

**Articles of Association of**  
**Allianz Saudi Fransi Cooperative Insurance Company**  
**A Saudi Joint-Stock Company**

**Chapter One**

**Company Incorporation:**

**Article 1 – Incorporation:**

In accordance with the provisions of the Cooperative Insurance Companies Control Law, the Companies Law, the Capital Market Law and its Implementing Regulations, and the Company's Articles of Association, a Saudi joint stock company shall be incorporated between the shareholders, which the provisions thereof are outlined below.

**Article 2 – Company Name:**

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company).

**Article 3 – Objects of the Company:**

Carrying out the business of cooperative insurance in the branch of general insurance, health insurance, and protection and savings insurance. The

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Released in accordance with the Extraordinary General Assembly's resolutions held on 29/12/2021

Company may carry out all of the activities necessary to realize its objects. The Company shall practice its activities according to the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations, and rules issued by Saudi Central Bank, as well as the laws and regulations applicable in the Kingdom of Saudi Arabia, after obtaining the necessary licenses from the competent authorities, if any.

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

The Company may incorporate limited liability companies or one-person joint stock companies. It may also own shares in or merge with other existing companies. It shall be entitled to participate with third parties in the incorporation of joint stock companies or limited liability companies – provided the companies which the Company incorporates, or with which it participates or merges, practice business activities similar to its activities or financial activities, or support it in realizing its object –. This shall be after fulfilling the requirements of the regulations and instructions applicable in this regard, and after obtaining the approval of the Saudi Central Bank.

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

The Company's head office shall be located in Riyadh, Kingdom of Saudi Arabia. The head office may be moved to any other city inside the Kingdom of Saudi Arabia by a resolution of the Extraordinary General Assembly, with

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the approval of Saudi Central Bank. The Company may establish branches, offices or agencies inside or outside the Kingdom of Saudi Arabia after obtaining the approval of Saudi Central Bank.

### **Article 6 – Term of the Company:**

The term of the Company shall be ninety-nine (99) Gregorian calendar years commencing on the date of its registration in the Commercial Register. The term of the Company may always be extended by a resolution issued by the Extraordinary General Assembly at least one year before the expiry of its term.

## **Chapter Two**

### **Rules That the Company Must Adhere to while Undertaking Its Specific Activities and Objects:**

### **Article 7 – Investments of the Company:**

The Company shall invest whatever it collects from the funds of the insured and the shareholders of the Company in accordance with the rules established by the Board of Directors, and in a manner consistent with the Cooperative Insurance Companies Control Law and its Implementing Regulations, as well as other relevant instructions issued by Saudi Central Bank or any other competent body.

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## **Chapter Three**

### **Capital and Shares:**

#### **Article 8 – Capital:**

The Company's capital shall be SAR 600,000,000 (six hundred million Saudi riyals) divided into 60,000,000 (sixty million) shares of equal value, with the nominal value of each being SAR 10 (ten Saudi riyals). All shares are ordinary cash shares.

#### **Article 9 – Subscription to the Shares:**

The shareholders have subscribed to entirety of the Company's shares, and the value has been paid in full.

#### **Article 10 – Shareholder Register:**

The Company's shares shall be traded in accordance with the provisions of the Capital Market Law and its Implementing Regulations.

#### **Article 11 – Issuance of Shares:**

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The Company's shares shall be nominal and they may not be issued at less than their nominal value. However, they may be issued at higher than said value. In such case, the value difference shall be added to a different component of the shareholders' equity. They may not be distributed as dividends to shareholders, and the share shall be indivisible against the Company. If it is owned by several persons, they shall appoint someone to act on their behalf in using the rights pertaining to the share. Such persons shall be jointly liable for the obligations arising out of the ownership of the share.

#### **Article 11 – Transfer of Shares:**

No transfer may be made of the shares subscribed by the incorporators except after the publication of the financial statements for two complete financial years of no less than twelve months (12) each from the date of the Company's incorporation and after having approval from Saudi Central Bank. A notation shall be made on the share deeds to indicate the type of the shares, the date of the Company's incorporation and the period during which the shares may not be transferred.

During the prohibition period, the ownership of the shares may be transferred, in accordance with the provisions of the sale of rights, by one incorporator to another, or by an inheritor of an incorporator, in the event of the incorporator's death, to a third party, or in the case of execution on the

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insolvent or bankrupt incorporator's funds. The priority for owning said shares shall be given to the other incorporators.

The provisions of this article shall apply to the incorporators' subscription in the event of a capital increase before the expiry of the prohibition period.

### **Article 13 – Increase of Capital:**

The Extraordinary General Assembly may decide to increase the Company's capital – after obtaining the approval of Saudi Central Bank and Capital Market Authority – provided the capital was paid in full. It is not necessary that the capital would be paid in full if the unpaid part of the capital consists of shares issued against the transfer of debt instruments or financing instruments to shares while the period assigned to transfer them to shares has not finished yet.

The Extraordinary General Assembly shall be, in all conditions, entitled to allocate the issued shares – or part thereof – upon increasing the capital to workers of the company, or subsidiaries or some of them, or any therefrom; and the shareholders shall not be entitled practice the priority right when the company issues the shares allocated for workers.

The shareholders – at the time of issuance of the Extraordinary General Assembly's resolution approving the capital increase – shall have priority to subscribe to the new cash shares. Said shareholders shall be given notice of their priority – if any – through publication of the capital increase resolution,

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together with the subscription terms, period, and start and end dates, in a daily newspaper or through notification by registered mail.

The Extraordinary General Assembly shall be entitled to suspend the implementation of the shareholder priority right in relation to the increase of capital in exchange for cash shares, or it may give the priority to non-shareholders, if it finds that the same is in the Company's interest.

A shareholder shall be entitled to sell or waive the priority right during the period between the time of issuance of the General Assembly's resolution approving the capital increase and the last day of subscription for the new shares associated with these rights, according to the controls established by the Capital Market Authority.

#### **Article 14 – Decrease of Capital:**

The Extraordinary General Assembly may decide to decrease the capital if it exceeds what is needed or if the Company suffers losses – after obtaining the approval of Saudi Central Bank and Capital Market Authority – provided the paid-up capital of the insurance company, after the capital decrease, shall not be less than SAR 100,000,000 (one hundred million riyals). The paid-up capital of the reinsurance company or the insurance company practicing the business of reinsurance at the same time shall not be less than SAR 200,000,000 (two hundred million riyals). The decrease resolution shall only be issued after the recitation of a special report prepared by the auditor.

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It shall cover the grounds for such decrease, the Company's obligations, and the effect of the decrease on such obligations. If the decrease is the result of the capital's increase beyond the Company's need, the creditors shall be invited to present their objections to the same within sixty (60) days from the date on which the decrease resolution was published in a daily newspaper distributed in the area where the Company's head office is located. If a creditor objects and submits his documents to the Company within the aforementioned period, the Company shall pay off his debt immediately or provide him with a guarantee of payment if is deferred.

## **Chapter Four**

### **Board of Directors:**

#### **Article 15 – Management of the Company:**

The Company shall be managed by a board of directors composed of nine (9) directors elected by the Ordinary General Assembly for a period not exceeding three years. The composition of the board of directors shall reflect the representation of an appropriate number of independent directors. In all cases, the number of independent directors shall not be less than two directors or one third of the directors of the Board, whichever is greater. As an exception to the foregoing, the Constituent Assembly shall appoint the first board of directors for a period not exceeding three (3) years

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commencing on the date publication of the Ministry of Commerce and Investment's resolution to incorporate the company.

### **Article 16 – Expiration of Board Membership:**

Membership in the Board of Directors shall end upon the end of the board term, resignation or death, or being absent in 3 meetings during one year with no legitimate and accepted excuse, or if the Board of Directors discovers that the director breached his duties in a manner detrimental to the interests of the Company, provided the same is accompanied by the approval of the Ordinary General Assembly. It shall also end with the expiry of the director's membership under any law or regulations applicable in the Kingdom of Saudi Arabia. It shall end if a judgment is rendered declaring the director's bankruptcy or insolvency, if he files for settlement with his creditors, if he stops paying off his debts, if he develops a mental illness or physical disability that may cause the member is not able to do his duties perfectly, or if he is convicted of an act breaching trust and morals, or convicted of fraud as per ruling court.

The Ordinary General Assembly shall be entitled at all times to dismiss all or some of the directors, without prejudice to the dismissed director's right to claim compensation if the dismissal occurs for an unacceptable reason or at an inappropriate time. A director may retire, provided this occurs at the appropriate time. Otherwise, such director shall be responsible before the Company for any damages resulting from the retirement.

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In case the board member resigns and having some comments to company's performance, then he shall submit a written report in this regard to the Chairman, and such report shall be shown to the board members.

When any member resigns from the board or their membership is terminated for any reason – except the case of board session expiry – the Saudi Central Bank shall be reported within five (5) working days from the date of leaving work with observance of the relevant disclosure requirements

#### **Article 17 – Board Vacancy:**

If a position becomes vacant on the Board, the Board may – temporarily – appoint a director in the vacant position, from amongst those having sufficient experience, after obtaining a non-objection from Saudi Central Bank, and without consideration of the order of obtaining the votes in the General Assembly through which the Board of Director was elected. The Ministry of Commerce & Investment and the Capital Market Authority as well shall be notified of the same within five (5) business days from the date of the appointment, and the appointment shall be presented to the Ordinary General Assembly at its first meeting. The new director shall complete the term of his predecessor.

#### **Article (18) – Powers of the Board of Directors:**

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Without prejudice to the powers of the General Assembly, the Board of Directors shall have the broadest powers to manage the Company in a manner realizing its objects, except for what is excluded with specific text in companies' law or these articles of association including acts or deeds that are contained in authorities of the General Assembly. The Board of Directors may, among other things, represent the Company in its relationship with third parties, authorities, Judicial Rights, police stations, chambers of commerce and industry, all companies, establishments, banks, commercial banks and money houses, and all government financing institutions of different designations and functions, and other lenders. The Board shall be entitled to make admission, collect the outcome of enforcement, discharge the Company's debtors from their obligations, enter into tenders, and purchase and sell properties. The Board shall also be entitled to enter into contracts and sign all contracts, documents and papers in the name and on behalf of the Company. This includes, but is not limited to, the memorandums of association of companies in which the Company participates, together with all of their amendments, appendices and amendment resolutions. It may also sign agreements and deeds before the notary public and official authorities, loan agreements, securities, guarantees and deeds to sell and purchase properties. It may issue powers of attorney on behalf of the Company, sell, purchase, make transfer and accept transfer, receive and hand over, lease and rent, collect, pay, open accounts and credits, withdraw and deposit in banks, issue guarantees to banks, funds and government financing institutions, and sign all documents, promissory notes, cheques, all commercial papers, documents and all bank transactions.

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The Board may entrust any of the foregoing powers to the managing director or any other director, or any of the authorized employees working or not working in the Company. The Board may also from time to time delegate a certain power(s) to another person for the period deemed appropriate by the Board. Also, the Board shall, within the limits of its authorities, be entitled to authorize one or more of its members or third parties to undertake certain work/s in a way not contradicting the relevant laws and regulations.

The Board of Directors shall be entitled to hold loans whatever their terms, sell or mortgage the company's assets, sell or mortgage the company's location, or discharge the company's debtors from their debts, unless otherwise these articles of association contains or the ordinary general assembly gives decision restricting the board's powers in this regard.

## **Article 19 – Remunerations of the Directors, Chairman and Managing Director:**

1. The remuneration of directors shall be a fixed amount, an allowance for attending meetings, in-kind benefits, or certain percentage of net profit; and two or more of such benefits may be combined.
2. If the Company achieves profits, a percentage not exceeding 10% of the net profits may be distributed, after deduction of the reserves established by the General Assembly in accordance with the provisions of the Cooperative Insurance Companies Control Law, Companies'

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Law and these Articles of Association, and after distribution of dividends to the shareholders of not less than 5% of the Company's paid-up capital. The entitlement to this remuneration shall be proportionate to the number of meetings attended by the directors. Any estimation contradicting this clause shall be invalid.

3. In all cases, the total of the remunerations, and monetary or in-kind benefits received by a director shall not exceed SAR 500,000 (five hundred thousand riyals) annually (excluding the members of auditing committee). This shall be arranged according to the disciplines established by Capital Market Authority.
4. The Board of Directors' report to the Ordinary General Assembly shall contain a comprehensive statement of all of what the directors received during the financial year, including remunerations, allowances for expenses and other benefits. Said report shall also contain a statement of what the directors received in their capacity as employees or managers, or what they received in return for technical, administrative or consultative works. It shall also contain a statement of the number of Board meetings and the number of meetings attended by each director since the date of the last General Assembly meeting.

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## **Article 20 – Powers of the Chairman and Their Membership Term, and Membership of: Chairman Deputy, Managing Director and Secretary:**

The Board of Directors shall appoint a chairman and a vice chairman from among its members, and it may appoint a managing director. It shall not be permissible for a single director to hold the Chairman position and any other executive position in the Company. The Chairman may sign on behalf of the Company and enforce the resolutions of the Board. The Chairman shall represent the Company before the judiciary, arbitral tribunals, and third parties. The Chairman may, by a written resolution, delegate some of his powers to another director or a third party to undertake a specific function or functions. The Board of Directors shall determine the salaries, allowances and remunerations of both the Chairman and the Managing Director according to what is established in Article 19 of these Articles. The Board of Directors shall also appoint a secretary for the Board. The Board may also appoint an advisor or more in the Company's different affairs, and the Board shall determine their remunerations. The term of the Chairman, Managing Director and Secretary shall not exceed the term of their membership in the Board, and they may be re-elected. The Board may at any time dismiss them, or dismiss any of them, without prejudice to the dismissed director's entitlement to compensation if the dismissal occurs for an unacceptable reason or at an inappropriate time.

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## **Article 21 – Board Meetings:**

The Board of Directors shall meet upon the Chairman's invitation. The Chairman shall call for a Board meeting to be held whenever two directors request the same. The invitation shall be documented in the manner deemed appropriate by the Board. Board meetings shall be held on a regular basis and whenever the need arises, provided the number of annual Board meetings shall not be less than 4 meetings, with a meeting held at least every three months.

## **Article 22 – Board Quorum:**

The Board meeting shall only be valid if attended by at least 6 directors, provided the number of directors attending shall not be less than four directors.

If the conditions for the meeting of the Board of Directors are not met because the number of its members is less than the minimum stipulated in these Articles of Association, the rest of the members must invite the Ordinary General Assembly to convene within sixty days to elect the necessary number of members.

By a decision from the Capital Market Authority, the Ordinary General Assembly may be called for a meeting in the event that the number of

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members of the Board of Directors falls below the minimum for the validity of its convening.

A member of the Board of Directors may not delegate someone else to attend the meeting. As an exception to this, a member of the Board of Directors may delegate other members on his behalf.

Board resolutions shall be passed by the majority of those present or represented at the meeting. In the event of a tie of votes, the chairman of the meeting shall have the casting vote. The Board may issue the resolutions related to urgent matters by presenting the same to the directors separately, unless a director makes a – written – request for the Board to meet to discuss the same. Such resolutions shall be presented to the Board at the first subsequent meeting.

### **Article 23 – Deliberations of the Board:**

The deliberations and resolutions of the Board shall be recorded in minutes signed by the Chairman, attending directors and Secretary. Said minutes shall be recorded in a special record signed by the Chairman and Secretary.

### **Article 24 – Agreements, Contracts, Conflict of Interest and Company Competition:**

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The Company shall be entitled – after obtaining a non-objection from Saudi Central Bank – to conclude a technical services management agreement with one or more companies qualified in the insurance industry.

A member of the Board of Directors may not have any direct or indirect interest in the business and contracts that are made for the company's account without a license from the Ordinary General Assembly. A director shall inform the Board of any direct or indirect interest he has in the business and contracts made for the account of the Company. Such notification shall be recorded in the meeting minutes.

Such director shall may not participate in the voting relating to the decision issued in this regard at Board and Shareholder Assembly meetings.

The Chairman shall notify the Ordinary General Assembly when held of the business and contracts in which a director has a direct or indirect interest. The notification shall be accompanied by a special report prepared by the Company's external auditor.

If a director fails to disclose his interest, the Company, or each concerned party, may make a claim before the competent judicial authority to annul the contract or compel the director to provide any profit or benefit gained from the same.

The responsibility for the damages resulting from the business and contracts referred to in paragraph (1) of this Article shall fall on the member with interest in the business or contract, as well as on the members of the Board

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of Directors, if such businesses or contracts were done in violation of the provisions of that paragraph or if they are proven to be unfair, or involve a conflict of interest and harm the shareholders.

The members of the board of directors who oppose the resolution are exempted from liability whenever they expressly record their objection in the meeting minutes. Absence from attending the meeting at which the resolution is issued is not a reason for exemption from responsibility unless it is proven that the absent member was not aware of the decision or was unable to object to it after being aware of it.

A member of the board of directors may not participate in any business that would compete with the company, or compete with the company in one of the branches of the activity that he is engaged in, otherwise the company may claim him before the competent judicial authority for appropriate compensation, unless he obtained a previous license from the Ordinary General Assembly - renewed every year - allowing him to do so.

## Chapter Five

### Shareholders Assemblies:

#### Article 25 – Attendance of Assembly Meetings:

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A General Assembly duly convened shall be deemed to be representing all shareholders, and shall be held in the city where the Company's head office is located.

Each shareholder, regardless of the number of shares held by him, shall be entitled to attend the Shareholders General Assembly meetings. A shareholder may delegate another person who is not a director, or one of the Company's employees, to attend the General Assembly meeting on his behalf. Shareholders General Assembly meetings may be held, and a shareholder may participate in their deliberations and vote on their resolutions, using modern means of technology, according to the controls established by the Capital Market Authority.

## **Article 26 – Constituent Assembly:**

The incorporates shall call upon all subscribers to convene a Constituent Assembly meeting within forty-five (45) days from the date of closing the subscription in shares, provided that the period between calling date and convene date shall not be less than 10 days.

Each subscriber – regardless of the number of his shares – shall be entitled to attend the Constituent Assembly. The meeting shall be valid if a number of subscribers representing at least (half) of the capital attend. If this quorum is not reached, an invitation shall be made for a second meeting to be convened after at least fifteen (15) days from when the invitation was made.

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However, the second meeting may be held one hour after the expiry of the period specified for the first meeting. The invitation of the first meeting shall include an indication of the possibility of holding the second meeting. In all cases, the second meeting shall be valid regardless of the number of subscribers represented therein.

## **Article 27 – Competence of the Constituent Assembly:**

The Constituent Assembly shall be competent to do the following:

- A. Verify the subscription to all the shares of the Company, and meet the minimum capital and the amount due of the share value according to provisions of the law.
  - B. Deliberation in the report of in-kind shares valuation.
  - C. Approve the final texts of the Company's Articles of Association. However, it may only introduce substantial amendments to the Articles presented thereto after obtaining the approval of all subscribers represented therein.
  - D. Appoint the members of the first Board of Directors and the first auditor of the Company for a period not exceeding five (5) years, unless they were appointed in the Company's Memorandum of Association or Articles of Association.
  - E. Discuss the incorporators' report on the works and expenses incurred for the incorporation of the Company, and approve the incorporation.
- The Ministry of Commerce and Investment, as well as the Capital

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Market Authority, may send a delegate (or more) as an observer to attend the company's constituent assembly, to ensure that the provisions of the law are implemented.

### **Article 28 – Competence of the Ordinary General Assembly:**

With the exception of the matters falling under the jurisdiction of the Extraordinary General Assembly, the Ordinary General Assembly shall be competent to handle all matters relating to the Company. It shall be convened at least once a year within the six months following the end of the Company's financial year. A call may be made to convene other Ordinary General Assembly meetings whenever the need arises.

### **Article 29 – Competence of the Extraordinary General Assembly:**

The Extraordinary General Assembly shall be competent to amend the Company's Articles of Association, with the exception of the provisions it is legally prohibited from amending. It may issue resolutions on the matters falling under the jurisdiction of the Ordinary General Assembly, under the same terms and conditions established for the Ordinary General Assembly.

### **Article 30 – Invitation to Assembly Meetings:**

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General or private Assembly meetings shall convene upon the invitation of the Board of Directors. The Board of Directors shall call for an Ordinary General Assembly meeting whenever the auditor, the Review Committee or a number of shareholders representing at least five percent (5%) of the Company's capital request the same. The auditor may call for the Assembly to convene if the Board fails to invite the Assembly within thirty (30) days from the date of the auditor's request.

By a decision of the Capital Market Authority, the Ordinary General Assembly may be convened in the following cases:

- a) If the period specified for the meeting has passed (within the six months following the end of the company's financial year), without having convened.
- b) If the number of members of the Board of Directors is less than the minimum for the validity of its convening.
- c) If it is found that there are violations of the provisions of the law or the company's Articles of Association, or a trouble in the company's management.
- d) If the Board did not invite the General Assembly to convene within fifteen days from the date of the request of the auditor, the audit committee, or a number of shareholders representing at least (5%) of the capital.

A number of shareholders representing at least (2%) of the capital may submit a request to the Capital Market Authority to invite the Ordinary General Assembly to convene, if any of the cases stipulated in Paragraph (2)

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of this Article are fulfilled. The Capital Market Authority shall send an invitation to convene within thirty days from the date of submitting the shareholders' request, provided that the invitation includes a meeting agenda and the items required to be approved by the shareholders.

The invitation and the agenda shall be published in a daily newspaper distributed in the area where the Company's head office is located at least twenty-one (21) days before the date specified for the Assembly meeting. A copy of the invitation and agenda shall be sent to the Ministry of Commerce & Investment as well as the Capital Market Authority. However, it shall be sufficient to send the invitation to all shareholders on the aforementioned date through registered letters. A copy of the invitation and agenda shall be sent to the Capital Market Authority during the period specified for publication.

### **Article 31 – Assembly Attendance Record:**

The shareholders who wish to attend the general or private Assembly shall records their names at the Company's head office before the date specified for holding the Assembly meeting.

### **Article 32 – Quorum of the Ordinary General Assembly:**

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The Ordinary General Assembly shall only be valid if attended by shareholders representing at least fifty percent (50%) of the Company's capital.

If the quorum necessary for convening the Ordinary General Assembly is not met according to Paragraph (1) of this Article, an invitation shall be sent for a second meeting to be held within thirty days following the previous meeting. The invitation shall be published in the manner outlined in Article 30 of these Articles. However, the second meeting may be held one hour after the expiry of the period specified for the first meeting, provided the invitation of the first meeting includes an indication of the possibility of holding the second meeting. In all cases, the second meeting shall be valid regardless of the number of shares represented therein.

### **Article 33 – Quorum of the Extraordinary General Assembly:**

The Extraordinary General Assembly shall only be valid if attended by shareholders representing at least (half) of the Company's capital.

If the quorum necessary for convening the Extraordinary General Assembly is not met according to Paragraph (1) of this Article, an invitation shall be sent for a second meeting to be held within thirty days following the previous meeting, under the same conditions outlined in Article 30 of these Articles. The second meeting may be held one hour after the expiry of the period specified for the first meeting, provided the invitation of the first meeting

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includes an indication of the possibility of holding the second meeting. In all cases, the second meeting shall be valid if attended by shareholders representing at least (one quarter) of the capital.

If the quorum necessary for the second meeting to be held is not met, an invitation shall be sent for a third meeting to be held under the same conditions outlined in Article 30 of these Articles. The meeting shall be valid regardless of the number of shares represented therein, after obtaining the approval of competent authorities. Shareholders Extraordinary General Assembly meetings may be held, and a shareholder may participate in their deliberations and vote on their resolutions, using modern means of technology, according to the controls established by the Capital Market Authority.

### **Article 34 – Voting in Assembly Meetings:**

Votes at the Constituent Assembly, the Ordinary General Assembly and the Extraordinary General Assembly shall be calculated on a one vote for each share basis. Cumulative voting shall be used in the election of the Board of Directors. The share voting right may not be used more than once. Directors may not participate in voting on the resolutions of the Assembly that relate to their discharge from liability in relation to the management of the Company, or that relate to a direct or indirect interest belonging to them.

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### **Article 35 – Resolutions of the Assembly:**

Resolutions at the Constituent Assembly meeting shall be passed with the absolute majority of the shares represented therein. Resolutions at the Ordinary General Assembly meeting shall be passed with the absolute majority of the shares represented therein. However, if such resolutions pertain to the evaluation of special benefits, the approval of the majority of the subscribers of shares representing (two thirds) of the aforementioned shares shall be required, after excluding what the beneficiaries of the special benefits subscribed. Resolutions of the Extraordinary General Assembly shall also be passed with the majority of two thirds of the shares represented in the meeting. This shall be unless the resolution pertains to the increase or decrease of the capital, extension of the Company's term, dissolution of the Company before the expiration of the period outlined in its Articles, or the merging of the Company with another company or establishment. In such case, the resolution shall only be valid if passed with the majority of three quarters of the shares represented in the meeting.

### **Article 36 – Assembly Discussions:**

Each shareholder shall be entitled to discuss the items on the Assembly's agenda, and direct questions to the directors and auditor regarding the same. Any text contained in the Company's Articles of Association that deprives the shareholder of this right shall be considered void. The Board of Directors or auditor shall answer the shareholders' questions to the extent that this does

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not harm the Company's interests. If the shareholder finds that the answer to his question is unconvincing, he shall refer to the Assembly. The Assembly's decision in this regard shall be enforceable.

### **Article 37 – Assembly Chairman and Preparation of Minutes:**

The General Assembly meeting shall be presided over by the Chairman, or his deputy in his absence, or any director delegated by the Board of Directors in the absence of the Chairman and his deputy.

A minutes of the General Assembly meeting shall be prepared, which shall include the number of the shareholders present or represented, and the number of shares they hold, whether in person or by proxy, and the number of votes established therefor. This shall be in addition to the resolutions passed, the number of votes that accepted or objected to the same, and a comprehensive summary of the discussions taking place at the meeting. The minutes shall be recorded regularly, after each meeting, in a special record signed by the Assembly meeting's chairman, secretary and vote collector.

## **Chapter Six**

### **Committees Emanating from the Board of Directors:**

### **Article 38 – Committees of the Board of Directors:**

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The committees of the Board of Directors shall be formed in accordance with all relevant laws and regulations.

## **Chapter Seven**

### **Auditor:**

#### **Article 39 – Appointment of the Auditor:**

The General Assembly shall appoint one auditor (or more) authorized to work in the Kingdom, and it shall determine his remunerations and period of employment. It may also reappoint him, provided that the total term of his appointment does not exceed five consecutive years, and whoever has exhausted this period may be reappointed after two years from the date of its expiry. The General Assembly may also change the auditors at any time without prejudice to their entitlement to compensation if the change occurs at an inappropriate time or for an unacceptable reason.

#### **Article 40 – Powers of the Auditor:**

The auditor shall be entitled – at all times – to examine the Company's books and records as well as other documents, and he may request the information or clarifications he deems necessary. He shall also be entitled to verify the Company's assets and obligations, and other things within the scope of his

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work. The Chairman shall enable the auditor to perform his duties. If the auditor faces difficulties in this regard, he shall record the same in a report submitted to the Board of Directors. If the Board of Directors fails to facilitate the auditor's work, the auditor shall be required to request that the Board of Directors call an Ordinary General Assembly to consider the matter.

#### **Article 41 – Obligations of the Auditor:**

The auditor shall submit to the annual General Assembly a report prepared according to the generally accepted auditing standards. It shall outline the position of the Company's management in terms of enabling him to obtain the information and clarifications he requested, and the violations of the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations, and other relevant laws, regulations and instructions, and the provisions of the Company's Articles of Association that he may have uncovered. It shall also include his opinion regarding the fairness of the Company's financial statements. The auditor shall read his report in the General Assembly. If the Assembly decides to approve the Board's Report and the financial statements without listening to the auditor's report, such decision shall be invalid.

## **Chapter Eight**

### **Company Accounts and Distribution of Profits:**

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## **Article 42 – Financial Year:**

The Company's financial year shall start at the beginning of (January) and end at the end of (December) of the same year. The first financial year shall start on the date of the ministerial resolution issued in relation to declaring the Company's incorporation, and it shall end on December 31 of the following year.

## **Article 43 – Financial Documents:**

The Board of Directors shall prepare the financial statements at the end of each financial year. (The financial statements shall consist of the following: Balance sheet of the insurance operations and shareholders, the surplus (deficit) from insurance operations, a statement of the shareholders' equity, the statement of cash flows for the insurance operations and a statement of cash flows for the shareholders). It shall also prepare a report on the Company's business and financial position for the financial year then ended. The report shall include the method proposed to distribute the profits. The Board shall place said documents at the disposal of the auditor at least forty-five (45) days before the date specified for holding the General Assembly meeting.

The Chairman, CEO and CFO shall sign the documents mentioned in Paragraph 1, and copies thereof shall be deposited at the Company's head

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office at the disposal of the shareholders at least twenty-one (1) days before the date specified for holding the General Assembly meeting.

The Chairman shall provide the shareholders with the Company's financial statements, Board's report and auditor's report, unless the same were published in a daily newspaper distributed in the location of the Company's head office. A copy of said document shall be sent to the Ministry of Commerce & Investment and the Capital Market Authority at least fifteen (15) days before date of the Ordinary General Assembly meeting.

#### **Article 44 – Insurance Operations Accounts:**

The accounts of the insurance operation shall be independent from the shareholders' income statement, as follows:

##### **First: Insurance Operations Accounts:**

The account for the earned premiums, and reinsurance commissions and other commissions shall be separate.

The account for the compensations incurred by the Company shall be separate.

The total surplus shall be determined at the end of each year. It represents the difference between the total premiums and the compensations, minus

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the marketing, administrative and operational expenses, and the necessary technical allocations, as per the instructions regulating the same.

The net surplus shall be determined as follows:

The insured returns on investment shall be added to the total surplus stated in Paragraph 3 above, or deducted therefrom, after calculating the insured's returns and deducting the realized expenses.

The net surplus shall be distributed with a distribution of ten percent (10%) to the insured, either directly or by lowering the insured's premiums in the following year, and ninety percent (90%) to the Shareholders' Income Accounts.

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

The shareholders' profits shall consist of the return on the investment of their funds in accordance with the rules established by the Board of Directors.

The shareholders' share of the net surplus shall be as is stated in Paragraph 5 of the "First" item of this article.

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## **Article 45 – Zakat, Reserves and Profit Distribution:**

The Company shall:

Set aside the Zakat and prescribed income tax.

Set aside 20% of the net profits to establish the statutory reserve. The Ordinary General Assembly may discontinue this setting aside whenever the total of said reserve becomes 100% of the paid-up capital.

The Ordinary General Assembly may decide, upon determining the share allotment of the net profits, to establish other reserves, as necessary for the Company's interest or to guarantee the distribution of fixed profits to the shareholders as much as possible.

The company shall distribute the net annual profits that it determines after deducting all general expenses and other costs, and forming the necessary reserves to face doubtful debts, investment losses and emergency obligations that the Board of Directors deems necessary in accordance with the provisions of the Cooperative Insurance Companies Control Law and the provisions issued by the Saudi Central Bank. The remainder of the profits, after deducting the reserves established under the relevant regulations and zakat, shall allocate a percentage of no less than (5%) of the paid-up capital for distribution to shareholders in accordance with what is proposed by the Board of Directors and decided by the General Assembly, and if the remaining percentage of the profits due to shareholders is not sufficient to pay this percentage, then it is not permissible to shareholders to demand

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paying it in the following year or years, and the General Assembly may not decide to distribute a percentage of profits in excess of what was proposed by the Board of Directors.

#### **Article 46 – Entitlement to Profits:**

A shareholder shall be entitled to his share of the profits according to the resolution issued by the General Assembly in this regard. The resolution shall outline the due date and distribution date. In order to be entitled to profits, the shareholders need to be the owners of the registered shares in the shareholder register at the end of the specified due date. The Company shall inform the Capital Market Authority immediately of any resolutions related to the distribution of profits or recommendation concerning the same, and it shall pay the profits distributed to the shareholders in the location and on the times specified by the Board of Directors, according to the instructions issued by the competent authority in this regard. This shall be done with the prior written approval of the Saudi Central Bank.

#### **Article 47 – Company Losses:**

If, at any time during the financial year, the Company's losses reach half of the paid-up capital, any Company official, or the auditor, shall inform the Chairman of this immediately upon learning of the same, and the Chairman shall in turn inform the directors of the same. The Board of Directors shall,

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within fifteen (15) days of being made aware, call an Extraordinary General Assembly meeting to be held within forty-five (45) days from the date of becoming aware of the losses. This shall be in order to decide whether to increase or decrease the Company's capital – according to the provisions of the Companies Law – to the extent in which the losses become less than (half) of the paid-up capital, or to dissolve the Company before the date specified in its Articles of Association. In all cases, the resolution of the Assembly shall be published on the website of the Ministry of Commerce and Investment. The Company shall be deemed to have been terminated by the force of law if the Extraordinary General Assembly fails to hold a meeting within the aforementioned period or if it holds a meeting and fails to make a decision on the matter. It shall also be deemed to have been terminated by the force of law if the Extraordinary General Assembly decides to increase the capital according to the conditions provided for in this article, and subscription to the entire capital increase was not made within ninety (90) days of the date of issuance of the Assembly's resolution regarding the increase.

## Chapter Nine

### Disputes

#### Article 48 – Liability of the Company:

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The Company shall be liable for actions and dispositions undertaken by the Board of Directors, even if the same are outside of its competence, unless the concerned party acted in bad faith or was aware that such actions were outside of Board's competence.

#### **Article 49 – Liability of the Directors:**

The directors shall be jointly liable for compensating the Company, the shareholders or third parties for the damages resulting from their mismanagement of the Company's affairs or their violation of the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations, and other relevant laws, regulations and instructions. Any stipulation to the contrary shall be void. Directors shall all be liable if the error results from their unanimous resolution. With regard to the resolutions passed by the majority of opinions, the opposing directors shall not be held accountable for the same whenever they record their objection explicitly in the meeting minutes. Absence from the meeting in which the resolution was passed shall not constitute a ground for discharge from liability, unless the absent director proves he was not aware of the resolution or was unable to object to it after he became aware of it.

The Ordinary General Assembly's approval of discharging the directors from liability shall not preclude from filing a liability case.

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The liability case shall not be admissible after three (3) years lapse from the date of the discovery of the harmful act. With the exception of the events of fraud and forgery, the liability cases shall not be admissible, in all the circumstances, after five (5) years from the end of the financial year in which the harmful act occurred, or three (3) years from the expiration of the director's Board membership, whichever is later.

Each shareholder shall be entitled to file the liability case established for the Company against the directors, if the error made by them caused him a particular damage. The shareholder may only file the aforementioned case if the Company's right to file the case still exists. The shareholder shall give the Company notice of his intention to file the case, and his entitlement to claim compensation shall be limited to the particular damage he sustained.

The company may be charged with the following expenses incurred by the shareholder to file a lawsuit, whatever its outcome, under the following conditions:

- a) If he files the case in good faith.
- b) If he submitted to the company the reason for which he instituted the lawsuit and did not receive a response within thirty days.
- c) If it is in the interest of the company to file this lawsuit based on the provision of Article (seventy-ninth) of the Companies Law.
- d) The lawsuit is well founded.

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<b>Commercial Registration No.</b>  <b>1010235601</b>	<b>Date:</b> 15/07/1443 AH <b>Corresponding to:</b> 16/02/2022 AD	Faisal Al-Balawi  <i>[Seal: Ministry of Commerce &amp; Investment – Riyadh Branch]</i>
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## Chapter Ten

### Liquidation of the Company:

#### Article 50 – Expiration of the Company:

The Company shall enter into a state of liquidation once it expires, and it shall maintain a legal personality as much as necessary for the liquidation.

The Company or the General Assembly shall issue the voluntary liquidation resolution.

The liquidation resolution shall include the appointment of the liquidator, the determination of his powers, remunerations and restrictions imposed on his powers, and the period required for the liquidation. The period of a voluntary liquidation process shall not exceed five (5) years, and it may only be further extended by a judicial order.

The authority of the Board of Directors shall end with the dissolution of the Company. However, the Board of Directors shall remain responsible for the management of the Company, and shall be deemed as liquidators towards third parties, until a liquidator is appointed. The powers of the Company's organs shall remain to exist to the extent that this does not conflict with the powers of the liquidator. The rights of the participants in the surplus from the insurance operations, and the reserves created in accordance with what is provided for in Articles 44 and 45 of these Articles, shall be taken into account during the liquidation process.

<b>Company Name</b> <b>Allianz Saudi Fransi</b> <b>Cooperative Insurance</b> <b>Company</b>	<b>Articles of Association</b>	<b>Ministry of Commerce</b> <b>(Common Services</b> <b>Department)</b>
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## **Article 51 – Articles of the Company:**

The provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations, the Companies Law and its Regulations, and other relevant laws, regulations and instructions shall apply to anything not mentioned in these Articles of Association.

## **Article 52 – Publication:**

These Articles shall be filed and they shall be published according to the Companies Law and its Regulations.

<b>Company Name</b> <b>Allianz Saudi Fransi</b> <b>Cooperative Insurance</b> <b>Company</b>	<b>Articles of Association</b>		<b>Ministry of Commerce</b> <b>(Common Services</b> <b>Department)</b>
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