
Omar Al Jeraisy (Independent Director)

INVESTMENT & ALM COMMITTEE

Hani Al Obaid (Chairman & independent Director)
Osama Kishk (Non-Executive Director)
Nicola Bell (Non-member)
Ahmed Abulrehman Al Bucheeri (Non-member)

REMUNERATION COMMITTEE

Hani Al Obaid (Chairman & Independent Director)
Despo Michaelides (Non-member)
Omar Al Jeraisy (Independent Director)

EXECUTIVE COMMITTEE

Paul Adamson (Chairman & non-executive Director)
Farid Sabir (Non-Executive Director)
Khlaïd Al Shuwaier (Non-member)
Akram Tairi (Non-member)

RISK MANAGEMENT COMMITTEE

Thamer Zaghal (Chairman & non-member)
Farid Saber (Non-Executive Director)
Jean Cloutier (Non-Executive Director)

CHIEF EXECUTIVE OFFICER

Khalid Abdulaziz Al Shuwaier (appointment w.e.f January 13, 2022)

CHIEF FINANCIAL OFFICER

Babar A. Khan

BOARD SECRETARY

Khalid Al-Shuwaier

REGISTERED HEAD OFFICE

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AUDITORS

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And

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REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

The Board of Directors (BOD) of AXA Cooperative Insurance Company ("AXA" or the "Company") have the pleasure of presenting the 12th Annual Report accompanied by the audited financial statements for the year ended December 31, 2021, and the notes to the financial statements. This report is a presentation of the most significant developments, financial results, operational activities and disclosures based on regulations.

1. PRINCIPAL ACTIVITY

AXA Cooperative Insurance Company is a public listed Saudi Joint Stock Company registered in Saudi Arabia. The Company was incorporated vide Ministerial Order No Q/192, dated 10 Jumada II 1430H, corresponding to June 3, 2009 (date of incorporation). The Company is registered in Riyadh with the Ministry of Commerce and Industry under commercial registration No. 1010271203 dated 20 Rajab 1430H, corresponding to July 13, 2009. The Company's registered address is P.O. Box 753, Riyadh 11421, Kingdom of Saudi Arabia. The principal activity of the Company is insurance and reinsurance (inward) business in the Kingdom of Saudi Arabia according to cooperative insurance principles as provided in Saudi Arabia Cooperative Insurance Laws & Regulations issued by the Saudi Central Bank ("SAMA"). The Company obtained its licence from SAMA to practice general and medical insurance and reinsurance business in the Kingdom of Saudi Arabia vide license No. TMN/25/20101, dated 11 Safar 1431H (corresponding to January 26, 2010).

The Company provides diversified products in various classes including Engineering, Fire and Property, Marine (Cargo), Motor, Health and Group & credit Life insurance. The Company's Head Office is based in Riyadh with three regional branches in Riyadh, Jeddah and Al Khobar and Points of Sale spread across Central, Eastern and Western Province. The Company has no subsidiaries or associates operating inside or out of the Kingdom.

2. SIGNIFICANT DEVELOPMENTS AND FUTURE PROSPECTS

a) Significant developments in the Company in 2021

AXA Cooperative Insurance Company announced that the following transactions have now been completed: the sale of AXA Mediterranean Holding S.A.'s 18% shareholding in AXA Cooperative Insurance Company to AXA Insurance (Gulf) B.S.C ("AXA Gulf") at a price of SAR 24.23 per share; and the acquisition by Gulf Insurance Group K.S.C.P ("GIG") of 100% of the share capital of AXA Gulf in Bahrain (which was a 50:50 joint venture between the AXA Group and YUSUF BIN AHMED KANOO COMPANY W.L.L), which owns 32% of the share capital of AXA Cooperative Insurance Company at an equivalent value of SAR 24.23 per share, resulting in Gulf Insurance Group K.S.C.P ("GIG") indirectly owning 50% of the shareholding of AXA Cooperative Insurance Company.

- In accordance with Cooperative Insurance Law and its Regulations, the Company has distributed SR 9,027 thousand as surplus to policyholders.
- The Company renewed its accreditation from the Council for Health Insurance (CHI) during the year.
- The Company completed the review of its pricing exercise for motor and health insurance in accordance with regulatory requirements.
- Saudisation remained a key focus for the Company. The Company's Saudisation ratio is currently above 78% and AXA is further investing in promoting Saudi nationals in key positions.

- The Company appointed new Board of Directors and sub-committees following acquisition by Gulf Insurance Group (GIG).
- The CEO of the Company Mr. Gary Lewin passed away and Mr. Khalid Abdulaziz AlShuwaier was appointed as new CEO of the Company w.e.f. January 13, 2022.
- The Company implemented several initiatives scheduled in line with its growth strategy.
- The Company has taken various initiatives to enhance customer journey with focus on customer care.
- Company laid down learning and development program with aim to enhance insurance skills of Saudi Nationals.

b) Future prospects, plans and strategy

The Board of Directors have ratified the business strategy of the Company aimed at the enhancement of the Company's competitive capabilities to increase its market share. The Company has prepared its plan to further improve its infrastructure and various other initiatives to support growth and profitability.

The Company is well positioned for further growth and investment to provide a superior service to its customers and distributors, in line with its strategy.

The company is investing further in the development of its centralised platforms to manage Healthcare and Motor claims including toll free numbers to better serve its clients' needs.

The Company also continued to invest in digital space to provide online services to its customers with ambition to become innovative insurer. The Company will continue to explore into new business segments to increase its market share with focus on sustainable and profitable growth. The Company also launched healthcare application for its customers.

3. Risk management

a) Risk governance

The Company's risk governance is established in a set of policies, procedures and controls which use the existing organisational structure to meet strategic objectives. The Company's philosophy revolves on willing and knowledgeable risk acceptance commensurate with the risk appetite and strategic plan approved by the Board of Directors of the Company. Risk Management function is carried out by "Risk Management Committee".

The Company is exposed to credit, liquidity, market, insurance and operational risks.

Risk management structure

Board of Directors

The apex of risk governance is the centralised oversight of the Board of Directors providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

Risk Management Committee

The Committee is the operating governance body overseeing all main risks (insurance, financial, operational, and all other potential risks) and acts as the main decision-making risk body.

- 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;
- Setting and periodically 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.
- Advising the Board on issues related to risk management;
- Setting the Risk appetite for the company and periodically reviewing the same;
- Reporting any breach of risk management to the Board;
- Reviewing the adequacy of the reinsurance arrangements of the company; and
- Facilitating implementation of a risk culture throughout the company.

Senior Management

Senior management is responsible for the day to day operations towards achieving the strategic goals within the Company's pre-defined risk appetite.

The Risk Manager

The Risk Manager, being part of the overall risk management governance structure, is responsible for coordinating all activities relating to risk management. He is part of the risk management committee and has full access to Audit Committee. The risk management committee reports to the Board of Directors. .

The risks faced by the Company and the way these risks are mitigated by the management are summarised below.

b) Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claim payments or the timing thereof may differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent developments of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The risk is further reduced by careful selection and implementation of underwriting strategy guidelines, structured claims management, quarterly review of reserves as well as the use of reinsurance arrangements.

c) Accident, Liability and Motor

Accident and Liability

The accident category includes personal accident insurance, money insurance, business all risk insurance and business travel insurance. Liability insurance includes general third-party liability, product liability and workmen's compensation/employer's liability protection arising out of acts of negligence during their business operations.

Motor

Motor insurance is designed to compensate policy holders for damage suffered to their vehicles or liability towards third parties arising through accidents. Policyholders could also receive compensation for fire damage or theft of their vehicles.

For accident, liability and motor policies the main risks are claims for death and bodily injury and the replacement or repair of vehicles. The Company has observed significant increases in the amount awarded for blood money. The Company has well developed risk acceptance procedures based on critical underwriting factors such as driver's age, driving experience and nature of vehicle to control the quality of risks that it accepts. It also has risk management procedures in place to control the costs of claims.

d) Property

Property insurance is designed to compensate the policyholders for damages suffered to properties or for the value of properties lost. Policyholders could also receive compensation for the loss of earnings caused by the inability to use the insured properties.

Significant risks underwritten by the Company are physically inspected by qualified risk engineers to make sure adequate fire protection and security measures are in place. Additionally, the Company also tracks the potential of risk accumulation.

e) Marine

Marine insurance solutions are mainly designed to compensate policyholders for accidents at sea, on land or in air resulting in the total or partial loss of their merchandise (cargo insurance).

The underwriting strategy for marine class of business ensures that coverage is provided based on the quality of vessels used and shipping routes followed. Vessel details are validated through international agencies while making the underwriting decisions.

f) Engineering

Engineering covers two principal types as summarised below:

(i) "Contractors All Risk" insurance offers insurance coverage during erection or construction of buildings or civil engineering works including houses, shops, blocks of flats, factories, roads, bridges, sewage works and reservoirs.

(ii) "Erection All Risk" insurance offers insurance coverage during the erection or installation of plant and machinery including power stations, oil refineries, chemical works, cement works, metallic structures or any factory with plant and machinery.

The Engineering line of business also offers insurance covers for machinery and electronic equipment failures.

Significant risks underwritten by the Company are physically inspected to make sure adequate fire protection, security and project management are in place.

g) Health & Protection

Health insurance is designed to cover the medical expenses incurred as a result of a disease or an illness or an injury. The policy provides the policyholder and their employees with access to first-rate medical facilities comprising of latest treatments and technologies, subject to the terms of the relevant policy and the policyholders' personal circumstances.

Protection insurance covers the risks of death or disability following accidents or illnesses and compensates the member or dependents in the event of loss.

The main risk faced in health insurance is the increase in medical costs which may exceed beyond the expectation or an increase in the claims due to exceptional events like outbreak of pandemic diseases.

The underwriting strategy includes management of exposures and concentrations within acceptable risk appetite and risk tolerance levels and optimization of reinsurance strategies through a combination of reinsurance cession with approved and well-rated reinsurers and retrocession arrangements. The Company's centralized claims management platform controls and manages its medical insurance claims.

h) Reinsurance Risk

Similar to other insurance companies, in order to minimise financial exposure arising from large claims, the Company, in the normal course of business, enters into contracts with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from increased risks and provide additional capacity for growth. A significant portion of the reinsurance is affected under treaty, facultative and excess-of-loss reinsurance contracts.

To minimise its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers. The Company only deals with reinsurers approved by the Board of Directors of the Company. The criteria may be summarized as follows:

- a) Minimum acceptable credit rating by agencies as per regulations;
- b) Reputation of particular reinsurance companies; and
- c) Existing or past business relationships.

Furthermore, the financial strengths and managerial and technical expertise as well as historical performance, wherever applicable, are thoroughly reviewed by the Company before placement of reinsurance.

i) Regulatory Framework Risk

The operations of the Company are subject to regulatory requirements in the Kingdom of Saudi Arabia. Such regulations not only prescribe the approval and monitoring of activities but also impose certain restrictive provisions, e.g. capital adequacy, to minimise the risk of default and insolvency on the part of the insurance companies and to enable them to address any unforeseen liabilities if they may arise.

In management's opinion, the Company has complied with all such regulatory requirements.

j) Financial Risk

The Company's principal financial assets and liabilities are cash and cash equivalents, available-for-sale investments, statutory deposits, receivables and payables arising from insurance and reinsurance contracts, receivables from / payables to related parties and accrued and other liabilities.

Financial assets and liabilities are offset and the net amount is reported in the financial position, when there is a legally enforceable right to offset the recognized amounts and the Company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The main risks arising from the Company's financial instruments are commission rate risk, credit risk, liquidity risk and market price risks. The finance committee appointed by the Board of Directors of the Company reviews and agrees policies for managing each of these risks which are summarised below.

Commission Rate Risk

Commission rate risk arises from the possibility that changes in commission rates will affect future profitability or the fair values of financial instruments. The Company is exposed to commission rate risk

on its time deposits, short-term deposit and available-for-sale investment. The Company limits commission rate risk by monitoring changes in commission rates. The Company does not have any interest bearing liabilities.

Credit Risk

Credit risk is the risk that one party to a financial transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company only enters into insurance and reinsurance contracts with recognised and credit worthy parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables from insurance and reinsurance contracts are monitored on an ongoing basis in order to reduce the Company's exposure to bad debts. The Company limits its credit risk with regard to time deposits by dealing with reputed banks only.

The Company limits its credit risk with respect to agents and brokers by setting credit limits for individual agents and brokers and monitoring outstanding receivables.

There are no significant concentrations of credit risk within the Company.

Liquidity Risk

Liquidity risk, also referred to as funding risk, is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with insurance contracts. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Management monitors liquidity requirements on a regular basis and ensures that sufficient funds are available to meet any commitments as they arise. The Company has sufficient liquidity and, therefore, does not resort to borrowings in the normal course of business.

All significant financial liabilities of the Company are due within one year of the date of the statement of financial position.

Market Price Risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. Available for sale investments of the Company are exposed to market risk.

Market risk is limited by investing in companies with good credit rating. In addition, the key factors that affect the market are monitored, including operational and financial performance of the company.

k) Capital Risk Management

The Company's objectives when managing capital are:

- To comply with the insurance capital requirements as set out in the Law. The Company's current paid up capital is in accordance with Article 3 of the Law;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

The Company meets the solvency requirements as at December 31, 2021.

I) Fair Value of Financial Assets and Liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable and willing parties in an arm's length transaction. The Company's financial assets consist of cash and cash equivalents, receivables, investments, accrued income and financial liabilities consisting of payables and accrued expenses. The fair values of financial assets and liabilities are not materially different from their carrying values at the statement of financial position date. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the identical assets or liabilities (i.e. without modification or repacking). Level 2: quoted prices in active markets for similar financial assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and Level 3: valuation techniques for which any significant input is not based on observable market data.

4. COMPANY'S FINANCIAL PERFORMANCE

a) Basis of preparation of the Financial Statements

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") ("IFRS that are endorsed in the Kingdom of Saudi Arabia").

The basis of preparation of the financial statements and significant accounting policies are explained in further detail in notes to the financial statements.

b) Written Premiums

Motor and Medical are major lines of business which are consistent with the overall insurance market in the Kingdom of Saudi Arabia. The distribution of premiums written during the year ended at December 31, 2021 (in thousand Saudi Riyals) is as follows:

Segment	2021	2020	2019	2018	2017	2016
	SR'000					
Accident and Liability	33,652	37,748	34,136	24,273	26,693	20,704
Motor	737,604	746,764	803,675	899,230	1,022,646	646,556
Property	122,762	104,054	77,955	62,795	71,314	59,894
Marine	48,707	45,818	45,414	51,164	51,200	45,549
Engineering	60,551	43,289	32,694	27,572	34,713	30,927
Other General Insurance	2,023	1,394	10,787	9,832	5,642	10,295
Health	381,421	392,819	389,529	357,623	265,866	319,719
Protection	67,750	45,940	15,587	13,371	21,403	20,331
Total	1,454,470	1,417,826	1,409,777	1,445,860	1,499,477	1,153,974

The Company's business is conducted in the Kingdom of Saudi Arabia. The regional premium breakdown is provided below.

c) Geographical Analysis

The Company Head Office is in Riyadh with three regional offices in Riyadh, Jeddah and Al Khobar and Points of Sale spread across Central, Eastern and Western Province.

The geographical mix of the Company's business is as follows:

Region	2021	2020	2019	2018	2017	2016
				SR'000		
Central Region	810,873	625,559	540,324	482,281	484,573	403,010
Western Region	374,324	506,813	602,454	689,238	792,951	539,411
Eastern Region	269,273	285,454	266,998	274,341	221,953	211,553
Total	1,454,470	1,417,826	1,409,777	1,445,860	1,499,477	1,153,974

d) Total Revenue

Consistent with GWP, motor and medical insurance remained the largest contributor in the revenue. The segmental analysis of the total revenues for the year is as follows:

Operating segment	2021	2020	2019	2018	2017	2016
				SR'000		
Accident and Liability	28,229	32,043	25,214	22,108	22,325	25,748
Motor	703,789	724,200	771,108	826,833	846,110	608,751
Property	67,727	53,276	37,363	31,096	28,323	26,351
Marine	40,808	38,212	34,721	33,888	30,417	30,785
Engineering	36,122	20,599	17,728	18,548	23,286	20,433
Other General Insurance	1,772	1,738	10,097	10,541	5,452	3,798
Health	383,800	383,566	355,927	318,811	291,253	332,721
Protection	35,904	24,026	1,697	12,211	17,018	15,293
Total	1,298,151	1,227,660	1,263,854	1,274,036	1,264,184	1,063,880

e) Claims cost

The movement in net claims incurred is a result of changes in insurance portfolio of the Company. The analysis of claims cost is as follows:

Description	2021	2020	2019	2018	2017	2016
				SR'000		
Gross Claims Paid	994,592	824,945	887,351	912,574	911,992	801,969
Net Claims Paid	946,387	798,457	863,840	825,739	839,534	765,291
Net Claims Incurred	885,419	879,321	940,915	968,355	993,946	861,215

f) Other costs and Expenses

The movement in Policy acquisition cost and other general expenses for insurance operations is consistent with overall premiums and operations of the Company. Comparative information is as follows:

Description	2021	2020	2019	2018	2017	2016
				SR'000		
Policy Acquisition Costs	129,191	107,691	92,166	102,504	104,239	72,378
General and Administrative Expenses	167,299	165,884	165,278	163,534	133,713	107,408

g) Surplus from insurance operations

The surplus in insurance operations decreased compared to previous year deteriorated mainly due to healthcare results. Comparative information is presented below:

Description	2021	2020	2019	2018	2017	2016
				SR'000		
Surplus / (Deficit) from Insurance Operations	160,299	165,613	97,158	74,322	55,304	39,430

As per Implementing Regulations, the Company has allocated 10% the surplus from insurance operations to the policyholders' surplus funds. Distribution of the surplus for 2021 will be made in accordance with the SAMA rules on Policyholders Surplus Distribution. Customers have been notified through website of the Company and email.

h) Insurance operations Investment income

Comparative information on investment income of policyholders is as follows:

Description	2021	2020	2019	2018	2017	2016
				SR'000		
Insurance Operations Investment Income	44,865	41,549	32,025	34,682	23,018	16,551

i) Shareholders' Operations Investment Income

Comparative information on investment income of shareholders is as follows:

Description	2021	2020	2019	2018	2017	2016
				SR'000		
Shareholders' Operations Investment Income	24,071	19,514	22,706	11,447	12,165	8,929

j) Net Income

Profit before zakat and tax is SR 166.73 million compared to SR 166.84 million. Zakat and tax is computed in accordance with rules laid down by the Zakat, Tax and Customer Authority. Unrealized gain (loss) represent the gain / (loss) on investments held by the company. Performance share re-measurement reserves are recorded for Performance Shares Incentive Scheme in accordance with IFRS 2. Comparison of the net and comprehensive income is as follows:

Description	2021	2020	2019	2018	2017	2016
				SR'000		
Shareholders' Net Income for the Year	166,729	166,836	108,474	76,426	60,187	42,677
Zakat and Taxes	(28,206)	(28,335)	(21,787)	(17,433)	(15,125)	(12,587)
Net income after zakat & tax	138,523	138,501	86,687	58,993	45,062	30,090
Unrealized gain (loss) on Available-For-Sale Investments	1,448	8,998	13,184	(6,538)	(1,094)	813
Total Comprehensive Income for the Year	139,645	147,333	99,723	52,633	43,854	30,448

k) Financial Highlights

Summarized financial position is as follows:

Description	2021	2020	2019	2018	2017	2016
				SR'000		
Gross Written Premium	1,454,470	1,417,826	1,409,777	1,445,860	1,499,477	1,153,974
Net Premium Written	1,309,941	1,288,241	1,321,723	1,295,375	1,299,874	1,060,142
Net Earned Premium	1,281,699	1,264,916	1,251,712	1,248,428	1,238,120	1,048,999
Total Revenues	1,298,151	1,277,660	1,263,854	1,274,034	1,264,184	1,063,880
Gross Claims Paid	994,592	824,945	887,351	912,574	911,992	801,969
Net Claims Incurred	885,419	879,321	940,915	968,355	993,946	861,215
Total Cost and Expenses	1,014,610	987,012	1,033,081	1,070,860	1,231,898	1,041,001
(Deficit) Surplus from Insurance Operations	160,299	165,613	97,158	74,323	55,304	39,430
Net Shareholder's Income (before Zakat and Income Tax)	166,729	166,836	108,474	76,426	60,187	42,677
Earnings per share	2.77	2.77	1.73	1.18	1.34	0.95

Summary of Assets and Liabilities

Description	2021	2020	2019	2018	2017	2016
				SR'000		
Insurance operations' assets						
Cash and Cash Equivalents	89,521	278,949	209,030	46,064	117,776	132,662
Insurance Operation Investments	1,322,367	1,214,051	1,121,392	1,100,418	923,005	597,384
Receivables-net	299,811	214,308	190,435	196,334	153,398	122,672
Other Insurance Operations' Assets	228,126	281,253	250,276	226,404	238,083	186,034
Total Insurance Operations' Assets	1,939,825	1,988,561	1,771,133	1,569,220	1,432,262	1,038,752
Shareholders' Operations Assets						
Cash and Cash Equivalents	-	52,087	25,810	-	-	-
Shareholders' Operation Investments	840,330	619,668	533,931	485,625	396,973	396,716
Statutory Deposit	50,000	50,000	45,000	45,000	45,000	45,000
Other Shareholders; Operations Assets	160,914	181,941	141,265	107,946	132,561	79,673
Total Shareholders' Operations' Assets	1,051,244	903,696	746,006	638,571	574,534	521,389
Total Assets	2,991,069	2,892,257	2,517,139	2,207,791	2,006,796	1,560,141
Insurance operations liabilities						
Reinsurers' balance payable	68,929	41,066	27,294	51,134	59,093	33,547
Technical Reserves	1,542,143	1,544,945	1,423,668	1,286,204	1,110,316	852,871
Other Insurance Operation's Liabilities	317,642	376,011	306,611	238,363	255,919	145,019
Total Insurance operation liabilities	1,928,714	1,962,022	1,757,573	1,575,701	1,432,262	1,038,752
Shareholders' Operations Liabilities	66,336	59,333	49,754	42,208	30,789	21,840
Shareholders' Equity & statutory deposit	984,908	844,363	696,252	596,363	543,745	499,549
Insurance operations' equity	11,111	26,539	13,560	(6,481)	-	-
Total Insurance operations and Shareholders' Equity and Liabilities	2,991,069	2,892,257	2,517,139	2,207,791	2,006,796	1,560,141

The technical reserves are validated by the Company's appointed external actuary and reflect the developments in the insurance portfolio. The Company has major investments in various deposit schemes offered by Saudi Arabian banks, Sukuk and bonds offered by various corporates, governments and shares listed on the Saudi Stock Exchange. Shareholder's equity has increased due to profits during the year.

I) Difference between Operating Results compared to last year

The decrease in net income before Zakat by SR (0.11) million (0.06)% is attributed to deterioration in net loss ratio mainly in motor and health line of business.

Description	2021	2020	Variation	Variation %
	SR'000			
Net UW Surplus (net of income from policy holders' fund)	283,541	290,648	7,107	2.5%
Net income before zakat & surplus	182,759	183,397	638	0.3%
Surplus attributed to insurance operations	(16,030)	(16,561)	-531	3.3%
Net income before zakat	166,729	166,836	107	0.1%
Zakat & income tax	(28,206)	(28,335)	-125	0.4%
Net income	138,523	138,501	-18	-0.01%
Net change in fair value of investments	(13,980)	21,978	NA	NA
Total comprehensive income	124,543	160,479	35,937	28.9%

5. DIVIDEND POLICY

The dividend policy of the Company is set out in Articles of Association. The Company is required to notify the Capital Markets Authority ("CMA") of: (i) any resolutions as to the distribution of dividends; and (ii) any recommendation to distribute dividends. Dividends shall be paid to the Shareholders at such a place and at such times as specified by the Board in accordance with the directives issued by the Ministry of Commerce and Industry and subject to the prior written approval of SAMA.

The Dividend shall be distributed as follows:

- i. The Zakat and Income Tax for the year shall be deducted from the shareholders' profit.
- ii. 20% of the net profits shall be transferred to legal reserve. The Ordinary General Meeting may discontinue such transfers when the said reserve equals the total paid up capital.
- iii. The Ordinary General Meeting shall upon a proposal of the Board of Directors, set aside an annual percentage of the net profits to form an additional reserve to be allocated for a certain purpose or purposes as decided by the General Meeting. An interim payment, being not less than 5% of the paid up capital, shall be distributed to the shareholders from the remaining balance.
- iv. There shall be distributed from the balance remaining an interim payment to the shareholders being no less than 5% of the paid up capital.
- v. The balance amount shall be used for distribution to the Shareholders a share of the profits or otherwise shall be transferred to the retained earnings account.

- vi. Subject to a resolution of the Board of Directors, the Company may distribute regular profits after deducting from the annual profits as indicated in the aforesaid Paragraph (iv) according to the applicable rules issued by the concerned authorities.

The dividend decision will be based on the level of capital required by the Company to support the Company's operations, the Company's financial position, market conditions, business prospects as well as any legal and regulatory conditions. The Company has not recommended dividends during the year. Further, the Company makes no assurance that any dividend will actually be paid thereafter, nor does it make any assurance as to the amounts which will be paid in any given year.

There has been no arrangement under which any shareholder has waived any rights to dividend.

6. SURPLUS DISTRIBUTION TO POLICYHOLDERS

The Company has adopted the policy issued by Saudi Central Bank for policyholder's surplus distribution. During the year, the Company has distributed a surplus of SR 9,027 thousand.

The company has communicated to its policyholders regarding the distribution of 2020 surplus to its customer using electronic means.

The distribution of the surplus depends on a number of factors including profits of the company, its financial position and regulatory considerations. There is no guarantee for the regular distribution of profits and there is no guarantee for the annual distribution of profits to policyholders. The distribution of the surplus to policyholders is subject to regulatory approval.

AXA Cooperative Insurance Company operates in accordance with principles of Cooperative Insurance rules and has obtained Shariya Compliance Certificate for some of its products. The Company invests proceeds from insurance operations with various corporates and governments and not all financial instruments comply with provision of Shariya rules.

7. SHARES, OPTIONS, SUBSCRIPTION RIGHTS, DEBT INSTRUMENTS

a) Interest in class of voting shares held by person (other than issuer's Directors, Senior Executives and their spouses and minor children)

There is no individual person or company, other than Gulf Insurance Group (Gulf) B.S.C.(c) ("GIG Gulf"), who has more than 5% interest in a class of voting shares of the Company. Further, the Company has not received any notification in pursuant of Article 30 of the Listing Regulation.

b) Interest in class of voting shares held by issuer's Directors and their spouses and minor children

Details of the shares holding of Directors (in AXA Cooperative) is given below:

Name of beneficiary	Shares at the beginning of the year	Shares at the end of the year	Net change	Shares held as per Articles of Association*
Yousef Abalkhail	1,111	1,111	-	1,111
Bijan Khosrowshahi	0	0	0	0
Jean Cloutier	0	0	0	0
Paul Adamson	0	0	0	0
Farid Saber	0	0	0	0
Osama Kishk	0	0	0	0
Hani Al Obaid	0	0	0	0
Omar Al Jeraisy	1,111	1,111	0	1,111

*Gulf Insurance Group (Gulf) B.S.C. (c) pledged 8,000 shares as security shares for the Directors of the Company. The above shares have been allotted to Directors in line with Articles of Association of the Company, which requires that members of the Board shall own non-negotiable shares having a face value of Saudi Riyals 10,000.

Upon resignation, retirement or termination of any of the above Director(s), the Shares held will be transferred to the new Director(s) who is/are appointed in replacement of the Director(s) in existing Board.

c) Interest in class of voting shares held by issuer's Senior Executives and their families

The table below shows the ownership percentage of the top executives or their family members in the Company's shares:

Name	Title	Number of shares owned in AXA	Number of shares owned by their spouse and minor children
Khalid Al Shuwaier	Chief Executive Officer	Nil	Nil
Babar A. Khan	Chief Financial Officer	Nil	Nil

None of the Senior Executives, their spouses and children have any interest in the shares of the Company, except as disclosed in this report

d) Borrowings, Debts, options, subscription rights, Redemption of Securities, convertible debt instrument

The Company confirms that it has neither borrowed any funds nor has issued any convertible or redeemable debt instruments, options, subscription rights, warrants or any other rights of a similar nature. The Company has no outstanding loan or redeemable or convertible debt instrument as at the end of period, nor has made any repayments of any loan or converted any redeemable or convertible debt instruments during the year.

Further, no directors, executives and their spouses or minor children have any convertible or redeemable debt instruments, options, subscription rights, loan, warrants or any other rights of a similar nature issued by the company.

e) Employee Share Plan Scheme

The Company has offered its employees a voluntary share plan scheme to subscribe to AXA Group Shares at a discount offered by AXA Group. Subscriptions are deducted from monthly salaries. AXA Cooperative made no contribution on behalf of employees and this plan has no financial impact on the financial position of the Company. As explained above, AXA group has sold its interest in the Gulf region on 6 September 2021. However, the schema in which employee entered into before 6 September 2021 will not be discontinued. Instead, future participation in the schema is no longer an option.

8. RELATED PARTY DISCLOSURE

The Board of Directors or their affiliates or spouses or minor children have no direct or indirect interest in any of the transactions / contracts of the Company except for:

Transactions with Board members

Nature	Amount (SR'000)	Description	Renewal , other details
Board Sitting fee	96	The sitting fee to the Board of Directors	The sitting fee to the Board of Directors is provided in accordance with the Articles of Association of the Company for which ratification will be sought from shareholders at the upcoming General Assembly.
Board Annual Remuneration	1,400	The remuneration of the Members of the Board of Directors	The remuneration of the Members of the Board of Directors has been accrued in accordance with Articles of Association of the Company for which ratification will be sought from shareholders at the upcoming General Assembly.

Transactions with related parties of board members or related parties of significant shareholders

There are certain transactions entered into with entities relating to shareholders and Member of Board of Directors. These transactions have been made in normal course of business and were considered by the Board to be at arm's length basis and in the best interest of the Company. The Board of directors have not identified any conflict of interest other than related party transactions (on arm's length basis) for which ratification will be sought from General Assembly Meeting. Details of these transactions are as follows:

Nature	Amount (SR'000)	Description	Renewal , other details
Gross Written Premium	29,053	Insurance contracts issued to YBA Kanoo Group Companies (SR 5,121), Jeraisy Group (SR 23,062) and GIG affiliated entity.(SR 870) These contracts have been made in the normal course of business and on arm's length basis and some of Company's directors have interest in the entities.	These insurance contracts are issued on annual basis and are renewable.
Claims Paid	29,736	Claims paid for contracts entered with companies in which directors have interest, Kanoo (SR 8,914) Jeraisy (SR 20,822). No conflict of interest has been identified and all transaction are on arm's length basis.	These insurance contracts are issued on annual basis and are renewable.
Expenses charged by related parties	1,376	These include annual rent for Riyadh and Jeddah office, maintenance charges, car parking, employee tickets Commission and other expenses paid to YBA Kanoo (SR: 1,275) GIG affiliated entity (SR 101). These transactions have been made during the normal course of business and on	Rent agreements are renewable on annual basis. Other expenses are paid upon receiving invoices.

		arm's length basis; however, no conflict of interest has been identified.	
Reinsurance Ceded	61,287	Reinsurances are placed with AXA Group entities during the normal course of business and are on an arm's length basis. AXA Group is one of strategic shareholders of the Company until September 6, 2021. No conflict of interest has been identified in this regard.	These reinsurance contracts are renewable annually.
Reinsurers' share of gross Claims Paid	14,316	As a result of cession with AXA Group entities, the Company has recorded reinsurers' share of gross outstanding claims. AXA Group is one of the strategic shareholders of the Company until September 6, 2021. No conflict of interest has been identified in this regard.	These reinsurance contracts are renewable annually.
Reinsurance Commission	4,170	As a result of cession with AXA Group entities, the Company has recorded reinsurers commission on reinsurance policies. AXA Group is one of strategic shareholder of the Company until September 6, 2021. No conflict of interest has been identified in this regard.	These reinsurance contracts are renewable annually.
Savings Schemes	482	The Company has also arranged a Saving scheme for its employees with AXA Winterthur and during the year paid a contribution of SR 0.49 million. AXA Group is one of strategic shareholder of the Company until September 6, 2021. No conflict of interest has been identified in this regard.	Contribution is paid on annual basis.
Performance share payment	805	AXA Group ("The Group") has introduced a performance share based plan for employees of AXA entities world-wide which is designed to reward them for their role in achievement of the entities' long-term objectives. This scheme incentivizes employees after completion of certain number of years with the Company, with shares of AXA SA without any cost to employee. These shares are issued outside Saudi Arabia and eligible employees have an option to convert shares into cash. The Company absorbs cost of these shares under a Group recharge arrangement paid directly to AXA SA. Company paid SR 0.80 million to AXA SA under this scheme. AXA Group is one of the strategic shareholders of the Company until September 6, 2021	The Company absorbs cost of these shares under a group recharge arrangement paid directly to AXA SA.

Following announcement of completion of transaction, AXA Group and Kanoo Group cease to be a related party of the Company following announcement made on September 6, 2021.

Transactions with executives

Nature	Amount (SR'000)	Description	Renewal , other details
Salaries and benefits	10,164	Salaries of executives including Chief Executive Officer and Chief Financial Officer	Salaries and remuneration are paid in accordance with the employment agreement.

In addition, the employee benefits insurance provided as part of the employment contract to executive directors and other insurance contracts are issued in the normal course of business on an arm's length basis.

Besides these, the Company confirms that, there were no contracts / transactions to which the Company was a party and in which a member of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer or any associate, spouse or minor children had a material interest.

9. OUTSTANDING STATUTORY DUES

The company has no outstanding statutory dues as of the end of the year except for the following:

Authority	Amount (SR '000)	Reason
Department of Zakat and Income Tax	58,806	Provision for Zakat, tax and withholding tax, due upon filing of return by April 30 and prior years under review with ZTCA
Saudi Central Bank (SAMA)	5,429	Supervision fee for the fourth quarter ended December 31, 2021. Settled on quarterly basis.
Council for Health Insurance (CHI)	1,021	Accrual of CCHI fee, Settled on quarterly basis.

10. EMPLOYEE BENEFITS

The Company has not set up any investment fund or any reserves for the benefits of employees other than those required under the applicable laws and regulations in the Kingdom of Saudi Arabia, namely General Organization for Social Insurance (GOSI) contributions and voluntary savings scheme with AXA Winterthur. During the year the Company has paid SR 0.49 million. The employees have an option to subscribe to AXA Group Shares under the scheme of AXA Group. In addition, Performance Shares are awarded to certain employees of the Company offered by AXA Group. As explained above, AXA group has sold its interest in the Gulf region on 6 September 2021. However, the schema in which employee entered into before 6 September 2021 will not be discontinued. Instead, future participation in the schema is no longer an option.

11. BOOKS OF ACCOUNTS

The Company has maintained proper books of accounts as per applicable laws and regulations in the Kingdom of Saudi Arabia.

12. CORPORATE GOVERNANCE

Implementing sound corporate governance principles has been a priority at AXA. AXA's system of corporate governance is built on the central role of the Board of Directors:

- to provide strategic guidance;
- to ensure that there is transparency of operational decisions, both internal and in relation to the market;
- to have an efficient and effective internal control system;
- to regulate potential conflicts of interest; and
- to make rules for transactions with related parties.

The Company ensures that there is a continuous review of practices adopted to ensure that they meet the standards set by AXA and other international standards and best practices. The Company also ensured compliance with all local laws and regulatory requirements applicable in the Kingdom of Saudi Arabia.

The Company has implemented all the provisions of the Corporate Governance Regulations issued by Saudi Central Bank and Capital Market Authority with the exception of the following:

Article/ Paragraph No	Article/Paragraph Text	Reason for Implementation	Non- Notes
26	The nomination and remuneration policy followed by the Company shall have formal and rigorous standards and procedures to continuously monitor and assess the fitness and propriety of Board members, members of Board committees, members of Senior Management, in accordance with the requirements of Article (23) of this Regulation, and shall immediately notify SAMA of any information or circumstances that may be relevant to assessment of fitness and propriety of these persons within a maximum period of (3) three business days from the day of obtaining the information or from the day of change occurrence.	Board members are self-evaluated by the members themselves, and there is no policy for that	The administration is in the process of developing a mechanism for evaluating the members of the board of directors through an independent body
62	Members of the Board shall undergo an induction program once they join the Board. Each member shall be provided with a letter of appointment outlining his or her roles and responsibilities, and comprehensive information on the Company's business and strategic plans and on applicable laws and regulations.	Board members are provided immediately upon joining the Board of Directors' work charter, in which all work procedures, tasks, and responsibilities of the Board are clarified.	The secretariat of the Board of Directors will design an induction program for the new members of the Board of Directors and provide them with a letter of appointment attached to the Charter of the Board of Directors

78	The nomination and remuneration committee shall evaluate the performance of the Board (i.e. overall and individual performance) at least annually, using formal, transparent, and objective criteria.	The company adopts a self-evaluation method to evaluate the performance of the members of the Board of Directors	The Nominations and Remunerations Committee will work to prepare formal and transparent criteria for evaluating Board members in the future
93 (4/B)	Five Senior Executives who have received the highest remuneration from the Company, provided that the chief executive officer and chief financial officer are among them.	The company committed to disclose total remuneration of the senior executive Management in accordance with the requirements the Corporate Governance Rules. In order to protect the interests of the Company, but the company considered that it is in the public interest and to avoid any damage that may result from the disclosure in details as per job titles and positions, hence description of remuneration is not presented pursuant to Appendix (1) Remuneration Schedule of Corporate Governance Rules related to Senior Executives and that is based on paragraph (B) Article (60) of Rules on The offer of Securities and Continuing Obligations.	-

13. BOARD OF DIRECTORS AND COMMITTEES

The Company is controlled through the Board of Directors which comprises of eight non-executive directors (including three independent directors). The responsibilities of the Board have been defined in the Articles of Association of the Company.

i) Composition of the Board of Directors

The Board of Directors shall be managed by eight (8) members appointed by General Assembly for a period not exceeding three years.

The composition of the Board at 31st of December is as follows:

Name of Director	Position	Classification	Representation
Mr. Yousef Abalkhail	Chairman	Independent Director	--
Mr. Bijan Khosrowshahi	Vice Chairman	Non – executive Director	GIG
Mr. Jean Cloutier	Director	Non – executive Director	GIG

Mr. Paul Adamson	Director	Non – executive Director	GIG
Mr. Farid Saber	Director	Non – executive Director	GIG
Mr. Osama Kishk	Director	Non – executive Director	GIG
Mr. Hani Al Obaid	Director	Independent Director	--
Mr. Omar Al Jeraisy	Director	Independent Director	--

The term of the current Board is expiring on July 31, 2024
GIG (gulf Insurance Group)

ii) Names of Company(ies) in which Members of the Board of Directors act as a Member of Board of Directors (other than AXA Cooperative)

Name of Director	Name of the Companies and Positions
Mr. Yousef Abalkhail	<ul style="list-style-type: none"> • Chairman of the board of directors of Arabian Pipes Company (listed joint stock company) • Chairman of the board of directors of Saudi Ceramics Company (listed joint stock company) • Member of the board of directors of Arabian Cement Company (listed joint stock company)
Mr. Bijan Khosrowshahi	<ul style="list-style-type: none"> • Member of the board of directors of Gulf Insurance Group • Member of the board of directors of Gulf Insurance & Reinsurance Company • Member of the board of directors of Bahrain Kuwait Insurance Company • Member of the board of directors of Arab Misr Insurance Group • Member of the board of directors of Arab Orient Insurance Company • Non-Executive Chairman of the board of directors of Gulf Sigorta AS • Member of the board of directors of Alliance Insurance Company PSC • Member of the board of directors of Jordan Kuwait Bank • Member of the board of directors of Colonnade Insurance SA • Member of the board of directors of Southbridge Compania de Seguros Generales S.A. • Member of the board of directors of La Meridional Compania Argentina de Seguros SA • Member of the board of directors of SBS Seguros Colombia SA
Mr. Jean Cloutier	<ul style="list-style-type: none"> • Member of the board of directors of COLONNADE FINANCE S.A.R.L • Member of the board of directors of Fairfax Middle East Holdings Inc. • Member of the board of directors of CRC Reinsurance Company Ltd. • Member of the board of directors of Fairfax (Barbados) International Corp. • Member of the board of directors of Wentworth Insurance • Member of the board of directors of Farifax Brazil Participacoes Ltda. • Member of the board of directors of Polskie Towarzystwo Reasekuracji Spolka Akcyjna • Member of the board of directors of Gulf Insurance Limited • Member of the board of directors of Africa Re • Member of the board of directors of Connemara Reinsurance Company Ltd. • Member of the board of directors of L'Agerienne Des Assurances • Member of the board of directors of Algerian Gulf Life Insurance Company

	<ul style="list-style-type: none"> • Member of the board of directors of Allied World Assurance Company Private Joint Stock Company, ARX IC JSC • Member of the board of directors of Private Joint Stock Company Insurance Company Colonnade Ukraine • Member of the board of directors of Allied World Assurance Company Holdings, Ltd. • Member of the board of directors of ARX Life Insurance Company Additional Company, ARX LIFE IC ALCN
Mr. Paul Adamson	<ul style="list-style-type: none"> • Member of Board of Directors of GIG Gulf • Chief Executive Officer of GIG Gulf
Mr. Farid Saber	<ul style="list-style-type: none"> • Assistant Group CEO at Gulf Insurance Group K.S.C.P • Member of the board of directors of gig Turkey • Member of the board of directors of AGLIC SPA - L'Algérienne Vie • Member of the board of directors of Egyptian Life Takaful Company Gig • Member of the board of directors of YallaCompare Company
Mr. Osama Kishk	<ul style="list-style-type: none"> • Group CFO at gig - Gulf Insurance Group • Member of the board of directors of Egyptian Takaful Insurance • Member of the board of directors of Takaful International Co. - Bahrain • Member of the board of directors of HSBC Money Market Fund - Egypt
Mr. Hani Al Obaid	<ul style="list-style-type: none"> • Member of the board of directors of Taleem REIT Fund
Mr. Omar Al Jeraisy	<ul style="list-style-type: none"> • Member of the board of directors of Al Jeraisy Group Co. (limited liability company)

None of the member of Board of Directors acts as a member in more than five Listed Joint Stock Companies in Saudi Arabia.

a) Role of the Board:

The role of the Board is to determine the Company's strategy and provide vision and entrepreneurial leadership. The Board has a formal schedule of matters reserved to it and meets a minimum of four times a year. It has the specific responsibility to approve the main objectives and the strategic plans of the company and supervising its implementation. Their responsibilities include:

- Ensuring that appropriate systems and processes are in place so that the business of the Company is properly managed in an honest, ethical, responsible and safe manner;
- Ensuring that effective audit, risk management and compliance systems are in place to protect the Company's assets and to minimise the possibility of the Company operating beyond legal requirements or beyond acceptable risk parameters;
- Approving and reviewing at least annually systems and controls framework;
- Approving and reviewing at least annually the overall business performance and strategy;
- Reviewing regularly the implementation of the strategy and operational performance;
- Analysing and reviewing material acquisitions, divestments and capital expenditure;
- Reviewing and approving the corporate plan, financial and dividend policies and the operating budget and monitor financial performance and integrity of reporting;
- Appointing, removing the Managing Director & Chief Executive Officer and oversee succession plans for the senior executive team;
- Monitoring management performance;
- Carrying out periodic evaluation of Directors;
- Acting in such a way that Board meetings and discussions promote focused debate within a supportive team atmosphere;
- Setting out clearly, and reviewing on a regular basis, who has authority to enter the Company into contractual obligations;
- Ensuring that the financial statements are prepared and which accurately disclose the financial position;
- Convening shareholder meetings;
- Monitoring conflicts of interest and prevent abusive related party transactions;

- Safeguarding and enhancing the image and reputation of the Company;
- Delegating the authorities as appropriate to Board committees or sub-committees;
- Conducting evaluation of the performance of the Board and Committees;
- Approving remuneration structure of the Company; and
- Such other responsibilities as may be delegated by the shareholders of the company or as required for the effective operation of the company.

b) Directors' Profile

Mr. Yousef Abalkhail

Position: Independent Director - non-executive member

Nationality: Saudi

Mr. Yousef Abalkhail brings over more than 30 years of experience in Entrepreneurship and Leadership with various entities in Saudi Arabia. Mr. Abalkhail holds an M Sc. in Systems Management from University of South California, USA in 1987 and B.Sc. in Computer Systems from Point Lama University, USA in 1985.

Mr. Paul Adamson

Position: Non – executive member

Nationality: British

Mr. Adamson is Chief Executive Officer of GIG Gulf with over 25 years' experience in the financial industry. He joined AXA (and erstwhile Norwich Union) in 2000 and has held various senior positions. Paul is an Associate Member of the Chartered Insurance Institute.

Mr. Bijan Khosrowshahi

Position: Non- executive member

Nationality: American

Mr. Khosrowshahi is currently the President and CEO of Fairfax International, Board member representative for Fairfax Financial Holdings for gig and many of its subsidiaries. Also, he has over 35 years of experience in the insurance industry. He joined Fairfax in 2009 and prior to that spent 18 years with AIG and 5 year with Fuji Fire and Marine Insurance. He holds an MBA and B.Sc in Mechanical Engineering from Drexel University, USA

Mr. Jean Cloutier

Position: Non- executive member

Nationality: Canadian

Mr. Cloutier is the Chairman of Fairfax International since 2013. He joined Fairfax in 1999 as Vice President and Chief Actuary and later became Vice President-International Operations. Prior to joining Fairfax, he worked with Lombard Canada Limited, Halifax Insurance and Dominion of Canada Insurance Company. He received his bachelor's degree in actuarial sciences from Laval University. He is a fellow of the Casualty Actuarial Society and a member of the Canadian Institute of Actuaries.

Mr. Farid Saber

Position: Non- executive member

Nationality: Lebanese/ Canadian

Mr. Saber is the Assistant Group Chief Executive Officer (Operations) of Gulf Insurance Group since November 2016. He is an experienced Executive Officer with a demonstrated history of working in the insurance industry in MENA region. He is also a Member of the Board of Directors at L'Algerienne vie (AGLIC), Gulf Sigorta and Egypt Life Takaful Co., all subsidiaries of gig. He has a Bachelor of Laws (LL.B.) and a Bachelor in Business Administration from the Lebanese University in Beirut and a Diploma in Insurance (Dip CII).

Mr. Osama Kishk**Position:** Non- executive member**Nationality:** Egyptian

Mr. Kishk is the Group CFO of gig and joined the Group in June 2017

He has over 26 years of experience in the Finance, Accounting, Treasury, Investment and Auditing related fields. Prior to joining gig, he has worked with MetLife, Rasameel Group, Bayt AIMal Investments, Ernst & Young and Coopers & Lybrand. He holds an MBA from Maastricht School of Management (MSM) in addition to several professional qualification from USA such as Certified Public Accountant (CPA), Certified Risk Professional (CRP), Certified Internal Auditor (CIA), and Certified Associate Business Manager (CABM).

Mr. Hani Obaid**Position:** Independent member**Nationality:** Saudi

Mr. Hani Obaid has experience in financial services and wealth management and Board member for various entities. He is currently a Partner in Investcorp since April 2012. Mr. Hani is a graduate in Management of Technology.

Mr. Omar Al Jeraisy**Position:** Independent member**Nationality:** Saudi

Mr. Omar is currently the Deputy General Manager and also a member of the Board of Directors of the Jeraisy Group. He has been overseeing Jeraisy Group's investment in real-estate and capital markets for the past 10 years. Mr. Omar graduated in 2012 in Business Administration from Prince Sultan University. He also attended an executive education course in Strategic Investment Management from London Business School.

c) Meetings of the Board of Directors

During the period, the Board of Directors met four times. Board meetings were well attended and those attending are set out below:

Name of Director	2 nd March	25 th May	29 th September	18 th November
Yousef Abalkhail	Attended	Attended	Attended	Attended
Paul Adamson	Attended	Attended	Attended	Attended
Ali Abdulla Kanoo*	Attended	Attended	NA	NA
Steve Wagstaff*	Attended	Attended	NA	NA
Hani Obaid	Attended	Attended	Attended	Attended
Nicolas De Nazelle*	Attended	Attended	NA	NA
Omar Al Jeriasy	Attended	Attended	Attended	Attended
Bijan Khosrowshahi**	NA	NA	Attended	Attended
Jean Cloutier **	NA	NA	Attended	Attended
Faird Saber**	NA	NA	Attended	Attended
Osama Kishk**	NA	NA	Attended	Attended

* Resigned on September 6, 2021

** Appointed on September 6, 2021 following acquisition of AXA by GIG

d) The number of the company's request the shareholder's register and the dates and reasons for those request.

Number of company's request shareholders register	Date of request	Reasons for the request
1	2021/04/29	Company Procedure
2	2021/06/23	General Assembly
3	2021/08/26	Company Procedure

e) Compensation of the Board of Directors

The remuneration payable to the Chairman and the Directors of the Company, including the fee for attendance at Board and Committee meetings is defined in the By-Laws of the Company.

Sitting fee

A sitting fee is paid to every Director (including Chairman) for attendance of Board Meeting (SR 3,000 per meeting) and Committee meeting (SR 1,500 per committee meeting). Details of the sitting fee paid to Directors and Chairman is as follows:

Name of Director	Board meeting sitting fee	Board Committees sitting fee	Total
Yousef Abalkhail	12,000	0	12,000
Paul Adamson	12,000	0	12,000
Ali Abdulla Kanoo*	6,000	0	6,000
Steve Wagstaff*	6,000	0	6,000
Hani Al Obaid	12,000	24,500	36,500
Nicolas De Nazelle*	6,000	0	6,000
Omar Al Jeriasy	12,000	44,500	56,500
Bijan Khosroshahi**	6,000	0	6,000
Jean Cloutier **	6,000	0	6,000
Faird Saber**	6,000	1,500	7,500
Osama Kishk**	6,000	1,500	7,500

The fee will be ratified by the shareholders in the upcoming general assembly meeting. In addition to above, the Company has incurred/reimbursed other expenses incurred by directors on travelling and lodging and reimbursed by the Company. The Board has approved a specific remuneration for the members of the Audit Committee and the risk management Committee of the Company.

Annual Remuneration for the Members of the Board of Directors (including Chairman)

The Company has accrued SR 150,000 for Non – executive Director, SR 200,000 for Independent Director and SR 250,000 for the Chairman for the year ended December 31, 2021.

Details of the remuneration for current year is as follows:

Name of Director	2021	2020
Yousef Abalkhail	250,000	200,000
Paul Adamson	150,000	150,000
Ali Abdulla Kanoo*	75,000	150,000
Steve Wagstaff*	75,000	150,000
Hani Obaid	200,000	150,000
Nicolas De Nazelle*	75,000	150,000
Omar Al Jeriasy	200,000	150,000
Bijan Khosroshahi**	75,000	0
Jean Cloutier **	75,000	0
Faird Saber**	75,000	0
Osama Kishk**	75,000	0

The remuneration will be ratified by the shareholders in the upcoming general assembly meeting.

There were no arrangements or agreements under which a Board Member or any of Company's Senior Executives had waived any salary, remunerations or emoluments.

*Resigned on September 6, 2022

** Appointed on September 6, 2022

Board Members Remuneration (SAR'000)																
	Fixed Remuneration						Variable Remuneration									
	Specific amount	Allowance for attending the Board sessions	Total Allowance for attending committee sessions	In Kind benefits	A statement of the Board members remuneration as workers or managers or payments received for technical, administrative and consultancy work	Remuneration of the Board chairman, managing director or secretary, if they are committee members	Total	Profit share	Periodic remuneration	Short-term incentive plans	Long-term incentive plans	Equity (Value to be entered)	Total	End service rewards	Grand Total	Expenses Allowances
First: Independent Members																
Yousef S Abalkhail	250	12	-	-	-	-	262	-	-	-	-	-	-	-	262	-
Omar Al Jeraisy	200	12	44.5	-	-	-	256.5	-	-	-	-	-	-	-	256.5	
Hani Ibrahim Obaid	200	12	24.5	-	-	-	235.5	-	-	-	-	-	-	-	235.5	
Second: Non-executive Members																
Bijan Khosrowshahi	75	6	0	-	-	-	81	-	-	-	-	-	-	-	81	
Jean Cloutier	75	6	0	-	-	-	81	-	-	-	-	-	-	-	81	
Paul Adamson	150	12	0	-	-	-	162	-	-	-	-	-	-	-	162	
Farid Saber	75	6	1.5	-	-	-	82.5	-	-	-	-	-	-	-	82.5	
Osama Kamela Kishk	75	6	1.5	-	-	-	82.5	-	-	-	-	-	-	-	82.5	

f) Main Decisions Adopted by the Board of Directors and review of the Company

During the year the Board has adopted the following key decisions:

- Reviewed financial performance of the Company and key business developments;
- Reviewed strategy of the Company for next 5 years;
- Approved of the financial statements for the year ended December 31, 2020 and interim financial statements for the quarters ended March, June and September 2021;
- Approved the strategic plan and budget for 2021 of the company;
- Approval of reinsurance arrangements;
- Review of solvency position of the Company;
- Review of technical reserving of the Company;
- Reviewed medical & motor pricing recommended by the appointed actuary and update from appointed actuary;
- Reviewed updates from Board sub-committees including Audit, Investment, Executive, Nomination & Remuneration and Risk Committee;
- Reviewed update on head office of the company.
- Received various communications from regulators.
- Approved constitution of committees and succession plan.

g) Evaluation of the Board of Directors

The Company has adopted a self-evaluation method for to evaluate performance of the Board of Directors and Committees. All Board members of the Board are given a checklist containing various criterion. Results of evaluation is consolidated by the Board of Directors and discussed with Nomination committee and communicated during Board meeting.

h) Executive Management

The Executive Management of the company consists of four Members, and the composition of the management is as follows:

Name	Position	Qualifications and Experience
Khalid Al-Shuwaier	Chief Executive Officer	Mr. Khalid Abdulaziz Al-Shuwaier held a number of leadership position in the company over the past sixteen year, providing performances represented in his outstanding leadership capabilities and extensive knowledge of the Saudi Insurance Market. He holds fellowship of the chartered insurance institute in addition to a number of professional certificates specialized in management, Finance, Governance and Compliance.
Babar Ali Khan	Chief of Financial	Mr. Babar Ali Khan is the Chief Financial Officer Of AXA. He Holds a Bachelor's degree in Accounting and Finance from the university of Karachi as well as 16 years of comprehensive experience in major and leading companies.
Abdulhameed sheikh El-Din	Technical underwriting manager	Mr. Abdulhameed Sheikh El- Din has more than 25 year of experience in the insurance sector. He also holds the position of underwriting manager for AXA Company. Mr. Abdulhameed obtained a Bachelor of Commerce in addition to Fellowship of the Chartered Insurance institute.

Akram Tairi	Medical Services Manager	Mr. Akram Tairi holds a Bachelor's degree in Accounting From Kind Saud University in Riyadh, Saudi Arabia. Mr. Akram Joined the company in 2013 as head of Healthcare operations. Before joining the company, he worked in the cooperative insurance company (Tawuniya) From 1994 to 2007, (Najm)Insurance services Company from 2007 to 2009, and(Malath) insurance Company from 2009 to 2013. He also has extensive experience in reinsurance, project management, medical insurance, human resources and management.
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i) Committees of the Board of Directors

The Board has set up five consultative committees with approved terms of reference and mandates to carry out the assigned functions. Some members of the committee are awaiting regulatory approval for their appointment.

These committees are:

Investment & ALM Committee

Composition:

The Investment and ALM Committee comprises of four members. As at 31st December 2021, the composition of the committee is as follows:

Name	Designation	Role in Committee	Qualification & experience
Hani Obaid	(Independent) Board member	Chairman	Mr. Obaid is a member of the Board for several companies such as Saudi Fransi Capital Funds (since 2015) and AXA Insurance Saudi Arabia (since 2017). He was also a Board member of Lazurde Company (listed in the Saudi market in 2016) from 2012 to 2017. Mr. Obaid earned Bachelor of Science, Management of Technology from Wentworth Institute of Technology Boston, MA in 2002 where he graduated Cum Laude.
Osama Kishk	Board member	Member	Mr. Kishk is currently the Chief Financial Officer of Gulf Insurance Group (GIG). Before joining GIG, he served as the Chief Financial Officer of Metlife Egypt. Mr Kishk also sits on the Board of various financial institutions in Egypt and Kuwait. Mr Kishk was awarded a Bachelor of Science degree in Commerce from Helwan University in 1996 and a Masters of Business Administration in Strategic Management from Maastricht School of Management in 2009.
Nicola bell	Non member	Member	Ms. Bell was appointed as the Chief Financial Officer (CFO) of AXA Gulf in 2016. She began her career with PricewaterhouseCoopers in 1998. She joined AXA UK in 2002 and over the past 14

			<p>years has held several senior executive functions within the Finance team and was appointed the CFO and Chief Risk Officer of AXA PPP healthcare in 2008.</p> <p>Ms. Bell is a Fellow member of the Institute of Chartered Accountants of England and Wales having qualified in 2001 and holds Bachelors degree in Law and Accounting (LLB-Hons) from the Queens University of Belfast graduating in 1998.</p>
Ahmed Bucheeri	Non member	Member	<p>Mr. Bucheeri have more than 20 years of financial services-related experience working in investments management, brokerage, placement, retail and investment banking. He has strong fundamentals, analytical and corporate management and governance skills backed by career experience and exposure to different markets and economic cycles.</p> <p>Mr. Bucheeri is a member of Chartered Alternative Investment Analyst (CAIA) and a Treasury & Capital Market Diploma Program from Bahrain Institute of Banking & Finance.</p>

Meetings

The Investment and ALM Committee met three times during the year. The attendance status of members is as below:

Name	23 Feb 2021	17 May 2021	21 Dec 2021
Hani Obaid	Not Applicable	Not Applicable	Present
Osama Kishk	Not Applicable	Not Applicable	Present
Nicola Bell	Not Applicable	Not Applicable	Present
Ahmed Bucheeri	Not Applicable	Not Applicable	Present
Omar Al Jeraisy*	Present	Present	Not Applicable
Erick Decker*	Present	Present	Not Applicable
Babar Ali Khan*	Present	Present	Not Applicable

*Following constitution of new committees, these members are no longer member of investment committee.

Roles and responsibilities

- Oversee the investments of the Company;
- To review in the light of new developments in local regulations, changes in business profile of the company, its overall risk tolerance and long-term risk-return requirements, the Company's solvency position as well as the evolutions of market conditions and to make recommendations to the Board for any appropriate updates of the Policy and to take decisions on all investments of the Company in line with the Policy;
- To take decisions on all investments of the Company in line with the Policy;
- To review regularly the investments and their performance; and

- To ensure that a periodic review of the adequacy of the resources, procedures and systems for the management of investments is carried out by the Company's Senior Management and to report to the Board on any identified vulnerability or dependency.

Audit and Compliance Committee

Composition:

The Audit and Compliance Committee comprises of three members. The composition of the committee is as follows (at the end of December 31, 2021):

Name	Designation	Role in Committee	Qualification & experience
Khalid Al Turiafi	Independent (Non-Board Member)	Chairman	CFO of Saudi Arabia 2030 vision programme. Mr. Khalid is a certified Public Accountant from Colorado State Board of Accountancy and Saudi Arabia. Mr. Khalid has an overall 25+ years of experience in different leading organizations.
Turki Obailan	Independent (Non-Board Member)	Member	Mr. Turki has vast knowledge and experience with Regulators. He was the Head of On-site unit for local banks with Saudi Central Bank (SAMA). Mr. Turki holds a master degree in Business Administration from University of Hull, UK.
Omer Jeraisy	Independent Board Member	Member	Deputy General Manager & Member of the Board of Directors of the Jeraisy Group. He has been overseeing Jeraisy Group's investment in real-estate and capital markets for the past 10 years. Mr. Omar holds a degree in Business Administration from Prince Sultan University. He also attended an executive education course in Strategic Investment Management from London Business School and an Intensive English Program from University of California.

Meetings

The Audit and Compliance Committee is required to meet at least six times in a year. During the year, the committee has met seven times. Attendance of the meetings is as follows:

Name	Mar 15, 2021	May 6, 2021	Aug 3 , 2021	Sep 13, 2021	Nov 1, 2021	Nov 30, 2021	Dec 9, 2021
Mazen Hassounah*	Yes	Yes	N/A	N/A	N/A	N/A	N/A
Saleh AlFadhel*	Yes	Yes	N/A	N/A	N/A	N/A	N/A
Hani Al Obaid*	Yes	Yes	N/A	N/A	N/A	N/A	N/A
Khalid Al Turaifi**	N/A	N/A	Yes	Yes	Yes	Yes	Yes
Turki Obailan**	N/A	N/A	Yes	Yes	Yes	Yes	Yes
Omar AlJeraisy**	N/A	N/A	N/A	Yes	Yes	Yes	Yes

* Resigned on 25/05/2021

** Appointed on 01/08/2021

Roles and responsibilities

- To supervise the company's internal audit department and 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 on such audit and its recommendations with respect to it;
- To oversee the activities of Compliance Department;
- To review the internal audit reports and pursue the implementation of the corrective measures recommended in them;
- To recommend to the Board of Directors on the appointment, dismissal and the remuneration of external auditors, with due consideration to their independence;
- To supervise 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;
- To review together with the external auditor, the audit plan and make any comments thereon;
- To review the external auditor's comments on the financial statements and follow up the actions taken about them;
- To review the interim and annual financial statements prior to presentation to the Board of Directors; and to give opinion and recommendations with respect thereto; and
- To review the accounting policies in force and advise the Board of Directors of any recommendations regarding them.

Remuneration

The Chairman of the Audit Committee is entitled to receive SR 15,000 per meeting and members of the Committee are entitled for SR 10,000 per meeting as remuneration.

Nomination and Remuneration Committee

Composition:

The Nomination and Remuneration Committee comprises of three members. The current composition of the committee is as follows:

Name	Designation	Role in Committee	Qualification & experience
Hani Al Obaid	Independent Director	Chairman	Mr. Hani is a board member of several companies such as Saudi Fransi Capital (Since 2015) and AXA Insurance Company Saudi Arabia (Since 2017) He also served as a member of the Board of directors of L'azurde company listed on the Saudi market in 2016) From 2012 to 2017. Mr. Hani received his Bachelor of Science, Department of Technology Management from Wentworth institute of technology in Boston, and his Master's degree in 2002, where he graduated with distinction with honors.
Omar Al Jeraisy	Independent Director	Member	Deputy General Manager & Member of the Board of Directors of the Jeraisy Group. Omar graduated in 2012 in Business Administration from Prince Sultan University. He also attended an executive education course in Strategic Investment Management from London Business School and an Intensive English Program from University of California in 2014.
Despo Michaelides	Non – member	Member	Ms. Despo brings along with her vast experience in the field of Human Resource. She is Chief Human Resource Officer at AXA Insurance Gulf and has been working since 2008.

Meetings

The Nomination and Remuneration Committee is required to meet at least once in a year. During the year, one meeting was held:

Name	23 December 2021
Hani Al Obaid (Chairman)	Attended
Omar Al Jeraisy	Attended
Despo Michaelides	Attended

Roles and responsibilities

- Recommend to the Board of Directors for appointing as members of the Board in accordance with the approved policies and standards; the Committee shall ensure that no person who has been previously convicted of any offence affecting ethical behaviour or integrity is nominated for such membership;
- Annual review of the requirement of suitable skills for membership of the Board of Directors and describing the required capabilities and qualifications for such membership, including, inter alia, the time that a Board member should reserve for the activities of the Board;
- Review the structure of the Board of Directors and recommend changes;

- Determine the points of strength and weakness in the Board of Directors and recommend remedies that are compatible with the company's interest;
- Ensure on an annual basis, the independence of the independent members and the absence of any conflict of interest in case a Board member also acts as a member of the Board of Directors of another company; and
- Draw clear policies regarding the indemnity and remuneration of the Board members and top executives.

Executive Committee

Composition

The Executive Committee comprises of four members. The current composition of the committee is as follows:

Name	Designation	Role in Committee	Qualification & experience
Paul Adamson	Non-executive director	Chairman	Paul is an Associate Member of the Chartered Insurance Institute. Mr. Adamson is CEO of GIG Gulf with over 25 years' experience in the financial industry.
Khalid Al Shuwaier	Chief Executive Officer	Member	Khalid has been working with the Company over 17 years. Prior to becoming CEO Khalid was the Head of P&C Claims. Khalid is an ACII from chartered Insurance Institute in addition to number of professional qualification in management, Finance, Governance and compliance
Farid Saber	Non-executive Director	Member	Mr. Saber is the Assistant Group Chief Executive Officer (Operations) of Gulf Insurance Group since November 2016. Mr. Saber is an experienced executive officer with a demonstrated history of working in the insurance industry in MENA region. He is also a Member of the Board of Directors at L'Algerienne vie (AGLIC), Gulf Sigorta and Egypt Life Takaful Co., all subsidiaries of gig. Mr. Saber holds a Bachelor of Laws (LL.B.) and a Bachelor in Business Administration from the Lebanese University in Beirut and a Diploma in Insurance (Dip CII).
Akram Tairi	Head of Healthcare	Member	Bachelor's degree in Accounting from the King Saud University Riyadh, Saudi Arabia Mr. Tairi joined the Company in 2013G as Head of Healthcare Operations. Prior to joining the Company, he worked at the Company for Cooperative Insurance (Tawuniya) from 1994G to 2007G, Najm for Insurance Services from 2007G to 2009G and Malath Insurance Company from 2009G to 2013G. He has extensive experience in reinsurance, project

			management, medical insurance, human resource and administration
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Meetings

The Executive Committee is required to meet at least six times in a year. During the year, management committee has met six times during the year. Attendance of the meetings is as follows:

Name	January 17, 2021	February 16, 2021	April 14, 2021	July 14, 2021	September 27, 2021	December 15, 2021
Paul Adamson	Yes	Yes	Yes	Yes	Yes	Yes
Babar A. Khan	Yes	Yes	Yes	Yes	Yes	Yes
Suhaib Al Zaid	Yes	Yes	Yes	Yes	NA	N/A
Akram Tairi	Yes	Yes	Yes	Yes	Yes	Yes
Khalid Al Shuwaier	NA	NA	NA	NA	NA	NA
Farid Saber	NA	NA	NA	NA	NA	NA

Roles and responsibilities

- Exercise leadership and general managerial responsibilities over the work of the Company including decisions relating to daily operational management under the authority delegated by the Board;
- Establish policies and procedures in relation to all operational matters of the Company and oversee the implementation thereof;
- Review the budgets and plans of the Company and submit it to the Board for approval;
- Oversee all operational matters of the Company including recruitments of key staff;
- Review reports on the operations of the Company and implement recommendations;
- Perform all other duties and assume all other responsibilities as may be required by law or as directed by the Board; and
- Perform such other functions as may be advised by the Board of Directors.

Risk Management Committee

Composition:

The Risk Management Committee is composed of three Members after Obtaining the Necessary regulatory approvals. The following is the statement of the members of the Risk Management Committee.

Name	Designation	Role in Committee	Qualification & experience
Thamer Zghal	Non - board member	Chairman	Mr. Zghal is the CRO of GIG Gulf and joined the company in November 2014. Mr. Zghal has 13 years of experience in Actuarial, Reinsurance, Capital Modelling and Risk Management fields. He started his carrier with AXA Group and then moved to Mazars before joining AXA Gulf.

			<p>Mr. Zghal has an Engineering Degree (Master's equivalent) from Ecole Nationale de la Statistique et de l'Administration Economique (ENSAE) in France, specializing in Statistics and Economics. He also holds a Master's in Financial Engineering and Applied Mathematics from Paris Diderot University. He is a Qualified Actuary registered with the French Institute of Actuaries.</p>
Farid Saber	Independent Director	Member	<p>Mr. Saber is the Assistant Group Chief Executive Officer (Operations) of Gulf Insurance Group since November 2016.</p> <p>Mr. Saber is an experienced executive officer with a demonstrated history of working in the insurance industry in MENA region. He is also a Member of the Board of Directors at L'Algerienne vie (AGLIC), Gulf Sigorta and Egypt Life Takaful Co., all subsidiaries of gig.</p> <p>Mr. Saber holds a Bachelor of Laws (LL.B.) and a Bachelor in Business Administration from the Lebanese University in Beirut and a Diploma in Insurance (Dip CII).</p>
Mr. Jean Cloutier	Director	Member	<p>Mr. Cloutier is the Chairman of Fairfax International since 2013.</p> <p>Mr. Cloutier joined Fairfax in 1999 as Vice President and Chief Actuary and later became Vice President-International Operations. Prior to joining Fairfax, he worked with Lombard Canada Limited, Halifax Insurance and Dominion of Canada Insurance Company. Mr. Cloutier received his bachelor's degree in actuarial sciences from Laval University. He is a fellow of the Casualty Actuarial Society and a member of the Canadian Institute of Actuaries.</p>
Mr. Marc Audrin **	Non - board member	Committee Chairman (Former)	<p>Mr. Marc Audrin is Chief Risk & Technical Officer of AXA International & New Markets. Marc joined the AXA Group in 1993 and has worked at global, regional and local levels in 4 different countries and has been involved in all of the lines of businesses of the Group. He holds a MBA from a French Business School and the DESCF degree (French CPA).</p>
Mr. Hani Al Obaid **	Independent Director	Member Former	<p>Partner in Investcorp, Mr. Hani is a graduate in Management of Technology from American University in Washington.</p>
Mr. Stephen Wagstaff **	Director	Member Former	<p>Associate members of Chartered Insurance Institute and has over 30 years of experience in the field of insurance. Prior to joining Kanoo Group as Group Insurance Manager, he worked as Country Manager for Bahrain in AXA Gulf.</p>

* Mr. Zghal and Mr. Saber appointed on 7 December 2021 and Mr. Cloutier on 28 December 2021.

** The membership term expired on 23 May 2021.

Meetings

After receiving necessary regulatory approval, the Risk management committee has met 2 times during the year. Attendance of the meetings is as follows:

Name	5 April 2021	16 December 2021
Thameur Zghal	NA	Present
Farid Saber	NA	Present
Jean Cloutier	NA	NA
Marc Audrin	Present	NA
Hani Al Obaid	Present	NA
Stephen Wagstaff	Present	NA

Roles and responsibilities

- Identifying risks that may impact 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
- Advising the Board on issues related to risk management

Committees members Rewards:

(SAR'000)

	Fixed Remuneration (Except For the Allowance for attending sessions)	Allowance For Attending sessions	Total
Audit Committee Members			
Khalid Alturaifi	0	75	75
Turki Alobilan	0	50	50
Omar Al-Jeraisy	0	40	40
Nomination& Remuneration Committee Members			
Hani Obaid	0	1.5	1.5
Omar Al-Jeraisy	0	1.5	1.5
Despo Michaelides	0	1.5	1.5
Risk Committee Members			
Thamer Zaghal	0	1.5	1.5
Farid Saber	0	1.5	1.5
Jean Cloutier	0	0	0
Executive Committee Members			
Paul Adamson	0	0	0
Khalid Alshuwaier	0	0	0
Farid Saber	0	0	0
Akram Tairi	9	0	0
Investment & Alm Committee Members			
Hani Obaid	0	1.5	1.5
Osama Kishk	0	1.5	1.5
Nicola Bell	0	1.5	1.5
Ahmed Bucheeri	0	1.5	1.5

j) Remuneration Paid to Senior Executives

Details of the remuneration paid to top five executives including Chief Executive Officer and Chief Financial Officer are as follows:

Name	2021 (SR'000)
Salary & compensation	4,726
Allowances	2,263
Other benefits and incentives	3,175
Total	10,164

The executives and all employees are entitled for incentive scheme which is based on the individual performance of employee as well as performance of the Company.

k) Shareholding Pattern as at December 31, 2021

Shareholder	Number of shares	Value of shares	Percentage
Public	25,000,000	250,000,000	50%
GIG (Gulf) B.S.C (c)	25,000,000	250,000,000	50%
Total	50,000,000	500,000,000	100%

- the sale of AXA Mediterranean Holding S.A.'s 18% shareholding in AXA Cooperative Insurance Company to AXA Insurance (Gulf) B.S.C ("AXA Gulf") at a price of SAR 24.23 per share; and
- the acquisition by Gulf Insurance Group K.S.C.P ("GIG") of 100% of the share capital of AXA Gulf in Bahrain (which was a 50:50 joint venture between the AXA Group and YUSUF BIN AHMED KANOO COMPANY W.L.L), which owns 32% of the share capital of AXA Cooperative Insurance Company at an equivalent value of SAR 24.23 per share, resulting in Gulf Insurance Group K.S.C.P ("GIG") indirectly owning 50% of the shareholding of AXA Cooperative Insurance Company.

l) Role of Chairman and Executive Management

The roles of the Chairman, Managing Director and Chief Executive Officer are clearly defined. The Chairman has no involvement in the day to day management of the Company which is irrevocably delegated to the Managing Director and Chief Executive Officer. The Managing Director and Chief Executive Officer have been empowered with all of the requisite rights and powers necessary to undertake the daily operational management of the Company.

m) The Company Secretary

The Company Secretary is responsible for advising the Board through the Chairman on all governance matters. All Directors have access to the advice and services of the Company Secretary. The Company Secretary is also responsible for ensuring smooth information flow within the Board, its Committees and senior management.

EXTERNAL AUDITORS

PricewaterhouseCoopers and Al Kharashi and Co. are current auditors of the Company. The current term of the auditors is until March 31, 2022.

14. EXTERNAL AUDITORS' REPORT

The external auditors' have issued an un-qualified opinion on the financial statements:

15. GENERAL ASSEMBLY

During the year, the Company had a General Assembly and an Extra Ordinary General Assembly Meeting convened on 23rd June 2021 and on 1st August 2021. The results of these meetings were published on the Saudi Stock Market (Tadawul). Shareholders have approved the following during the meeting:

Date	Results of the meeting
General Assembly Meeting held on 23rd June 2021	<ul style="list-style-type: none"> - Approval of the Financial Statements for the year ended December 31,2020 - Approval of the Board of Directors report for year 2020. - Discharging members of the Board of Directors for the year 2020. - Approval of the remuneration of SR 1,100,000 for Directors - Appointment of PricewaterhouseCoopers and Akharashi as auditors of the Company on the recommendation of the Board of Directors. - Approval of the related party transactions in which a member of the Board of Directors have interest. <p>The Meeting was attended by all the following members of the board of directors:</p> <ol style="list-style-type: none"> 1. Mr. Yousef Saleh Abalkhail- chairman of the board of directors 2. Mr. Paul Adamson – Member of the Board of Directors 3. Mr. Stephen John Wagstaff – Former Board Member
General Assembly Meeting held on 1 August 2021	<ul style="list-style-type: none"> - Approval of the Election of members of the Board of Directors from among the candidates for the next session, which starts from the date of the ordinary general assembly on 01-08-2021 and has a duration of three years, ending on 31-07-2024. They are as follows: <ol style="list-style-type: none"> 1. Mr. Yousef Bin Saleh Abalkhail- independent member 2. Mr. Nicolas de Nazel- Non- Executive Member 3. Mr. Paul Adamson – Non- Executive Member 4. Mr. Omar Abdulrahman Aljeraisy – independent member 5. Mr. Ali Abdullah Kanoo – Non- Executive Member 6. Mr. Hani Ibrahim Obaid- Independent Member 7. Mr. Stephen Wagstaff- Non- Executive Member - Approval of the board of directors' work from Mat 24th, 2021 Until the date of this assembly - Approval of the formation of the audit committee, defining its tasks , its work controls, and the remuneration of its members for the new session, starting from the day of the assembly's meeting on 01-08-2021 until the end of the session on 31-07-2024 and they are: <ol style="list-style-type: none"> 1. Mr. Omar AbdIrahman Aljeraisy – independent member 2. Mr. Turki Ahmed Al- Obilan –Member from outside the council 3. Mr. Khalid Saleh Alturaifi – Member from outside the council - The meeting was attended by all the following members of the Board of directors: <ol style="list-style-type: none"> 1. Mr. Yousef Saleh Abalkhail – Chairman of the Board of Directors 2. Mr. Paul Adamson – Member of the Board of Directors

The minutes of shareholder's meeting are documented and published on Tadawul. The company encourages its Directors to attend its Board meetings and if there is any matter raised by the shareholders, Chairman of the Board of Director communicates to the members of the Board.

16. INTERNAL AUDIT

Internal Auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the Company. It assists the Company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the entity's risk management, control, and governance processes. The Internal Audit Department follows a risk based auditing approach. Internal audit reports to the Audit and Compliance Committee. The Audit Committee reviews the integrity and efficiency of this system periodically. The internal audit endeavours to provide assurance that internal controls in place are adequate to mitigate the risks and governance processes are efficient to ensure organizational objectives are met. It therefore conducts various operational audits and performs regular reviews of various key operations. It typically reports the most significant issues to the Audit Committee on a quarterly basis along with management progress towards resolution. During the year, internal audit conducted various audits and key issues were reported to the audit committee along with management's progress towards resolution.

17. INTERNAL CONTROLS

Internal Audit exists to help the Board and Executive Management protect the assets, reputation and sustainability of the Company by providing an independent and objective assurance activity designed to add value and improve the Company's operations. It helps the Company meet its objectives by bringing a systematic, disciplined approach to challenge Executive Management and evaluate the effectiveness of risk management, control and governance processes. The head of the internal audit function has a direct and unfettered reporting line directly to Audit Committee Chairman. The Company's Internal Audit functionally reports through to the AXA Global Head of Audit who reports to the AXA Group Audit Committee Chairman.

Internal Audit annually sets up an internal audit plan of work, based on an assessment of both the inherent risk and the adequacy of controls. Its performance is formally monitored and reported to the Audit Committee. All audit items are subjected to internal audit according to audit cycle which is based on the item's inherent risk rating. Any exceptions identified are notified to the Audit Committee for ratification. A report is issued at the conclusion of each audit assignment to the relevant senior management. The results of the audits and resolution status of internal audit issues are presented to the Audit Committee and Executive Management on a regular basis

During the year, the audit committee performed, amongst others, the following activities:

- Reviewed and approved the internal audit plan as well as the adequacy of the resources to execute the plan;
- Assessed the effectiveness of the internal audit function and reviewed the findings reported with the internal audit reports;
- Review annual financial statements for the year 2020
- Reviewed and approved interim financial statements for the quarters ended March 31, 2021, June 30, 2021, September 30, 2021. The Committee has also reviewed and approved Annual financial statements for the year ended December 31, 2021 (subsequent to the end of the year);
- Reviewed the report on risk management;
- Evaluated the activities of the compliance departments and approved the annual plan for 2021; and
- Reviewed the measures placed to ensure independence of the external auditors.
- Reviewed adequacy of actuarial reserves
- Reviewed customer care activities
- Reviewed internal audit plan and reports on internal audit function and observation.
- Received update on key projects of the Company and associated risks
- Reviewed succession plan for the Internal Audit function

18. RESULTS OF THE EFFECTIVENESS OF INTERNAL CONTROL PROCEDURES

The results of audits carried out during the year assured the effectiveness of the internal controls and revealed that internal monitoring and risk control applied by the Company is based on sound grounds and

implemented effectively to ensure the reliability of the financial report and their compliance with applicable laws and regulations.

The internal auditors have conducted a number of reviews during 2021 and the results have been considered by the Audit Committee in building an opinion on the effectiveness of the internal control systems of the Company. All issues identified by the internal audit are addressed to the management and timelines are agreed with them for resolution of such issues. No major outstanding issues remain at the end of 2021.

The external auditors have also carried out their standard audit procedures to help them in expressing their opinion on the Company's financial statements. No material issues have been identified or raised by the external auditors either within their report or as part of the Management Letter.

The audit committee has conducted an overall review of the Company's system of internal controls during 2021 using a risk based approach to ensure scope and quality of management's on-going monitoring of risk and the work of internal and external audit. Compliance and risk functions provide assurance of Company's ability to meet strategic objectives.

The above aspects have collectively helped the board in gaining assurance that the Company's financial reporting, risk management and internal control arrangements are effective and the key risks faced by the Company are identified and managed.

The Board confirms that there is no significant issue and internal control function is operating effectively.

19. COMPLIANCE

The Company is firmly committed to the compliance of regulations and to combat money laundering. The Company has established policies and procedures that combine general principles with local regulations in force. The Compliance function is headed by Compliance and AML Manager who is responsible for coordinating initiatives and circulating relevant information. At the branches, Compliance Coordinators are identified and it is part of their function to implement the guidelines, as well as to prevent, detect and put a stop to any money laundering that comes to their attention, conduct further investigations and report to the MLRO for further review and reporting to regulators where necessary. The Company has invested in maintaining high standards of compliance including e-training for staff, sanction list screening software, auto e-mail alerts for large transactions, automated tool for compliance monitoring and a dedicated e-fax number for regulators.

20. CODE OF CONDUCT

The Company is determined to enforce and promote sound professional ethics, as expressed in the Company's Corporate Governance & Ethics Guide. The Company's Code of Conduct provides a set of minimum standards and underlying ethical principles that serve as a guide to Company's directors, executive management and employees as they perform their duties and transact business. These standards reflect AXA's values and commitments and consequently the personal conduct that is expected of all AXA employees, in particular to avoid conflicts of interest. It covers how employees are expected to handle confidential information and disclosure practices, compliance with laws, relationships with government officials and how employees can help the Company fight against internal fraud and attempted money laundering. The Company's Corporate Governance and Ethics Guide have been distributed to all employees and is part of the staff manual handed out to new joiners.

21. CORPORATE RESPONSIBILITY

AXA delivers its Corporate Responsibility (CR) through 6 pillars, for 6 stakeholder groups:

- Shareholders - committed to conducting its business ethically, fairly and in a transparent way.
- Customers - committed to responsible customer relations through clear and transparent communication and marketing of our products, and by managing the claims process responsibly.
- Suppliers - committed to responsible supplier relations.

- Employees - being a responsible employer, placing employee engagement at the heart of our business strategy.
- Environment - committed to reducing its direct impact on the environment by actively managing our waste, emissions and our consumption of natural resources.
- Local Communities - committed to playing a positive role in society by building a culture that promotes employee volunteering and corporate giving to support the communities in which we operate.

22. REGULATORY FINES AND PENALTIES

Violation Subject	FY 2021		FY 2020	
	Number of Executive Resolution	Total amount of Fines in SR	Number of Executive Resolution	Total amount of Fines in SR
Violating SAMA's supervisory and controlling instructions	3	350,000	3	55,000
Violating SAMA's instructions on client protection	0	0	0	0
Violating SAMA's instructions on taking care for anti-money laundry and terrorism finance	0	0	0	0

DECLARATIONS

The Board of Directors acknowledges its responsibility for the correct and fair presentation of the company's financial position, and hereby acknowledges the following:

- That the account records are properly prepared
- The internal control system was prepared on sound bases and implemented effectively.
- There is no doubt about the company's ability to continue its activity.

Acknowledgements

The Company's Board of directors extends its sincere thanks and appreciation for the cooperation and support the company has received from clients, brokers, regulatory authorities, banks and financial institutions, the board of directors would also like to express its sincere appreciation for the services rendered by all the company's employees and its gratitude to the shareholders for their continued support.

The Board acknowledges with gratitude the co-operation and support extended by customers, intermediaries, regulators, banks and financial institutions. The Board also wishes to place on record their sincere appreciations of the services rendered by all employees of the Company and are thankful to the Shareholders for their continued patronage.

On behalf of board of director

Yousef Abalkhail
Chairman of the Board of Directors