

BOARD OF
DIRECTORS
ANNUAL
REPORT

2020

مالاث
للتأمين
malath
insurance



Table of Contents

Board Of Directors.....	2
Chairman Speech.....	4
1.About The Company.....	5
2.Company Purpose.....	5
3.Major Insurance Lines In The Company's Activities.....	5
4.Description Of The Main Activities Of The Subsidiaries.....	6
5.Major Market Developments.....	6
6.Description Of The Major Plans, Decisions, Events, And Future Expectations Of The Company's Business.....	7
7. Statutory Penalties.....	9
8.The Strategy Of Company And Future Perspectives.....	9
9.Disclosure In Accordance With Regulations.....	10
10. Composition of Company's Board of Directors.....	12
11. Main Functions Of Board Of Directors.....	12
12.Directors And Committees "Current And Previous Positions, Qualifications And Experiences".....	13
13.Executive Management.....	19
14.Names Of Companies Inside Or Outside Ksa In Which A Director Is A Member Of Its Current And Previous Bod Or Management.....	20
15.Actions Taken By Bod To Inform The Directors - Especially Non-Executives - Of Shareholders 'Proposals And Remarks On The Company And The Performance.....	22
16.BOD Meetings.....	23
17. Composition Of Board Committees.....	23
18. Remuneration Of Board Members And Committees Members.....	28
19.Remunerations Of Executive Management.....	31
20.Results Of The Annual Audit Of The Internal Control Procedures, In Addition To The Audit Committee's Opinion On The Adequacy Of Company's Internal Control System.....	32
21.Means The Board Use In The Evaluation Of Its Performance And The Same Of Committees, Members And The Third Party Conducted The Evaluation Process And Its Relation To The Company, If Any.....	33
22.Risks in The Company.....	33
23.Business Results Comparison.....	39
24.Geographical Analyzing Of The Company And Subsidiaries Revenues.....	41
25.The Material Differences In The Operational Results Of The Previous Year Results Or The Announced Company Expectations	42
26.The Company Policy Of Dividends.....	42
27.Description Of Transactions And Operations With The Relevant Parties.....	43
28.Description Of Any Interest, Contractual Papers And Underwriting Rights Belonging To The Board Members And Their Relatives In The Company Shares Or Debt Instruments.....	43
29.Description Of Any Interest, Contractual Papers And Underwriting Rights Belonging To The Senior Executives And Their Relatives In The Company Shares Or Debt Instruments.....	44
30.Share Activities And Debt Instruments.....	44
31.The Number, Dates And Reasons Of The Company's Applications For The Shareholder Record.....	44
32.A Statement Of The Value Of The Legal Paid Payments And Due For Payment Of Any Zakat, Taxes, Fees Or Any Other Dues That Were Not Paid Until The End Of The Annual Financial Period, With A Brief Description Thereof And Reasons Therefor.....	45
33.A Statement Of The Value Of Any Investments Or Reserves Established For The Benefit Of The Company Employees.....	45
34.Board Acknowledgment.....	46

Directors



Chairman

Mamdouh Bin Saud Al Sharhan



Board Member
Amr bin Abdul Razzaq
AlNemari



Board Member
Salman bin Nasser
AlHawawi



Board Member
Amr bin Abdullah bin
Shalhoub



Board Member
Bassem bin Abdullah
AlSalloum

Directors



Board Member
Mohammed bin Ali
AlAmmari



Director
Fawaz bin Abdul
Rahman AlHajji



Board Member
Bader bin Ali Al Ali



Board Member
Abdul Mohsen Bin
Mohammed Al Saleh

Chairman Speech

(We make the difference)

Messrs/ Shareholders of Malath Cooperative Insurance Co.

Greetings,

On behalf of myself and the directors, I am pleased to present to you the report of the Board, enclosed with the financial statements audited by the external auditors, as well as the attached notes for the financial year ending as of December 31st, 2020 G. Further, such notes will address the qualitative developments, along with financial results, operating activities, and directions; in addition, the financial disclosures will be reported per the laws and regulations issued by the Capital Market Authority (CMA) with information about the current Board and its subcommittees with all its directors, mandates, and assigned tasks.

Despite the impact of Covid-19 Pandemic on the global economies during the past year 2020 G, and the consequences of this impact on the Company, the total underwriting premiums for 2020 G amounted to SAR 782 m compared to SAR 835 m in 2019 G, resulting in a decrease of only 6.4%, which proves the company's competitiveness in the insurance market. However, the Company is still committed to the pricing adequacy policy and prices specified by the appointed actuary of the Company. Moreover, the Company remained committed to all technical provisions proposed by the actuary.

I am also pleased to note Malath achievement, as it has obtained the exclusive management and marketing of the Inherent defect's insurance product in cooperation with several Saudi insurers. The new and mandatory inherent defects product for non-governmental commercial and residential buildings by the Ministry of Municipal, Rural Affairs and Housing (MoMRA) is deemed to be a quantum leap in the construction and contracting sector within KSA for insurance guarantees it will provide, since it protects the contractor and owner from any defects to the buildings after the issuance of the Building Occupancy Certificate (OC). In this regard, send our gratitude to the executive management and all employees of the Company for their distinguished efforts exerted during 2020 G in executing this agreement and terminating the electronic link in a short time with "Balady" platform to facilitate the process of automatically issuing the insurance policy for Inherent defects for the ease of the work of contractors to readily and easily complete their services.

Improvements made by the Company did not stop then; rather, the Company continued to improve its e-services by developing Malath online application for smart devices, adding many advantages and services such as the possibility of issuing vehicle insurance policies for individuals, whether comprehensive insurance or third-party civil liability insurance. It also added the possibility of paying the premium via Mada card or in installments via credit cards. The application now includes a roadside assistance service for Malath customers - an addition to the Company's privileges and a new advantage to be the first of its kind in KSA. E-services have also been developed to include medical insurance clients to facilitate their insurance matters through Malath application and website in addition to the first self-serving device of its kind in KSA.

With such technical development and the continuity to increase effectiveness in the infrastructure, the Company's management did not ignore the human cadre - its significant building block. With such attention, the Saudization percentage in the Company reached 72% of the total number of the Company's employees during 2020 G.

To sum up, I would like to extend once again my sincere thanks to my colleagues, directors, shareholders, and our dear clients for the confidence they put in Malath Cooperative Insurance. Further, I would like to extend a profound gratitude to the Saudi Central Bank (SAMA), Council of Cooperative Health Insurance (CCHI), and Capital Markets Authority (CMA). We hope that success progress will continue and look forward to achieving the goals of our honorable shareholders.

May Allah bless and guide all of you towards success,

Mamdouh Bin Saud Al Sharhan

Chairman

1.About the Company

The Company has been incorporated by a group of prominent Saudi investors with a paid capital of SAR 300 million, and 47.48% of the capital was offered for IPO. On April 9th, 2007, Malath has been announced as a Public Joint Stock Company (PJSC) to run the cooperative insurance activity issued by SAMA, and the laws and regulations of CCHI. On May 5th, 2010, the suspension on the shares of incorporation was lifted, and the incorporating shareholders now have the discretion regarding their shares.

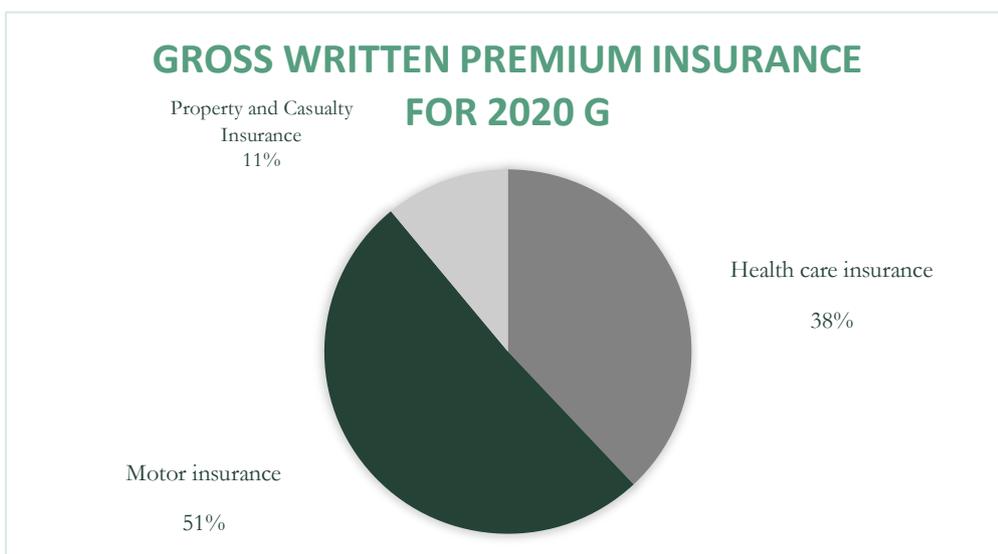
On January 30th, 2017 G, the Company submitted a file applying decrease of the Company's capital application to CMA. While, on March 29th, 2017 G, the Extraordinary General Assembly has agreed to reduce the capital to SAR 120. On April 20th, 2017 G, an application file to increase the Company's capital through offering preemptive right shares was submitted to CMA. While, on September 29th, 2017 G, the Extraordinary General Assembly has agreed to increase the capital to SAR 500 m.

2.Company Purpose:

The main purpose of the company is to provide cooperative insurance products. The Company carries out all of its activities in accordance with the laws and regulations of cooperative insurance applied in KSA. Malath also offers integrated lines of the general cooperative insurance of all kinds, including engineering insurance, fire and property insurance, marine insurance (goods and hulls), miscellaneous insurances, and vehicle insurance, along with its services in cooperative health care insurance for groups and individuals. The company serves its client through its registered office in Riyadh, its three regional administrations in the central, western and eastern regions, and its various branches in various KSA regions, as well as a customer service center, car claims center, a specialized health care insurance department, sales and electronic service platforms through the company's website, and self-serving device of its kind.

3.Major Insurance Lines in the Company's Activities:

Insurance Line	Product	Percentage of the Gross insurance premiums for 2020G
Heath care Insurance	Heath care insurance for groups	38%
	Heath care insurance for individuals and small groups	
Motor Insurance	Compulsory third-party (CTP) insurance and damage to vehicles	51%
	Comprehensive insurance	
Property and Casualty Insurance	Property insurance	11%
	Engineering insurance	
	Miscellaneous insurance	
	Marine insurance	
	Protection insurance for groups	



4. Description of the Main Activities of the Subsidiaries

N/ A

5. Major Market Developments:

2020 was a challenging year for the global economies and markets, in general, and Saudi Arabia, in particular, due to the impact of Covid-19, and its consequences for all economic and societal sectors and other activities. Since the insurance sector is considered to be a significant economic factor in KSA, the pandemic has negatively affected the sector's activity. However, thanks to Allah, and to the efforts and policies of KSA government to take all precautionary measures addressing any potential and future economic implications of the Covid-19 Pandemic, and due to "precautionary health measures" with the kind support of the Custodian of the Two Holy Mosques "may Allah protect him" and His Royal Highness the Saudi Crown Prince, and to the guidance and follow-up by legislative and supervisory authorities, Saudi insurance sector played a prominent role in addressing the impact of the Covid-19 Pandemic in all its kinds to preserve material and human gains.

Accordingly, Malath endeavored to develop its business in the Saudi insurance market during 2020 G, as it committed to provide insurance services in light of the pandemic via the advanced E-Systems offered by the Company to its clients, whether individuals or corporates.

SAMA initiative to extend the validity of the vehicle insurance policy for two additional months for the valid and new policies according to the initiative issued by Decision No. 441/189 dated 9/15/1441H, and in cooperation with all insurers, had a positive impact satisfying the clients as it helped address the effects of the Covid-19 Pandemic.

In other context of development of insurance activity, SAMA has approved in 2020 G the unified insurance policy on the Inherent defects that may appear in the buildings after being used. Upon the official issuance and approval of the policy, Malath commenced to process, prepare and develop e-services with the concerned authorities, harmonizing the systems to receive issuance applications for the insurance policy for Inherent defects as of 2021G. Obtaining the approval of SAMA to manage and market the Inherent defects insurance product, with the participation of several Saudi insurers, is an unprecedented achievement in the Company's history, which may boost the company's position in the Saudi insurance sector.

6. Description of the Major Plans, Decisions, Events, and Future Expectations of the Company's Business:

Major Events:

- On March 10th, 2020, Malath Cooperative Insurance Co. announced its annual financial results for the financial year ending as of December 31st, 2019
- On March 31st, 2020, Malath Cooperative Insurance Co. invited its shareholders to attend the Ordinary General Assembly (1st meeting)
- On April 13th, 2020, Malath Cooperative Insurance Co. announced the impact of the recent decisions regarding limiting the outbreak of COVID-19 Pandemic
- On April 23rd, 2020, Malath Cooperative Insurance Co. announced the conclusions of the Ordinary General Assembly (2nd meeting)
- On November 06th, 2020, Malath Cooperative Insurance Co. announced the initial financial results for the period ending as of March 31st, 2020 (Three months)
- On June 30th, 2020, Malath Cooperative Insurance Co. made an addendum announcement with respect to signing a Memorandum of Understanding (MoU) with the Sustainable Building Program of MoMRA.
- On July 02nd, 2020, Malath Cooperative Insurance Co. announced the execution of a contract for Inherent defects insurance
- On July 08th, 2020, Malath Cooperative Insurance Co. announced the expected financial impact of the General Directorate of Traffic's statement, announcing the completion of the automated linking of vehicle insurance procedures to its records at the National Information Center (NIC)
- On July 08th, 2020, Malath Cooperative Insurance Co. announced that it has received the Sharia approval from the company's Sharia advisor
- On August 08th, 2020, Malath Cooperative Insurance Co. announced its initial financial results for the period ending as of June 31st, 2020 (Six months)
- On August 09th, 2020, Malath Cooperative Insurance Co. made a correction announcement with respect to its announcement of the initial financial results for the period ending as of June 31st, 2020 (Six months)
- On October 29th, 2020, Malath Cooperative Insurance Co. announced the renewal of a contract with Bank Albilad
- On November 03rd, 2020, Malath Cooperative Insurance Co. announced the initial financial results for the period ending as of September 30th, 2020 (Nine months)

Major Plans and Decision of the Company:

▪ Investments:

- Diversity of the components of the investment portfolio according to a general approach adopting acceptable risks and rewarding returns.
- Development of the Company's investment portfolio in equities
- Allocation of amounts for Venture Capital

▪ Governance:

- Updating the Company's Governance Regulations
- Informing the Board of the details of the work of the committees (i.e. Audit Committee, Executive Committee, Investment Committee, Risk Committee, Nomination and Remuneration Committee).
- Reviewing and updating the Company's strategy

▪ Human Capital:

- Attracting national competencies to the Company, as the Saudization percentage until the end of 2020 G reached (72%) compared to (70%) in 2019.

- The employees were registered in accredited institutes to obtain professional certificates, as such certificates reached (83) certificates for 2020 G, compared to (60) certificates in 2019 G.
 - The number of internal lectures and courses amounted to (184) lectures, compared to (91) lectures in 2019 G.
 - Passed training courses through Malath Electronic Academy exceeded 1500 training courses.
 - Updating policies and procedures without prejudice to the bylaws and related laws in order to facilitate the daily work procedures for human resources in the internal system.
 - Updating and developing the internal system of the human resources to reduce paperwork and electronically transferring 90% of employee's requests through the department's internal system.
- **Human Resources:**
 - Developing the internal system of human resources department and transferring it to 100% electronic system.
 - Raising the percentage of Saudization.
 - Raising the rate of professional certification for all employees.
 - Increasing the number of technical insurance courses and internal lectures.
 - Increasing the number of anti-money laundering and combating terrorist courses for all employees (reached 136 special courses).
 - Preparing programs for the newcomer employees.
 - Applying a succession program for senior management.
- **Credit and Debit Accounts:**
 - Strengthening the structuring of credit, accounts receivable and collection department.
 - Limiting the impact of the Covid-19 Pandemic on accounts receivable by following up with clients and providing various options that contribute to reducing credit risks.
 - Enhancing collection processes and reducing doubtful debts.
- **Insurance Services:**
 - Following-up balanced operating growth and profitability.
 - Providing quick and user-friendly services to clients through e-services (Company website, online application, self-serving device, self-serving branch)
 - Developing and enhancing electronic medical insurance services.
 - Improving technical services at all internal and external levels, services provided to major clients, insurance brokers and individual clients.
 - Obtaining the approval of SAMA concerning exclusive rights to manage the Inherent defects insurance product, the first of its kind in KSA. Such product was developed and offered by Malath to MoMRA to meet the needs of the construction and contracting sector in KSA.
 - Contracting and providing insurance services to several banks.
 - Actively participating in selling on all electronic insurance platforms within KSA with regard to sales of comprehensive vehicle insurance for individuals and against third party.
 - Expanding and contracting with all insurance brokers.
- **Advertisements and promotion:**
 - During the Q1 2020 G, and prior to the outbreak of Covid-19 Pandemic, Malath Cooperative Insurance Co. has launched an awareness and marketing campaign about insurance, in general, and company's services and products. Such campaign aimed to raise the level of insurance awareness for clients regarding the rights and duties of the client, along with introducing e-services developed for the company, and enhancing the company's trademark. Such campaign has been launched in a number of marketing channels such as social media, news and financial websites, and dashboards in several cities and provinces, as well as clients' participation several commercial centers in various cities.

- Awareness and marketing campaigns launched by Malath continued on various channels of social media platforms in support of community awareness during the Covid-19 Pandemic about taking all precautions and preventive measures against the symptoms of the Covid-19. In addition, the Company continued to promote its trademark and market its e-services to customers during the curfew, facilitating their transactions, bringing additional value to the company's products, and helping customers to accomplish their insurance needs readily and easily.
 - Since Malath is keen to satisfy its customers, the Company continuously provides promotional offers, and concludes a number of agreements with several banks and service authorities to bring added value and discounts to its clients during 2020 G, establishing the principle of customer satisfaction.
 - Malath has participated in several official and national events, including community participation to celebrate the 90th National Day of Saudi Arabia, besides offering distinct discounts on this occasion.
- **Future Prospects for Company's Business:**
- Continually developing the operational processes to deliver products and services through various electronic platforms.
 - Continually raising the financial solvency ratio.
 - Developing the level of functional performance to raise the technical capabilities and skills of employees in subscription departments.
 - Opening the door for all company's employees to come up with creative ideas to develop and improve insurance products.
 - Continually improving and developing customer services to increase level of satisfaction with insurance provided to them.
 - Endeavoring to keep pace with the development of information technology and the continued technical investment in these assets.
 - Continually paying attention to build and qualify company's employees.

7. Statutory Penalties:

Subject matter of violation	Previous Fiscal Year 2019		Previous Fiscal Year 2020	
	Number of Executive Decisions	Total amount of fines in Saudi riyals	Number of Executive Decisions	Total amount of fines in Saudi riyals
Violation of supervisory and regulatory instructions of SAMA.	-	-	4	555,000
Violation of SAMA instructions on Customer Protection.	-	-		
Violation of SAMA instructions on due diligence in anti- money laundering and combating terrorism financing.	-	-		

The Directors met with the executive management to develop corrective plans and remedies for violations of SAMA instructions in order to avoid future violations.

8.The Strategy of Company and Future perspectives

- As part of the Board of Directors endeavors to follow up the business plan and apply the terms of adopted strategy by the company and given the progress achieved in this strategy this year and the vision of this strategy in the years to come, all board committees work periodically to follow up business developments with the executive management and compare the achievements with the adopted objectives to ensure the achievement of positive results reflected on the name and reputation of Malath Cooperative Insurance Company.

- One of the most important objectives of Malath strategy is excellence and leadership in providing flexible and rapid response products and services to the clients to be one of the most important insurers in all over KSA.
- The company looks forward to achieving balanced and consistent growth of all insurance products and services provided to clients with the aim of diversifying the insurance portfolio.
- Profitability under the balanced growth of a company's operations is one of the most important objectives of Malath Cooperative Insurance Company in order to enhance trust with both clients and shareholders.
- Leadership in electronic services is expected to be achieved.
- The company constantly aims to support its financial position by enhancing the company's solvency margin in accordance with the regulations, which will be reflected in the raising of the solvency ratio that would create confidence in the name of Malath Cooperative Insurance Company for both investors and clients.
- Investment in the experienced human resources in insurance is a strategic objective of Malath Cooperative Insurance, which may be reflected on the achievement of many strategic objectives.

9. Disclosure in accordance with regulations:

Corporate Governance Regulation:

The company has updated its corporate governance regulation, which defines the rules and standards that regulate the company(s) performance. This regulation is, in its entirety, in line with the governance regulation issued by the SAMA, the regulation issued by CMA and the Companies Law issued by the Ministry of Commerce and Investment. This regulation is adopted by general assembly of the company.

The provisions of the Corporate Governance Regulations that have been applied and the others that have not been applied, and the reasons of that:

The company adopted the application of all provisions of Corporate Governance Regulation except the following:

Article No.	Provision of Article/ Paragraph	Extent of Application	Remark:
Article 39: Training	Developing the necessary mechanisms for Board members and the Executive Management to continuously enroll in training programmes and courses in order to develop their skills and knowledge in the fields related to the activities of the Company	Applicable	For guidance only - non-binding
Article 41: Assessment	A) The Board shall develop, based on the proposal of the nomination committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.	N/ A	For guidance only - non-binding

	E) The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.	N/ A	For guidance only - non-binding
Article 85: Employee Incentives	1) forming committees or holding specialized workshops to hear the opinions of the Company's employees and discuss the issues and topics that are subject to important decisions;	Applicable	For guidance only - non-binding
	2) establishing a scheme for granting Company shares or a percentage of the Company profits and pension programmes for employees, and setting up an independent fund for such programme; and	N/ A	
	3) establishing social organizations for the benefit of the Company's employees	N/ A	
Article 87: Social Responsibility	The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community.	N/ A	For guidance only - non-binding
Article 88: Social Initiatives	1) Establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities;	N/ A	For guidance only - non-binding
	2) Disclosing the objectives of the Company's social responsibility to its employees and raising their awareness and knowledge of social responsibility;		
	3) Disclosing plans for achieving social responsibility in the periodical reports on the activities of the Company's; and		
	4) Establishing awareness programmes to the community to familiarize them with the Company's social responsibility.		
Article 95: Formation of a Corporate Governance Committee	If the Board forms a corporate governance committee, it shall assign to it the competences stipulated in Article (94) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.	N/ A	For guidance only - non-binding

10. Composition of Company's Board of Directors:

In accordance with article (15) of company articles of association, the company is governed by a nine-member board of directors elected by the Ordinary General Assembly for a term not exceeding three years, and the composition of the board of directors shall reflect appropriate representation from the independent members. Under no circumstances shall the number of independent board members be less than two members or one third of the board directors, whichever is more. An exception is made for the appointment of the constituent assembly of the members of the first board of directors, which was for a period not exceeding (3) three years starting from the date of the announcement of the Ministry of Commerce and Investment's resolution to incorporate the company.

A Board of Directors was elected for the fourth session, commencing from April 16th, 2019, and continuing for three years at the Ordinary General Assembly held on 11/08/1440 H, corresponding to 16/04/2019 G. All directors were provided with the company's regulations and rules applicable in KSA.

The following directors were elected:

#	Director Name	Capacity	Membership Type		
			Independent	non-executive	executive
1	Mr. Mamdouh Bin Saud Al Sharhan	Chairman	✓		
2	Mr. Salman bin Nasser Al-Hawawi*	Vice Chairman	✓		
3	Mr. Bassem bin Abdullah Al-Salloum	Board Member	✓		
4	Mr. Amr bin Abdul Razzaq Alnemari	Board Member	✓		
5	Mr. Amr bin Abdullah bin Shalhoub	Board Member	✓		
6	Mr. Fawaz bin Abdul Rahman Al-Hajji	Board Member			✓
7	Mr. Mohammed bin Ali Al Ammari	Board Member		✓	
8	Mr. Abdul Mohsen Bin Mohammed Al Saleh	Board Member		✓	
9	Mr. Badr bin Ali Al Ali	Board Member		✓	

*The member, Salman bin Nasser Al-Hawawi, has resigned from BOD on 17/01/2021G

11. Main Functions of Board of Directors:

Based on the governance regulation issued by the CMA (Articles Nos. 21, 22 and 30) and subject to the terms of reference of the General Assembly, the company Board shall assume all the powers and authorities necessary to manage it, and the final responsibility for the company remains with the Board even if it forms committees or delegates entities or other individuals to carry out some of its work. The Board shall avoid issuing general or unlimited mandates. The Board exercises the following functions:

- Assuming strategic leadership of the company, developing objectives and drafting strategic plans.
- Supervising implementation of strategic plans and main operations, identifying the company optimal capital structure, supervising the main capital expenditures, acquiring assets therein, and periodically reviewing and adopting organizational and functional structure in the company.
- Approving, reviewing and updating main policies and procedures on a regular basis.

- Developing and monitoring the internal control system within the company and ensuring its effectiveness and efficiency.
- Developing and monitoring company's risk management system to assess, and managing and monitoring risks on an ongoing basis.
- Selecting and changing the executives in the main positions (when needed), and ensuring that the company has an appropriate policy to replace a suitable alternative who is qualified to work and have the required skills.
- Supervising the senior management and monitor company performance against the performance goals set by the Board.
- Ensuring integrity and impartiality of submission of reports and financial statements system and the adequacy of the disclosure mechanism.
- Ensuring that interests of the insured are protected at all times.
- Raising the level and standards of corporate governance and ensuring compliance with the relevant regulations and laws
- Promoting corporate governance culture and high ethical standards.

12.Directors and Committees "Current and Previous Positions, Qualifications and Experiences":

Mr. Mamdouh Bin Saud Al Sharhan		
Independent/ chairman of BOD/Chairman of Executive Committee / Member of Nomination and Remuneration Committee		
Current Positions	Previous Positions	Qualifications
Chairman of Malath Cooperative Insurance Company	Chief Executive Officer of Saudi Real Estate Company	Master of Finance- United States of America
A director of Real Estate Development Fund	Saudi Korean Company for Maintenance and Property Management	
Vice chairman and managing director of Eastern Juman Company	Saudi Real Estate Infrastructure Company (BINYAH)	
Chief executive officer of Almutlaq Real Estate Company (AREIC)	General Director of Finance of Saudi Real Estate Company	Master of Banking - Institute of Public Administration
	Assistant Secretary General of Public Investment Fund	
Vice Chairman of Mubadala Investment Company	Finance expert at the Saudi Fund for Development	
	Assistant Financial Adviser at Industrial Development Fund	
Chairman of Mubadala Youm for Project Management	Advisor in the Public Investment Fund	Bachelor's of accounting- King Saud University
	Senior Finance Specialist at the Saudi Fund for Development	
Bidaya Home Finance company	Financial analyst at Saudi Industrial Development Fund	
	Accountant at Saudi Electricity Company	
Mr. Salman bin Nasser Al-Hawawi*		
Independent/ vice chairman/ chairman of risks committee/ board of investment committee		
Current Positions	Previous Positions	Qualifications
	Almarai Company: Group Investor Relations Manager	Bachelor's degree of administrative sciences,

Vice Chairman of Malath Cooperative Insurance Company	Saudi Telecom Company: Director of Financial Statements Division at the General Administration of Financial Control of group	specialization of accounting, King Saud University
A director of Saudi Advanced Industries Company	Saudi Stock Exchange (Tadawul). Financial reports and balance sheet official	
	Saudi Telecom Company: Accounting specialist	
Licensed financial advisor from the Ministry of Commerce and Investment	Industrial Development Fund Assistant auditor and financial analyst	
	Saudi Organization for Certified Public Accountants Full-time intern for two months and part-time trainee for three months	

Mr. Fawaz bin Abdul Rahman Al-Hajji

Executive/ Chief Executive Officer and Managing Director/ Member of Executive Committee/ Member of Investment Committee.

Current Positions	Previous Positions	Qualifications
Chief Executive Officer and Managing Director of Malath Cooperative Insurance Company	Vice Executive President of motor insurance in Company for Cooperative Insurance, Tawuniya	Holding executive master of management, specialization of finance and insurance from University of St. Gallon in Switzerland
Vice chairman of executive committee of “General Committee of Directors General of Insurance Companies”	Vice Executive President of motor insurance in Malath Cooperative Insurance Co. Chairman of Subcommittee of Motor Vehicle Insurance in KSA	
Member of Nomination and Remuneration Committee at Saudi Tadawi Healthcare Company	Member of executive committee for insurance in KSA Member of technical committee for insurance in Gulf Union Cooperative Insurance Co.	Holder of American fellowship in life insurance -medical insurance and a lot of professional and academic certificates in insurance - many specialized executive management courses in the largest international universities and institutes.

Mr. Mohammed Ali Al Ammari

Non-executive/ Director

Current Positions	Previous Positions	Qualifications
A director of Malath Cooperative Insurance Company	Chairman and Managing Director of Tabuk Fisheries Co.	Bachelor’s degree of physics and mathematics- Faculty of Sciences- King Saud University
	Vice Chairman of Malath Cooperative Insurance Company	
	Vice Chairman of Tabuk Cement Company	
	Vice chairman and managing director of Food Products Company	
Chairman of Wajif Insurance Brokerage Services Company	General Director of Food Products Company	Banking and management course -Chase Manhattan Bank, NYC, USA
	Deputy General Director of Food Products Company	
	General Manager and Jeff Trade (Insurance Brokers and Consultants)	
	General Manager of Saudi Real Estate Company	

	Assistant General Manager for Local Banking Affairs, General Administration of Riyadh Bank	
A director of Watan Investment Company	Regional Director of Riyadh Bank in the Eastern Province	Courses and seminars in several banking and administrative fields
	Deputy Regional Director of Riyadh Bank in the Eastern Province	
	Assistant Regional Director of Riyadh Bank in the Central region	
	Projects Manager of Industrial Development Fund	
	Teaching Assistant at Physics Department, Faculty of Science, King Saud University.	

Mr. Abdul Mohsen Bin Mohammed Al Saleh

Non- Executive / Member of Nomination and Remuneration Committee

Current Positions	Previous Positions	Qualifications
Founder, a director and chairman of Nomination and Remuneration Committee at Malath Cooperative Insurance Company- since April 2007.	Chairman of Saudi Industrial Exports Company- April 2007-June 2016	Bachelor of Business Administration and Economics - Whittier College, California - United States of America 1967
	A Director of LSC Warehousing and Logistics Services Co. October 2008-June 2016	
Founder and board member of FALCOM Financial Services Company- since January 2015	Chairman of FIPCO (Filling and Packing Materials Manufacturing Company) November 2009-December 2015	
	A Director of Barclays Bank Saudi Arabia- December 2011-August 2014	
Chairman and owner of Massader Holding Company	A Director of FIPCO (Filling and Packing Materials Manufacturing Company) November 1990– November 2009	
	Advisor of Saudi American Bank - from 1980 till 1999	
Chairman of FALCOM Financial Services Company- Chairman of Executive Committee, Chairman of Risk Committee, Member of Nomination and Remuneration Committee	Member of Saudi-American Joint Commission for Economic Cooperation	
	Vice chairman of Citigroup Saudi Arabia- from 1975 till 1980	
	Head of Private Banking Services Department, Citigroup Saudi Arabia-from 2002-2004	

Mr. Bassem bin Abdullah Al-Salloum

Independent/ chairman of investment committee/ chairman of Nomination and Remuneration Committee/ member of risk committee.

Current Positions	Previous Positions	Qualifications
A director of Malath Cooperative Insurance Co. (chairman of investment committee- chairman of risk committee/ member of Nomination and Remuneration Committee)	Deputy Governor of the General Investment Authority	Master of Information Technology Consultancy, University of Kent, UK
CEO and Managing Director of SURE Global Tech Company - KSA	A director of Saudi Export Development Authority	

A director of Fawaz Abdulaziz Alhokair Co. (listed company)	Vice President of Civil Aviation Authority for Corporate Communications Affairs	Holder of executive and specialization certificates from Oxford Business College, London School of Economics and Harvard Business School.
A director of Bin Yaalla Exchange Company (partnership)	Chairman of executive committee of the Ministerial Conference at Civil Aviation Authority	
Vice chairman of National Committee for Communications and Information Technology	Executive Director of Digital Communication and Marketing - Mobily	
Managing Director of Sure Pay Co.	Managing Director- Numu Multimedia Co.- Saudi Research and Marketing Group	

Mr. Amr bin Abdul Razzaq Alnemari

Independent/ board member/ chairman of audit committee

Current Positions	Previous Positions	Qualifications
A Director of Malath Cooperative Insurance Company	CEO at the KAFD Development & Management Company	Bachelor of Accounting at King Abdulaziz University
	Head of Financial Affairs at the Tawuniya Insurance Company	
	Director of Financial Operations at BAE Systems	
CEO at the National Real Estate Registration Services Company	Member of the Financial Committee of the Executive Insurance Committee under the supervision of the Central Bank of Saudi Arabia	
	Cost Controller at Aljomaih Automotive Company	
	Treasury Manager at Nass Company	

Mr. Badr bin Ali Al Ali

Non-Executive / Member of the Executive Committee / Member of the Nomination and Remuneration Committee

Current Positions	Previous Positions	Qualifications
A director of Malath Cooperative Insurance Company	CEO of Najm Insurance Services Company	MBA- Australia
Consultant in the National Housing Company	Consultant in SAMA	Bachelor of Computer Science, USA

Mr. Amr bin Abdullah bin Shalhoub

Independent / Executive Committee Member / Investment Committee Member / Risk Committee Member

Current Positions	Previous Positions	Qualifications
A director of Malath Cooperative Insurance Company	Director of the Individuals Sales Unit at Allianz Saudi Fransi Insurance Company	BBA- USA
	General Manager of Waad Insurance Agency Services Company	
Deputy Director of the Central Region for Executive Offices of the Civil Aviation Holding Company	Individual Sales Manager of Amana Insurance Company	
	Senior Product Manager at Riyadh Bank Company for the Insurance Agency	

Mr. Saleh bin Abdulrahman Al Ismaeel

An independent member of the Audit Committee from outside the BOD of Malath Cooperative Insurance Company

Current Positions	Previous Positions	Qualifications
Audit Committee Member of the Arab National Bank	General Director of Financial and Administrative Affairs (Plenipotentiary) of General Secretariat of the Cooperation Council for the Arab States of the Gulf (GCC)	Bachelor of Management with a minor in Accounting
	Holding several positions at the Institute of Public Administration, starting from an accountant, to director of financial affairs and employees, and assistant general manager of training, in addition to participating in teaching a number of subjects and supervising specialized training research.	
	A director and Chairman of the Audit Committee, of Sanad Insurance and Reinsurance Company.	
	Audit Committee Member of Tabadul Company (Unlisted)	MBA- USA
	Audit Committee Member of Saudi Fransi Capital	
	Member of the Preparation of Internal Auditing Standards Committee, SOCPA.	
Member of the Audit Committee of the Saudi Chemical Company	Chairman of the Audit Committee in the pharmaceutical company	Member of SOCPA
	Audit Committee Member at Salik	
	Member of the Audit Committee of Southern Cement Company	
	Member of the Audit Committee of Al-Ahsa Development Company	Member of the Saudi Accounting Association
	Chairman of the Audit Committee of the Saudi Railways Company	
	Member of the Investment Violations Committee of the General Investment Authority	
	A director, Gulf Accounting Authority	Fellow of the Arab Society of Certified Accountants
	Managing Director of Food Marketing Company	
	Chairman of the High Technology Company for Computer Systems	
A director of the Saudi Accounting Association		

	Member of General Secretariat of GCC, and Chairman of GCC Club.	
Mr. Saad bin Saud Al Tayyar		
An independent member of the Audit Committee from outside the BOD of Malath Cooperative Insurance Company		
Current Positions	Previous Positions	Qualifications
Deputy General Manager of the Saudi Authority for Industrial Cities and Technology Zones "MODON" for financial affairs	Assistant General Manager for Financial Reporting at The Saudi Investment Bank	Bachelor's degree in Accounting from King Saud University
	Financial Controller of the Tawuniya Insurance Company	
	Director of financial and regulatory reports at Al-Rajhi Banking Corporation	Master of Accounting from the University of Adelaide (Australia)
	Financial General Manager at the National Air Services Company	

***The member, Salman bin Nasser Al-Hawawi, has resigned from the Board on 17/01/2021**

13.Executive Management:

The company's Executive Management consists of a distinguished cadre with qualifications and experiences in the sector of insurance. Such cadre can be listed as follows:

	Name	Current Positions	Previous Positions	Qualifications	Experiences
1	Mr. Fawaz bin Abdul Rahman Al-Hajji	CEO and Managing Director	* Executive Deputy Chairman- Auto Insurance at Malath * Executive Deputy Chairman- Auto Insurance at Al Tawuniya Company	MBA from St. Gallon University	More than 22 years of experience in the insurance sector
2	Mr. Rami Omar Al Hoshan	Senior Deputy of CEO- Marketing & Sales	* Manager - Key Accounts	MBA from Prince Sultan University	More than 16 years of experience in the insurance sector - Key Accounts and Marketing.
3	Mr. Tariq Saleh Al-Ghamdi	Senior Deputy of CEO- for Property and Accident Insurance	* Executive Director - Broker Relationships	* Executive Director - Broker Relationships	25 years of experience in the insurance sector
4	Mr. Ahmed Mohamed Al-Rikf	Deputy CEO- Health & Life Insurance	Executive Director - Health Insurance Product Development and Quality Assurance	Master of Human Resources Management from Al-Yamamah University	More than 8 years of experience in the sector of HR and Health Insurance
5	Mr. Abdullah Yusef Al-Hussaini	Chief Financial Officer	* Director of Internal Audit * External Audit Supervisor at Ernst & Young	Bachelor's degree in accounting from King Saud University, holder of SOCPA, holder of ACFE Certificate	More than 6 years of experience in internal and external audit and financial management

14. Names of companies inside or outside KSA in which a director is a member of its current and previous BOD or management:

We hereby shall provide a statement of the following table with the names of the directors who are associated with the management of other companies:

	Director Name	Current				Previous			
		Names of company in which director is a member of its current BOD or management	Inside/ outside KSA	Legal form of the Company	Relationship	Names of company in which director is a member of its current BOD or management	Inside/ outside KSA	Legal form of the Company	Relationship
1	Mr. Mamdouh bin Saud Al Sharhan	Malath Cooperative Insurance Co.	Inside KSA	General joint stock	Chairman of BOD				
		Hail Cement	Inside KSA	General joint stock	Director				
		Saudi Korean for maintenance	Inside KSA	Limited Liability	Director				
		Saudi Real Estate Infrastructure Company (BINYAH)	Inside KSA	Closed joint stock	Audit Committee Member				
2	Mr. Salman bin Nasser Al-Hawawi	Malath Cooperative Insurance Co.	Inside KSA	General joint stock	Deputy-Chairman of BOD, Chairman of the Risk Committee and a member of the Investment Committee				
		Saudi Company for Advanced Industries	Inside KSA	General joint stock	Independent director, Chairman of the Nomination and Remuneration Committee, and a member of the Investment Committee	Saudi Real Estate Company	Inside KSA	Public joint stock	A director and Member of Audit Committee
		Industrialization & Energy Services Company	Inside KSA	Closed joint stock	Independent Member of the Audit Committee				
3	Mr. Mohammed bin Ali Humaidan Al-Ammari	Watan Investment Company	Inside KSA	Closed joint stock	Director	Tabuk Fisheries Company	Inside KSA	Closed joint stock	Chairman of BOD and Managing Director
						Food Products Company (Wafra)	Inside KSA	Listed joint stock	Chairman of BOD and Managing Director
						Tabuk Cement Company	Inside KSA	Listed joint stock	Deputy BOD chairman
						International Insurance Company	Inside KSA	Listed joint stock	Director
		Wajif Company for Insurance	Inside KSA	Limited Liability	Chairman of BOD	Jazan Company for Agricultural Development	Inside KSA	Listed joint stock	Director

		Brokerage Services				Saudi Orix Financial Leasing Company	Inside KSA	Closed joint stock	Director
						Al-Baha Investment and Development Company	Inside KSA	Listed joint stock	Director
						Saudi Industrial Exports Company	Inside KSA	Listed joint stock	Director
4	Mr. Abdulmohsen Mohammed Abdul Rahman Al Saleh	FALCOM Financial Services Company	Inside KSA	Non-joint stock	Founder and Director	Filing and Packing Materials Manufacturing Co.	Inside KSA	Non-joint stock	BOD Chairman
						Saudi Industrial Exports Company	Inside KSA	Listed joint stock	BOD Chairman
						Barclays Bank Saudi Arabia	Inside KSA	Non-joint stock	Director
		Massader Holding Company	Inside KSA	Non-joint stock	BOD Chairman	Warehousing & Logistics Services Company	Inside KSA	Non-joint stock	Director
						Saudi American Bank	Inside KSA	Listed joint stock	Consultant
						Citibank Saudi Arabia	Inside KSA	Non-joint stock	Deputy Chairman and Head of Banking Services
5	Mr. Basem bin Abdulllah Al sallom	Malath Cooperative Insurance Co.	Inside KSA	Public joint stock	Member of the BOD, Chairman of the Investment Committee, Member of the Risk Committee, Member of the Nomination and Remuneration Committee	Nomou Multimedia Company	Inside KSA	Non-joint stock	Company's acting manager
		Fawaz Abdul Aziz Al Hokair and Partners Company	Inside KSA	Public joint stock	Director	Saudi Export Development Authority	Inside KSA	Governmental entity	BOD Chairman
		SURE Global Tech Company	Inside KSA	Non-joint stock	CEO and Managing Director of SURE Global Tech Company	The General Investment Authority, Saudi Export Development Authority	Inside KSA	Governmental entity	An agent of the Authority's Governor and a director
		Bin Yaala Exchange Company	Inside KSA	Non-joint stock	BOD Chairman	Civil Aviation for Institutional Communication Affairs of the Civil Aviation Ministerial Conference	Inside KSA	Non-joint stock	Deputy-Chairman and Chairman of the Executive Committee
		SURE Payments Information Technology	Inside KSA	Non-joint stock	BOD Chairman	El-Faleh Sports House Company	Inside KSA	Closed joint stock	Director

6	Mr. Amr bin Abdul Razzaq Alnemari	Malath Cooperative Insurance Co.	Inside KSA	Public joint stock	Director	The Cooperative Insurance Company (Tawuniya)	Inside KSA	Public joint stock	Chief Financial Officer
						BAE Systems	Inside KSA	Non-joint stock	Director of Financial Operations
						Aljomaih Automotive Company	Inside KSA	Non-joint stock	Cost Controller
						Nass Company	Inside KSA	Non-joint stock	Treasury Manager
7	Mr. Badr bin Ali Al Ali	National Housing Company	Inside KSA	Non-joint stock	Consultant in the National Housing Company				
		Malath Cooperative Insurance Co.	Inside KSA	Public joint stock	Director	Najm Insurance Services Company	Inside KSA	Closed joint stock	Chief Executive Officer (CEO)
8	Mr. Amr bin Abdullah bin Shalhoub	Malath Cooperative Insurance Co.	Inside KSA	Public joint stock	Director				
		Civil Aviation Holding Company	Inside KSA	Holding	Deputy Manager of the Central Region for Executive Offices				
9	Mr. Mr. Fawaz bin Abdul Rahman Al-Hajji	Malath Cooperative Insurance Co.	Inside KSA	Public joint stock	Director, CEO and Managing Director	Malath Cooperative Insurance Co.	Inside KSA	Public joint stock	Deputy CEO - Auto Insurance
		Saudi Tadawi Healthcare Company	Inside KSA	Closed joint stock	Director - Nomination and Remuneration Committee	The Company for Cooperative Insurance (Tawuniya)	Inside KSA	Public joint stock	Deputy CEO - Auto Insurance

15.Actions taken by BOD to inform the directors - especially non-executives - of shareholders 'proposals and remarks on the company and the performance:

- The company works to provide all information that enables shareholders to fully practice their rights, without discrimination among them, provided that this information shall be complete, accurate, and regularly updated and presented on the specified times. The company also uses the most effective method of communication with shareholders.
- The company shall answer the questions and inquiries of all its shareholders without discrimination to the extent that it does not harm the interest of the company.
- BOD ensures that there is a communication between the company and the shareholders based on a common understanding of the strategic objectives and interests of the company.
- BOD chairman and CEO shall inform the rest of the directors of the shareholders 'views and discuss them with them.
- Shareholders 'suggestions and comments shall be received by the Shareholders Affairs Department via the email "Investor.relation@malath.com.sa".

16. BOD Meetings:

During 2020G, the BOD held five (5) meetings according to the attendance record shown in the table below:

	Name	Membership	Current session - year of 2020				
			The First 3-3-2020	The Second 21-4-2020	The Third 11-5-2020	The Fourth 15-9-2020	The Fifth 27-12-2020
1	Mr. Mamdouh Bin Saud Al Sharhan	Chairman	√	√	√	√	√
2	Mr. Salman bin Nasser Al-Hawawi	Vice chairman	√	√	√	√	√
3	Mr. Basem bin Abdullah Al sallom	Director	√	√	√	√	√
4	Mr. Amr bin Abdul Razzaq Alnemari	Director	√	√	√	√	√
5	Mr. Amr bin Abdullah bin Shalhoub	Director	√	√	X	√	√
6	Mr. Fawaz bin Abdul Rahman Al-Hajji	Director	√	√	√	√	√
7	Mr. Mohammed bin Ali Al Ammari	Director	√	√	√	√	√
8	Mr. Abdulmohsen Mohammed Al Saleh	Director	√	√	√	√	√
9	Mr. Badr bin Ali Al Ali	Director	√	√	√	√	√

17. Composition of Board Committees:

▪ Audit Committee:

The Audit Committee shall be responsible for monitoring company activities and to which end it may have access to the company records and documents and request any clarification or statement from the directors or Executive management. In addition, the Audit Committee may request the Board of Directors to convene the General Assembly of the company if its work has been impeded by the BOD or the company has suffered serious damage or dangers.

- Supervising the company's Internal Audit Department to ensure its effectiveness in the implementation of its activities and duties determined by the BOD.
- Reviewing Internal Audit procedures, preparing written reports on this review, and submitting recommendations thereon to the BOD.
- Reviewing the audit plan submitted by internal and external auditors and making any observation about it.
- Reviewing the reports of regulatory control department or regulatory observer and making recommendations thereon.
- Reviewing reports of internal audit department or internal auditor and making recommendations to the BOD.
- Reviewing the comments of SAMA and the related oversight and supervisory bodies regarding any regulatory violations or the required corrective procedures and submitting recommendations about them to the BOD.
- Reviewing the initial annual financial statement before presenting them to the BOD and expressing an opinion and recommendations about them.
- Discussing the audited annual and unaudited quarterly financial statements with external auditors and the senior management of the company before publishing them.
- Assessing the level of efficiency, effectiveness and subjectivity of external auditors works and managing the Internal Audit Department and the compliance department.

- Ensuring that there is a written professional code of ethics approved by the company BOD to assure carrying out the company's activities in a fair and ethic manner.
- Holding a meeting between Audit Committee and BOD and submitting important reports to the BOD on a regular basis.

The Audit Committee has held (8) meetings during the year of 2020 to implement the tasks assigned and previously mentioned according to the attendance record below:

	Name	Membership	Current session - year of 2020							
			The First 12-1-2020	The Second 26-2-2020	The Third 3-6-2020	The Fourth 13-8-2020	The Fifth 2-9-2020	The Sixth* 15-9-2020	The Seventh 28-10-2020	The Eighth 3-12-2020
1	Mr. Amr bin Abdul Razzaq Alnemari	Chairman	√	√	√	√	√	√	√	√
2	Mr. Saleh Abdulrahman Al Ismaeel	Director	√	√	√	√	√	√	√	√
3	Mr. Saad bin Saud Al tayyar	Director	√	√	√	√	√	√	√	√

* The Sixth meeting was held with the BOD meeting .

▪ **Executive Committee:**

The Executive Committee tasks shall include the following:

- Submitting recommendations to BOD about the strategic and operational plans, budgets and business plans, and taking the respective necessary procedures.
- Making decisions on the issues delegated by BOD which are not any of the company CEO powers, including the related issues of the capital expenditures and procures within the limits granted by the BOD to the committee.
- Practicing the full powers and privileges of the BOD in the cases of failure to hold BOD meeting where it is required or justified to take and immediate action or decision, unless the committee has the authority to take a decision instead of the BOD in any issue where it is prohibited to delegate authorities according to the applicable regulations; the matter that requires the approval of the shareholders of the company or to which one of the other BOD committees is specifically assigned.
- Reviewing the details of the company action strategy and submitting recommendations to the BOD to for approval.
- Reviewing the details of the company action plan and the budget, as well as regularly monitoring the progressed work in the action plan and the budget.
- Supervising the activities of the company CEO.
- Supporting and assisting the CEO based on the need to treat specified needs or tasks.
- Reviewing the cases of coalition, integration and acquisition, as well as other strategic agreements, and submitting recommendations about them to the BOD for the approval.
- Taking any other action or undertaking any other powers and responsibilities which may be appointed or authorized by the BOD from time to time.

The Executive Committee has held (8) meetings during the year of 2020 to implement the tasks assigned and previously mentioned according to the attendance record below:

	Name	Membership	Current session - year of 2020							
			The First 22-1-2020	The Second 3-3-2020	The Third 20-7-2020	The Fourth 20-9-2020	The Fifth 15-10-2020	The Sixth 15-11-2020	The Seventh 22-11-2020	The Eighth 27-12-2020
1	Mr. Mamdouh Bin Saud Al Sharhan	Chairman	√	√	√	√	√	√	√	√
2	Mr. Amr bin Abdullah bin Shalhoub	Director	√	√	√	√	√	√	√	√
3	Mr. Fawaz bin Abdul Rahman Al-Hajji	Director	√	√	√	√	√	√	√	√
4	Mr. Badr bin Ali Al Ali	Director	√	√	√	√	√	√	√	√

▪ **Risk Management Committee**

The Risk Committee tasks and responsibilities shall include the following:

- Identifying risks that the company may be exposed and maintaining the company risk in an acceptable level.
- Identifying standards and scope of the company ability to accept risks and submitting recommendation about that to the BOD.
- Identifying the inclusive strategy of company risk management and supervising the process of applying, reviewing and updating it annually, taking into account the internal and external developments of the company, including the best global applications.
- Ensuring the availability of the resources and sufficient laws of the risk management.
- Reviewing the risk management organizational structure and developing relating recommendations before the BOD approval.
- Reviewing the raised issues by the Audit Committee that may affect the company risk management.
- Periodically reviewing the re-insurance assignment structure and strategy.
- Reviewing the underwriting policies and regulations.
- Assessing and reviewing the company underwriting performance.
- Supervising the company risk management system and assessing its efficiency.
- Developing an inclusive strategy of risk management, following up implementing it, reviewing and updating it based on the internal and external changes of the company.
- Reviewing Risk Management Policies.
- Re-assessing the company's ability and exposure to risk periodically (for example, through Endurance Tests).
- Submitting detailed reports to the BOD regarding exposure to risks and suggested steps to manage these risks.

The committee has held (3) meetings during the year of 2020 to implement the tasks assigned and previously mentioned according to the attendance record below:

Name	Membership	Current session – year of 2020			
		The First 1-3-2020	The Second 23-7-2020	The Third 18-10-2020	
1	Mr. Salman bin Nasser Al-Hawawi*	Chairman	✓	✓	✓
2	Mr. Bassem bin Abdullah Al-Salloum	Director	✓	✓	✓
3	Mr. Amr bin Abdullah bin Shalhoub	Director	✓	✓	✓

*The Director, Salman bin Nasser Al-Hawawi, has resigned from the Board on 17/01/2021

▪ **Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee tasks and responsibilities shall include the following:

- Submitting recommendations to the BOD to run nomination process for the Board and its committees membership according to the regulatory approved requirements, policies and standards. The committee may not nominate a person who previously proved committing a crime against honor and honesty to the committee membership.
- Developing a description of the required abilities and qualification for the BOD and its committees membership, including the time allocated by each director to the Board and its committees tasks.
- Developing the special procedures in the event that a position of a director or a senior executive is vacant.
- Reviewing at least annually the required needs of the suitable skills for the BOD membership and submitting solution recommendations according to the company interest in an optimal manner.
- Developing succession policies and procedures of the BOD and its committees.
- Reviewing the BOD and its committees structure and formation, periodically specifying their weakness points, suggesting the required steps to handle them and developing a job description of the executive and non-executive members, independent members and senior executives.
- Assessing at least annually the independency of the Board and its committees members and ensuring that there is no interest conflict in the cases which a member occupies a Board membership of another company.
- Developing clear indemnify and remuneration policies of the BOD, its committees members, the CEO and the senior management members based on their performance in achieving the company strategic goals and the modified business dividend (as the General Assembly approves).
- Confirming the necessity of an annual audit procedure of the indemnify plans for the senior management members, separately from the executive management.
- Submitting the final recommendations to the BOD about the related issues of appointing and exempting the senior management members and/or promoting the current employees to hold senior management positions according to SAMA regulations relating to the appropriateness and suitability of persons.
- Submitting the final recommendations to the BOD about exempting the senior management members.
- Periodically assessing the BOD and its committees members performance (the entire Board performance and the individual performance of its members) at least on an annual basis.
- Supervising the induction program and the periodical training of the directors.

The Nomination and Remuneration committee has held (2) meetings during the year of 2020 to implement the tasks assigned and previously mentioned according to the attendance record below:

	Name	Membership	Current session - year of 2020	
			The First 11-3-2020	The Second 8-12-2020
1	Mr. Bassem bin Abdullah Al-Salloum	Chairman	√	√
2	Mr. Mamdouh Bin Saud Al Sharhan	Director	√	√
3	Mr. Abdul Mohsen Bin Mohammed Al Saleh	Director	√	√
4	Mr. Badr bin Ali Al Ali	Director	√	√

▪ **Investment Committee:**

The Investment Committee tasks and responsibilities shall include the following:

- Ensuring that the investment policy of the company has been developed in accordance with the company inclusive work strategy and the regulatory controls.
- Holding meetings at least 4 times annually by the committee.
- Issuing the decisions and recommendations of the committee by the majority votes of the attended directors.
- Keeping the minutes in accordance with records made for that purpose.
- Appointing the committee secretary from among its members or the company employees.
- Obtaining the approval of the BOD on the investment policy.
- Quarterly reviewing and drafting an investment strategy, taking into consideration changes of work requirements and market circumstances.
- Appointing and assessing the investment manager and investments fund performance.
- Submitting recommendations to the BOD to appoint and exempt the investment consultant.
- Authorizing a sub-committee that shall be selected with or from the management team to implement the investment committee decision, whenever required.
- Issuing the decisions of strategy implementation for each category of the investment portfolios to be managed internally or by external managers through separate mandates or investment funds.
- Appointing investment managers, evaluating their performance and specifying their charges.
- Reviewing the decisions made by the management team and the investment consultant(s).
- Providing reports on the company investment performance of risks, investment returns, provisions and any related key developments to the BOD.

The investment Committee has held (4) meetings during the year of 2020 to implement the tasks assigned and previously mentioned according to the attendance record below:

	Name	Membership	Current session - year of 2020			
			The First 1-3-2020	The Second 8-7-2020	The Third 18-10-2020	The Fourth 29-12-2020
1	Mr. Bassem bin Abdullah Al-Salloum	Chairman	√	√	√	√
2	Salman bin Nasser Al-Hawawi*	Director	√	√	√	X
3	Mr. Amr bin Abdullah bin Shalhoub	Director	√	√	√	√
4	Mr. Fawaz bin Abdul Rahman Al-Hajji	Director	√	√	√	√

*The director, Salman bin Nasser Al-Hawawi, has resigned from the Board on 17/01/202

18. Remuneration of Board Members and Committees Members:

Board Members and Committees Members Remuneration Policy:

According to Article 19 of the Company's Articles of Association and Article 25 of the Company's Governance Regulation, the Board remuneration shall be as follows:

- The Chairman and members of the BOD shall receive remunerations amounts (SAR 200,000) Two Hundred Thousand Saudi Riyals as minimum, and (SAE 500,000) Five Hundred Thousand Saudi Riyals as maximum on annual basis against their membership in the BOD and their participation in its business. The remuneration shall include additional remunerations if a member participates in any committee established by the BOD.
- If the company achieved profits, a fair percentage equivalent to (10%) of the remaining net profit may be distributed after deducting the reserves specified by the General Assembly under the provisions of the Cooperative Insurance Companies Control Law and after distributing a profit to the shareholders not less than (5%) of the company's paid-up capital, provided that the entitlement to such remuneration shall be in pro-rata basis with the meetings attended by the member. In addition, any assessment in contrary thereto shall be invalid.
- In all cases, the total amounts of remuneration and financial or in-kind benefits a member may receive shall not exceed (SAR 500,000) Five Hundred Thousand Saudi Riyals annually.
- The maximum allowance for attending the meetings of the Board and its committees shall be (SAR 5000) Five Thousand Saudi Riyals per each meeting, excluding travel and accommodation expenses.
- Each member of the Board, including the Chairman, shall be paid the actual expenses they may incur to attend Board meetings or committees established by the BOD, including travel, accommodation and subsistence expenses

Board Members Remuneration																	
"Amounts in Thousand Saudi Riyals (SAR)"																	
	Member of the Board	Fixed remuneration							Variable remuneration					Total	severance pay	Grand total	Expenses allowance
		A certain amount *	The board meeting attendance allowance	Total committee session attendance allowance	Benefits in kind	Technical, administrative and consultative business remuneration	The Board Chairman, Managing Director or Secretary remuneration if he/she was a member.	Total	A percent of dividends *	Periodical remuneration	Short-term promotional plans	Long-term promotional plans	Granted shares				
First: Independent Members																	
1	Mr. Mamdouh Bin Saud Al Sharhan	350	21	44	-	-	-	415	-	85	-	-	-	85	-	500	-
2	Mr. Salman bin Nasser Al-Hawawi*	350	21	26	-	-	-	397	-	87.50	-	-	-	87.50	-	484.5	-
3	Mr. Basem bin Abdullah Al sallom	350	21	39	-	-	-	410	-	90	-	-	-	90	-	500	-
4	Mr. Amr bin Abdul Razzaq Alnemari	350	21	31	-	-	-	402	-	98	-	-	-	98	-	500	-
5	Mr. Amr bin Abdullah bin Shalhoub	280	16	67	-	-	-	363	-	100	-	-	-	100	-	463	-
	Total	1,680	100	207	-	-	-	1,987	-	-	-	-	-	460.50	-	2,447.5	-
Second: Non-Executive Members																	
1	Mr. Mohammed bin Ali Al Ammari	350	21	-	-	-	-	371	-	-	-	-	-	-	-	371	-
2	Mr. Abdulmohsen Mohammed Al Saleh	350	21	8	-	-	-	379	-	100	-	-	-	100	-	479	-
3	Mr. Badr bin Ali Al Ali	350	21	44	-	-	-	415	-	85	-	-	-	85	-	500	-
	Total	1,050	63	52	-	-	-	1,165	-	185	-	-	-	185	-	1,350	-
Third: Executive Members																	
1	Mr. Fawaz bin Abdul Rahman Al-Hajji	350	21	54	-	-	-	425	-	75	-	-	-	75	-	500	-
	Total	350	21	54	-	-	-	425	-	-	-	-	-	75	-	500	-
Third: Independent Members of the Audit Committee – Non-Board Members																	
1	Mr. Saad bin Saud Al Tayyar	-	-	36	-	-	-	36	-	100	-	-	-	100	-	136	-
2	Mr. Saleh Abdulrahman Al Ismaeel	-	-	36	-	-	-	36	-	100	-	-	-	100	-	136	-
	Total	0	-	72	-	-	-	72	-	200	-	-	-	200	-	272	-

*The bonuses mentioned in the table are for the year 2020

*The annual remuneration granted to members of BOD for the year 2019 is three hundred and fifty thousand (350 thousand) for each member, based on the approval of the General Assembly held on 04/22/2020

*Periodic bonuses; means the remuneration of the member's participation in the committees, regardless of the number of committees assigned to the member, based on the meetings he has attendance, while ensuring that the total the sum of 500 thousand riyals per member does not exceed.

* The member Mr. Salman bin Nasser Al-Hawawi resigned from the Board of Directors on 01/17/2021

Members of Committees:

Remunerations of the members of Audit Committee and all committees of the BOD, whether from BOD or abroad, shall be as follows:

- An amount of SAR 100,000 for their duties in membership of the committees
- An amount of SAR 5000 for attending all the meetings of committees
- Furthermore, committee members are entitled to a compensation against the expenses they may bear in attending meetings and performing their duties as committees members.

The following table shows the allowances and remunerations received by Board members and Committees members were obtained during 2020.

Members or committees remunerations				
“Amounts in Thousand Saudi Riyals (SAR)”				
The member		Fixed remuneration (Excluding meetings attendance allowance)*	Meetings Attendance Allowance	Total
Executive Committee Members				
1	Mamdouh bin Saud Al Sharhan	0	36	36
2	Fawaz bin Abdul Rahman Al-Hajji	0	36	36
3	Badr bin Ali Al Ali	0	36	36
4	Amr bin Abdullallah bin Shallhoub	0	36	36
Total		0	144	144
Audit Committee Members				
1	Amr Abdul Razzaq Alnemari	100	31	131
2	Saad Saud Al Tayyar	100	36	136
3	Saleh bin Abdulrahman Al Ismaeel	100	36	136
Total		300	103	403
Remuneration and Nomination Committee Members				
1	Abdulmohsen Mohammed Al Saleh	0	8	8
2	Basem bin Abdullallah Al sallom	0	8	8
3	Mamdouh Bin Saud Al Sharhan	0	8	8
4	Badr bin Ali Al Ali	0	8	8
Total		0	32	32
Risk Committee Members				
1	Salman bin Nasser Al-Hawawi	0	13	13
2	Basem bin Abdullallah Al sallom	0	13	13
3	Amr bin Abdullallah bin Shallhoub	0	13	13
Total		0	39	39
Investment Committee Members				
1	Basem bin Abdullallah Al sallom	0	18	18
2	Salman bin Nasser Al-Hawawi	0	13	13
3	Amr bin Abdullallah bin Shallhoub	0	18	18
4	Fawaz bin Abdul Rahman Al-Hajji	0	18	18
Total		0	67	67

19. Remunerations of Executive Management

- The Board shall determine the CEO's wage and remunerations in his appointment decision, and such remunerations and wage shall be recorded in the contract concluded with the CEO.
- The remunerations and wages of the Executive Management shall be based on the internal policies and procedures of the Company, and on the job grade granted to the member of the Executive Management, except for the director of Internal Audit Department and the director of compliance. The remunerations and wages of those directors are determined by the Board upon the proposal of the Audit Committee.
- It shall be considered that the remuneration and wages of the Executive Management shall be proper to the duties, responsibilities, educational qualifications, practical experience, skills and level of performance thereof.
- The company, upon being informed of any misleading information provided by a member of the Executive Management to exploit the functional position to obtain unworthy remunerations, shall stop the remuneration of such person as soon as it becomes aware of such matter. The company may claim such member for all the undue remunerations that have been disbursed to him, and it may claim them with the competent authorities or inside the company.
- The Nomination and Remuneration Committee shall periodically review the remuneration and wages of the Executive Management to ensure that they are reasonably sufficient to attract and retain the qualified and experienced persons and to urge them to develop the company on the long term.
- In the remuneration of Executive Management members, performance-related standards shall be observed, such as the remuneration in full or part is related to the performance of a member as the annual remuneration is related to his performance of its responsibilities and objectives.

Five Senior Executives Remuneration including the CEO and Chief Financial Officer	Senior Executives Remuneration in 2020							
	In Thousand SAR							
	Fixed remuneration				Variable remuneration		Severance Pay	Grand Total
	Salary	Allowance	Benefits in Kind	Total	Annual and Periodic Allowance	Short-term Promotional Plans		
6,330	-	Medical insurance for the employee and his/her family and death and personal accidents insurance according to the company law.	6,330	1,188	-	363	7,881	

20. Results of the Annual Audit of the Internal Control Procedures, in addition to the Audit Committee's Opinion on the Adequacy of Company's Internal Control System:

The Committee responsibilities and competencies:

The General Assembly of Malath Cooperative Insurance Co. authorized the Audit committee to assume the responsibility of independent oversight and control of performance on the control bodies in the company, to examine the initial and annual reports of company, and internal control systems. The committee therefore carried out its functions and responsibilities as detailed in the audit committee regulations, Corporate Governance Bylaws published on the company's website, instructions and rules issued by supervisory and regulatory bodies in accordance with its powers and in the light of the results of the financial statements, information provided by the Executive Management, auditor and internal control framework. The Audit Committee held (8) meetings during 2020 including the annual meeting of the Audit Committee with the Board of Directors, in order to fulfill Company's business requirements.

Business and Achievements in 2020:

The Audit committee has convened (8) meetings during 2020 including the annual Audit Committee meeting with the Board of Directors as required. The meeting agenda covered the significant businesses included in its scope of work as follows:-

- ✓ Adopting the audit plan presented by the internal audit department of the financial year 2020 based on the company risk appetite after being discussed, and following up its implementation according to the specified schedule.
- ✓ Recommending the appointment of company's external auditors among other auditors nominated and determining their fees for the FY 2020 and the first quarter (Q1) of FY 2021, where the company recommended the appointment of PKF Albassam & Partners and Al Azem, Al Sudairy.
- ✓ Discussing and recommending the Board approval on the company's quarter financial statements after being reviewed and discussed with the Executive Management and external auditors.
- ✓ Adopting the compliance department plan of the year 2020.
- ✓ Discussing the results of the internal audit department periodically, as well as analyzing the impacts of risks to which the company may be exposed and make the necessary modifications accordingly
- ✓ Discussing and following up the observations of the regulatory and supervisory bodies on the company and recommending the compliance with regulations and instructions issued by such authorities to achieve the highest levels of compliance.
- ✓ Following up the work of external auditors, ensuring the independence of the same, assuring that there are no obstacles affect their workflow and assessing the efficiency and effectiveness level of their performance.
- ✓ Periodically following up the Compliance Department to ensure the company's compliance with regulations and laws issued by SAMA and other legislative bodies.
- ✓ Discussing the company's annual financial statements and recommending the same to the Board for approval after being reviewed and discussed with the Executive Management and external auditors, in order to be referred to the General Assembly for approval.
- ✓ Examining the observations received from the company's internal auditor and external auditors, and following up its implementation in accordance with the schedule agreed upon with the company's Board.
- ✓ Following up on the implementation of observations and recommendations of the Committee issued over past meetings.
- ✓ Discussing the receivables and following up on the receivables collection with the Board.
- ✓ Following up the Zakat status and related provisions with the Executive Management.
- ✓ Following up on the lawsuits filed by or against the company and reasons thereof to determine the company's status, as well as recommending the necessary actions to be taken.
- ✓ Following up the transformation plan to IFRS 17 "Insurance Contracts"

The Opinion of Audit Committee on the Adequacy of Company's Internal Control System:

Based on the forgoing results of the annual audit of the internal control procedures, the Audit Committee opinion on the adequacy of the company's internal control system, performed actions of the Internal Audit Department and

Compliance Department as per the plan for the year 2020 adopted by the Audit Committee; and on reviewing and discussing with the Executive Management, the presented reports and remarks made by the internal and external auditors, the Audit Committee conclude no material weakness in the internal control procedures of the company requiring due diligence. There are no reservations or restrictions to access any information, documents or records of the company. The committee recommends the company's management to enhance the efficiency and effectiveness of the internal controls, and to adopt constant update of the company's policies and procedures in conformity with the nature of company's activity, business, developments and relevant updates from the supervisory, taking into account the present-day conditions.

Recommendations of the Audit Committee that are inconsistent with decisions of the Board of Directors or refused by the Board of Directors with regard to the appointment, dismissal, fees determination, performance evaluation of company's auditor or appointment of the internal auditor and the justification of those recommendations and reasons for their non-application:

The Board has approved the audit committee recommendations regarding to appointing auditors as approved by the General Assembly. There is no contradiction with the audit committee recommendations mentioned in this paragraph.

21.Means the Board use in the evaluation of its performance and the same of committees, members and the third party conducted the evaluation process and its relation to the company, if any:

The Board shall continuously evaluate the Board/ committees performance and appointed members through periodical meetings and Nomination and Remuneration Committee.

Statement of the Shareholders General Assembly Meetings during the last fiscal year:

	Name	Attendance record
		The Ordinary General Assembly (Second Meeting)
		22-4-2020
1	Mr. Mamdouh Bin Saud Al Sharhan	✓
2	Mr. Salman bin Nasser Al-Hawawi	✓
3	Mr. Bassem bin Abdullah Al-Salloum	✓
4	Mr. Amr bin Abdul Razzaq Alnemari	✓
5	Mr. Amr bin Abdullah bin Shalhoub	✓
6	Mr. Fawaz bin Abdul Rahman Al-Hajji	✓
7	Mr. Mohammed bin Ali Al Ammari	✓
8	Mr. Abdul Mohsen Bin Mohammed Al Saleh	✓
9	Mr. Badr bin Ali Al Ali	✓

22.Risks that the company may be exposed to:

Risk Governance:

Malath Cooperative Insurance Co. seeks to establish a risk governance structure in accordance with risk management leadership in the risk governance field. Malath seeks to adapt the plan of three defense lines as a part of the risk governance plan as shown in the chart below



Monitor and Supervision:

- Develop a “Tone from the Top” methodology.
- Establish a framework of risk taking ability and risk strategy.
- Rely on risk management framework, methodologies, general policies, laws and liabilities.
- Use risk management information in decision-making procedures and accept transferring or decreasing risks found.
- Establish activities evaluations and work units on the risk rate.



Test and confirm:

- Review all the facility works.
- Conduct independent tests to ensure and verify the efficiency of the facility systems and compliance of work units.
- Verify the framework of risk management.
- Verify the procedures of risk management work according to the designed framework with seeking to development by finding new opportunities.
- Enhance the company internal monitoring level.



Interpretation and development:

- Interpret and deliver regulations to the concerned work units.
- Observe compliance with regulations.
- Test and evaluate risk based on compliance.
- Advise about regulations and procedures.



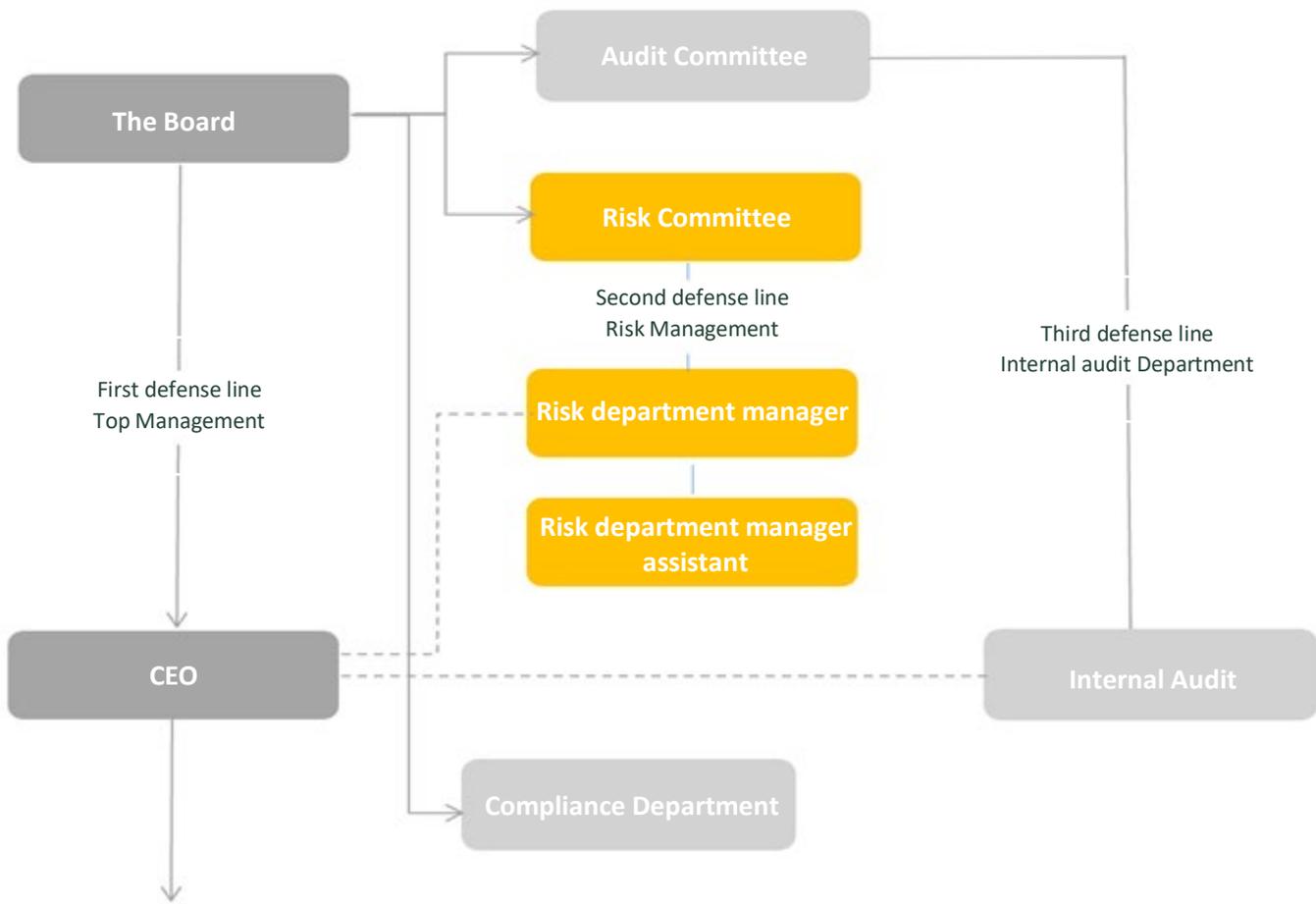
Design and facilitating:

- Design and publish the framework of the risk management framework to all the facility.
- Observe how work units comply with methodologies and risk management framework.
- Escalate risks and controls.
- Submit reports about total risks.



Monitor and decide:

- “The actual official” of risk management.
- Compliance with the facility risk framework.
- Find, manage, mitigate and submit periodical reports about potential risks to the risk management department.
- Periodical follow up to loss and accidents data.



Sales and Marketing Department	Risk and Property Insurance and Reinsurance Department	Financial Officer
Vice CEO – Vehicle Insurance Department	Healthcare Insurance and Group Life Insurance Department Manager	IT Department General Manager
Projects Manager	HR and Cadre General Manager	Customer Service Department General Manager

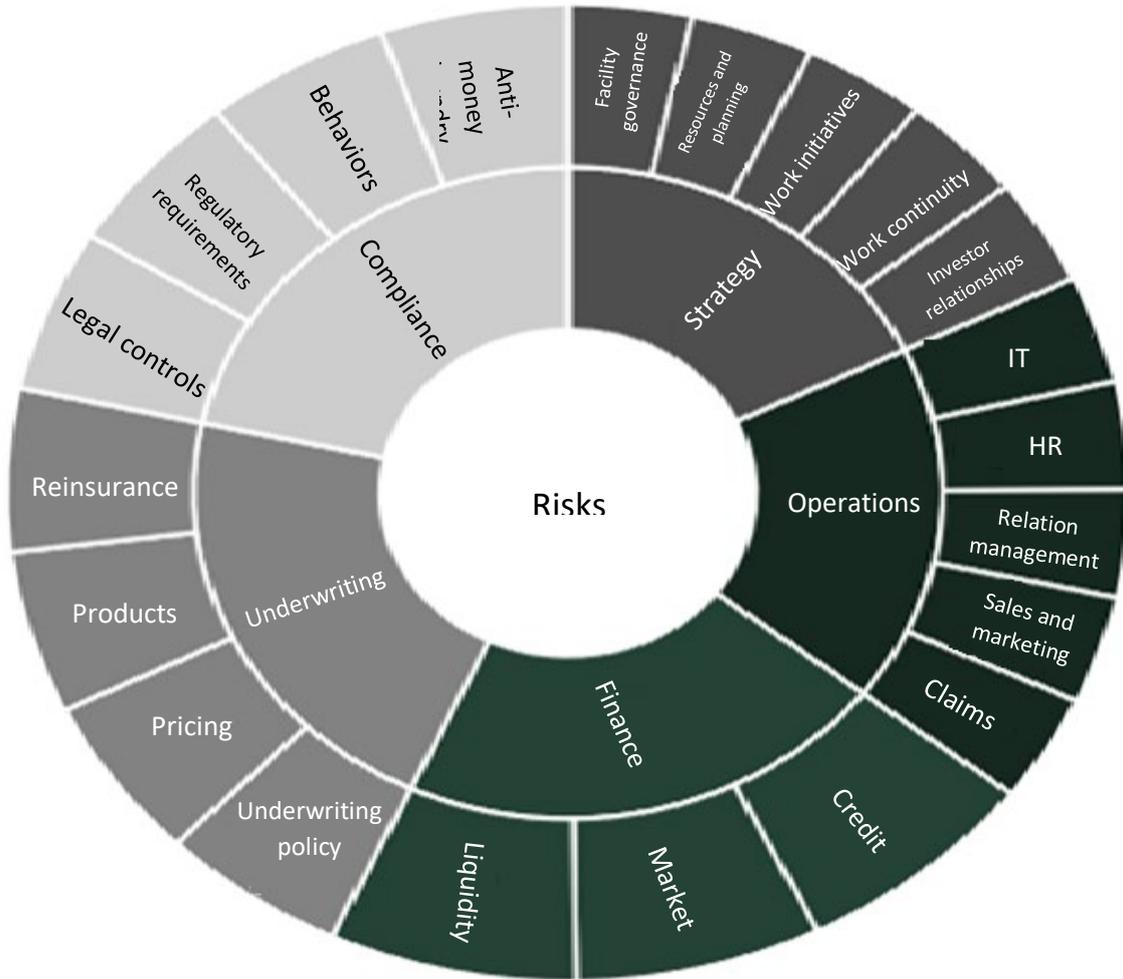
Roles and responsibilities:

Defense lines

First	Second	Third
-------	--------	-------

Board	Risk Committee	Internal audit Department	Compliance Department	Risk Department	Work Units	Risk Management Field
Complete framework of risk department work		Official	Provide an independent audit and ensure inclusion and appropriateness	Provide an independent audit and ensure inclusion and appropriateness	Review and recommendation	Approval
Risk Strategy		Official			Review and recommendation	Approval
Ability to risk taking		Official			Review and recommendation	Approval
Risk acceptance	Compliance with Limits	Suggestions review, submit and update			Review and recommendation	Approval
Risk Find		Suggestions review, submit and update				
Risk Evaluation		Suggestions review, submit and update			Review and recommendation	
Manage, monitor and escalate risks	Submit risk mitigation plan	Periodical observation, risk reports submit and suggest risk mitigation plans			Review and recommendation	
Risk policies and procedures	Compliance with policies and procedures	Review and update				Review and recommendation

Risks in “Malath”:



Risk Strategy:

Risks are the effect of “uncertainty” on the goals, such effect may be positive, negative or a deviation of the expected. Mostly, risks are described by an event, such as change in circumstances or the result. “Malath” is committed to management of risks facing it according to the adopted framework of risk management that helps discover, evaluate, treat, mitigate and monitor risks.

Risk management is a key part of the strategic management of Malath Cooperative Insurance Co. Risk management is represented by a range of activities through which the company ensures that risks are within its ability to endure risks. The company shall take the suitable procedures to provide an appropriate guarantee relating to achieving its strategic goals.

Regarding to the described goals in the business strategy, Malath Cooperative Insurance Co. aims to ensure that there is no event or a range of events that may cause contrast in the result not in line with its risk endurance ability.

“Malath” has developed specific procedures to find, evaluate, treat, mitigate and monitor such events, so occurring probability and consequences are within limits acceptable to the Board.

Risks that the company may be exposed to:

- **Competiveness:**

Just like insurance companies in the Kingdom, Malath activity may be affected by the competitive environment in the Saudi market as a result of the number of licensed insurance companies listed in the market. The total number of insurance companies in 2020 amounted 30 insurance company distributed all over the Kingdom, in addition, permitting foreign companies to open branches within the Kingdom of Saudi Arabia, leading to a strong comparative environment that may affect Company's activity and future opportunities. Accordingly, the company sought to expand sale channels including but not limited to, E-sales allowing all citizens and residents to benefit from these services easily. The company seeks to innovate creative methods for sales and claims and provide better services to customers simultaneously with technology developments and customer requirements.

- **The ability to achieve satisfactory investment returns in the current economy circumstances:**

The financial results of Malath partially depends on its investment performance. The company profitability may be affected by increase and decrease of investment returns from time to time as a result of circumstances and risks that affect such investments and market fluctuations, global and domestic circumstances. Hence, the company keeps to vary its investments and select best investment tools in proportion to its investment plans and potential risks.

- **Regulatory and Legal Risks:**

Insurance processes conducted by the company are subjected to supervision and control by the Saudi Central Bank (SAMA) through the cooperative insurance control law and regulation and the Council of Cooperative Health Insurance (CCHI) executive regulation regarding to health insurance product. Generally, regulatory and supervision on insurance are particularly directed to the insurer interest and investors, hence, Malath are continuously working on developing its internal systems to meet the regulatory advanced requirements.

- **Technical risks and work continuity:**

The company depends on its own information technology systems. Despite the appropriate security procedures taken by the company, the information systems may be exposed to breach, computer viruses, human mistakes or natural disasters. Thus, exposing to such interruptions or their continuation for long times may increase capital costs and expenditures, affecting negatively the company financial results. As a result, the company has established information security department linking directly to the CEO to create a safe environment to protect the company information security, accordingly, the company has developed an inclusive and effective “emergency plan” to limit, mitigate the damages of such accidents and ensure the work continuity.

- **Applying IFRS 17:**

The IFRS 17 aims to unify the insurance accounting globally to improve the comparison process and upgrade the transparency level, in addition to provide financial data users with the required information to evaluate the impact of insurance contracts on the insurance company financial position, performance, cash flow and risk exposure.

- **Diseases and Viruses:**

Malath works on activating the emergency plan, which is a part of the company risk management system to ensure work continuity and its employees and clients safety.

- **Anti-money laundry and terrorism funding:**

The company is aware that the insurance sector is exposed to money laundry and terrorism funding by different insurance processes, which requires developing policies and applications regarding accepting any client and the due procedures stipulated in the related regulations. Thus, the company has established an internal electronic system to follow up the regulatory requirements.

- **Collection:**

The effect of Coronavirus pandemic on the business sector has led to decrease the liquidity for a large percent of companies. Accordingly, Malath recognizes the risk of difficulty in collecting its receivables. Thus, collection policies and procedures have been enacted and each premium request shall be examined by the financial department.

23. Business results comparison:

“In thousands SAR”

Description	2016	2017	2018	2019	2020
Revenues:					
Total underwritten insurance premiums	2,167,856	726,978	729,076	835,236	781,568
Deduct: Issued reinsurance premiums:	(667,164)	(56,067)	(69,718)	(70,420)	(59,770)
Loss surplus insurance premiums:	(38,750)	(19,745)	(20,508)	(17,278)	(18,890)
Net underwritten insurance premiums	1,461,942	651,166	638,850	747,538	702,908
Change in unearned insurance premiums	(76,850)	163,684	(47,500)	(83,178)	17,085
Net earned insurance premiums	1,385,092	814,850	591,350	664,360	719,993
Reinsurance commission	415,332	98,008	15,736	17,786	15,052
Investment income and other revenues	40,768	14,761	21,662	31,549	63,567
Total revenues	1,841,192	927,619	628,748	713,695	798,612
Costs and expenses:					
Total paid claims	1,955,189	975,630	606,774	558,429	600,381
Deduct: Insurance replicators share	(353,885)	(71,857)	(82,624)	(29,217)	(47,653)
Net paid claims	1,601,304	903,773	524,150	529,212	552,728
Change in claims under settlement	21,970	(157,014)	(119,165)	(22,442)	28,709
Net incurred claims	1,623,274	746,759	404,985	506,770	581,437
Insurance documents underwriting costs	217,666	98,018	77,336	71,602	78,930
Assets non conformity reserve	18,471	(18,471)	-	-	-
Provision/ (opposite) doubtful collective debts	7,400	(3,000)	11,532	(1,075)	3,187
Operational and administrative salaries	78,560	67,896	71,879	71,151	75,695
Other general and administrative expenses	45,995	47,445	46,030	45,882	36,689
Total costs and expenses	1,991,366	938,647	611,762	694,330	775,938
Surplus net/ year (deficit) before Zakat	(150,174)	(11,028)	16,986	19,365	22,673
Zakat expense added on the period	-	-	(13,000)	(13,183)	(15,125)
Net surplus converted to document holders	-	-	(1,356)	(1,000)	-
Surplus net / (deficit) converted to shareholder operation list	(150,174)	(11,028)	2,630	5,182	7,548

Shareholder rights change list:

“In Thousand SAR”

Description	Capital	Regulatory reverse	Accumulated deficit	Change in fair value of investment that available for sale	Dividends or losses of specified benefit plans re-measurement	Total
Capital funding	300,000	-	-	-	-	300,000
Total period comprehensive loss	-	-	(59,207)	(9,000)	-	(68,207)
Balance on 31 December 2008	300,000	-	(59,207)	(9,000)	-	231,793
Total year comprehensive profit	-	-	7,228	13,191	-	20,419
Balance on 31 December 2009	300,000	-	(51,979)	4,191	-	252,212
Total year comprehensive profit	-	-	18,074	(7,675)	-	10,399
Balance on 31 December 2010	300,000	-	(33,905)	(3,484)	-	262,611
Total year comprehensive profit	-	-	14,092	3,831	-	17,923
Balance on 31 December 2011	300,000	-	(19,813)	347	-	280,534
Total year comprehensive profit	-	-	30,467	11,534	-	42,001
Converted to reverse	-	2,131	(2,131)	-	-	-
Balance on 31 December 2012	300,000	2,131	8,523	11,881	-	322,535
Total year comprehensive profit	-	-	(41,834)	10,279	-	(31,555)
Balance on 31 December 2013	300,000	2,131	(33,311)	22,160	-	290,980
Total year comprehensive profit	-	-	(13,712)	(1,049)	-	(14,761)
Balance on 31 December 2014	300,000	2,131	(47,023)	21,111	-	276,219
Total year comprehensive profit	-	-	(9,883)	(7,902)	-	(17,785)
Balance on 31 December 2015	300,000	2,131	(56,906)	13,209	-	258,434
Total year comprehensive profit	-	-	(156,174)	(12,901)	-	(169,075)
Balance on 31 December 2016	300,000	2,131	(213,080)	308	-	89,359
Total year comprehensive profit	-	-	(17,028)	(654)	(1,754)	(19,436)
Capital decrease*	(180,000)	-	180,000	-	-	-
Capital Increase- priority right shares*	380,000	-	-	-	-	380,000
Clauses were amended and added to the other inclusive income list after categorizing lists according to IFRS requirements*	-	-	-	346	197	543
Balance on 31 December 2017	500,000	2,131	(50,108)	-	(1,557)	450,466
Total year comprehensive profit	-	-	2,630	(231)	(2,774)	(375)
Balance on 31 December 2018	500,000	2,131	(47,478)	(231)	(4,331)	450,091
Total year comprehensive profit	-	-	5,182	865	(709)	5,338
Balance on 31 December 2019	500,000	2,131	(42,296)	634	(5,040)	455,429
Total year comprehensive profit	-	-	7,548	39	-2,556	5,031
Balance on 31 December 2020	500,000	2,131	-34,748	673	-7,596	460,460

*During the year of 2017, the capital were decreased from SAR 300 million to SAR120 million by cancelling a number of 18 million shares, and the capital was increased from SAR 120 million to SAR 500 million by offering 32 million preferred shares.

*In the year of 2017, some items of the other comprehensive income statement were restructured and categorized (a part of property rights) and adding and amending amounts to meet IFRS, SAMA and CMA requirements. Changes were added in limited benefit plans in financial statements of the year ended on 31 December 2018. Hence, they were required to be restructured and added to the financial position statement to the compared year 2017.

Asset and deductible comparison:

“In Thousand SAR”

Description	2016	2017	2018	2019	2020
Insurance process assets:					
Cash and cash equivalent	807,533	477,898	66,352	98,970	203,466
Short-term investments	75,000	55,000	365,349	360,000	165,284
Available for sale investments	5,346	4,600	3,322	3,372	53,976
Investments retained for due date	-	-	-	-	10,000
Net accounts Receivable	158,624	114,853	162,966	183,834	200,224
Other assets	503,920	187,430	157,411	232,681	180,763
Total insurance process assets	1,550,423	839,781	755,400	878,857	813,713
Shareholders assets:					
Cash and cash equivalent	151,498	220,852	47,791	71,300	356,604
Short-term investments	-	163,000	313,000	280,000	-
Available for sale investments	72,834	35,851	32,299	32,815	62,582
Other assets	49,695	79,667	97,239	117,234	80,376
Total shareholder assets:	274,027	499,370	490,329	501,349	499,562
Total assets	1,824,450	1,339,151	1,245,729	1,380,206	1,313,275
Insurance process liabilities:					
Reinsurers receivables:	42,122	10,287	5,266	11,248	6,840
Technical reserves	1,159,817	669,400	571,343	692,729	670,518
Other liabilities	348,484	160,094	178,791	174,880	136,355
Total insurance process liabilities	1,550,423	839,781	755,400	878,857	813,713
Shareholder rights and liabilities:					
Shareholders liabilities	184,668	47,347	35,907	40,880	31,506
Shareholders rights	89,359	452,023	454,422	460,469	468,056
Total Shareholders' rights and liabilities	274,027	499,370	490,329	501,349	499,562
Total Shareholders' rights and liabilities	1,824,450	1,339,151	1,245,729	1,380,206	1,313,275

24. Geographical analyzing of the company and subsidiaries revenues:

“In Thousand SAR”

Region	Geographical analyzing of the company revenues 2019		Geographical analyzing of the company revenues 2020	
	Total revenues	Percent	Total Revenues	Percentage
The Middle Province	512,981	61%	370,714	47%
The Eastern Province	39,573	5%	90,399	12%
The Western Province	37,867	5%	87,707	11%
Main management	139,803	17%	4,389	1%
E-sales	105,010	13%	228,359	29%
Total	835,236	100%	781,568	100%

25. The material differences in the operational results of the previous year results or the announced company expectations:

“In Thousand SAR”

Description/”in thousands SAR”	2020	2019	Changes + or -	Change percent
Total underwritten insurance premiums	781,568	835,236	-	%6.4-
Assigned reinsurance premiums:	(59,420)	(70,420)	-	%15.6-
Surplus loss expenses	(18,890)	(17,278)	+	%9.3
Net underwritten insurance premiums	702,908	747,538	-	%6.0-
Earned insurance premiums	719,993	664,360	+	%8.4
Reinsurance commission	15,052	17,786	-	%15.4-
Other revenues	4,996	2,694	+	%85.4
Net incurred claims	(581,438)	(506,770)	+	%14.7
Deferred underwriting costs	(78,930)	(71,602)	+	%10.2
Consumption	(1,699)	(1,881)	-	%9.7-
Other operational expenses	(113,872)	(114,077)	-	%0.2-
Operational profit (loss)	(35,898)	(9,490)	+	%278.3
Investment profit	32,980	26,670	+	%23.7
Other profits	25,591	2,185	+	%1071.2
Profits (loss) of the financial year ended on 31 December (before Zakat)	22,673	19,365	+	%17.1
Transferred to document holders	-	(1,000)		
Profits (loss) of the financial year ended on 31 December (before Zakat)	22,673	18,365	+	%23.5

According to the external auditor report that the company has developed the financial statements in accordance with the approved IFRS in the kingdom of Saudi Arabia, other standards and publications adopted by the SOCPA.

26. The company policy of dividends:

The shareholder deserves his/her dividends pursuant to the decision of the General Assembly issued in this regard. The decision shows the due date and distribution date, and the entitlement to dividends shall be for shareholders registered in the shareholder records by the end of specified entitlement day. The company shall inform the CMA without delay of any dividends decisions or the recommendation accordingly, and it shall pay the profits decided to be distributed on shareholders in the place and dates specified by the Board according to the competent body instructions, taking into account the previous written consent of SAMA.

Subject to Article 5 of the company governance regulation, the company’s Dividends Policy is based on achieving remunerative returns and profits to investors in the company's shares, so that the impact of such returns and profits extends to include the following axes:

❖ Dividends Distribution Policy:

- Distribution of rewarding cash dividends to shareholders, after taking into account the various factors existing at the time of distribution, including company's financial position, working capital requirements, distributable dividends, credit limits available to the company, in addition to the General Economic Situation.
- Granting free shares to shareholders in case that the conditions and requirements for that related to the retained dividends and the components of shareholders’ rights are available in the positions and financial statements of the company.

- The entitlement to dividends, whether cash dividends or bonus shares, shall be for shareholders registered in the Depository Center records with the Capital Market Company at the end of Tadawul after the General Assembly Meeting.
 - The company pays dividends to be distributed to shareholders on the dates set by BOD.
- ❖ Announcing the distribution of profits:
- The decision on the announcement and payment of dividends, including the decision on the amount of dividends and the procedures for its payment, shall be made by the General Assembly of shareholders according to the recommendations of BOD.
 - The decision on the announcement and payment of dividends will be a separate topic on the agenda of the General Assembly of shareholders.
 - The decision on determining the amount of the dividends and the procedures for its payment will be made by BOD in its meeting when the initial distribution of the company's net profits for the year is approved, and it is recommended to the General Assembly of shareholders.
 - The decision on announcing the distribution of shares shall be taken in accordance with the company's articles of association.

27. Description of Transactions and Operations with the Relevant Parties:

The Board has approved the amendments of interest conflict regulatory policy of the Board members, CEOs and shareholders to be in line with the regulations and laws issued by the CMA. There are no transactions of relative importance with related parties, and during this period, there are no contracts in which the company was a party and were in favor of the CEO, financial Officer or anyone related to them. In addition, there are not arrangements or an agreement in accordance a company Board member or senior executive has waived his/her salary or indemnify.

28. Description of any Interest, Contractual Papers and Underwriting Rights belonging to the Board Members and their relatives in the company shares or debt instruments:

Description of any interest, contractual papers and underwriting rights belonging to the Board members and their relatives in the company shares or debt instruments in 2020:							
sequence	Name of the person the interest, contractual papers or underwriting rights belonging to	Beginning of the year		End of the year		Net change	Change percent
		Number of shares	Debt instruments	Number of shares	Debt instruments		
1	Mamdouh bin Saud Dakhel Al Shahrani	98	-	98	-	-	-
2	Salman bin Nasser Al-Hawawi	22,500	-	1,000	-	(21,500)	-96%
3	Mohammed bin Ali Al Ammari	14,275	-	14,275	-	-	-
4	Abdul Mohsen Bin Mohammed Al Saleh	400	-	400	-	-	-
5	Amr bin Abdullah bin Shallhoub	100	-	100	-	-	-
6	Badr bin Ali Al Ali	20	-	20	-	-	-
7	Fawaz bin Abdul Rahman Al-Hajji	4500	-	4500	-	-	-
8	Amr bin Abdul Razzaq Alnemari	1000	-	1000	-	-	-
9	Basem bin Abdullah Al sallom	250	-	250	-	-	-

29. Description of any Interest, Contractual Papers and Underwriting Rights belonging to the senior executives and their relatives in the company shares or debt instruments:

Description of any interest, contractual papers and underwriting rights belonging to the senior executives and their relatives in the company shares or debt instruments in 2020:							
sequence	Name of the person the interest, contractual papers or underwriting rights belonging to	Beginning of the year		End of the year		Net change	Change percent
		Number of shares	Debt instruments	Number of shares	Debt instruments		
1	Fawaz bin Abdul Rahman Al-Hajji	4500	-	4500	-	-	-
2	Rami Al Hoshan	-		-		-	-
3	Tariq Al-Ghamdi	-		-		-	-
4	Ahmed Al Raquaf	-		-		-	-
5	Abduallah Al Husseni	-		-		-	-

30. Share Activities and Debt Instruments:

During the period ended on 31 December 2020, there are no debt instruments issued by the company. In addition, neither person has any interest in the category of voting shares. Furthermore, the Board members, senior executives and their family members have no interest, option rights or underwriting rights. The company did not issue or grant convertible debt instruments or any option rights, notes or similar rights during that period. Moreover, conversion or acquisition rights under convertible debt instruments, option rights or similar rights certificates issued or granted by the company during that period. No recovery, purchase or cancellation by the company to any recoverable debt instruments and no arrangements or a waiver agreement from any of shareholders for any dividend rights.

31. The number, dates and reasons of the company's applications for the shareholder record:

Number of company application of shareholder record	Application date	Application reasons
1	19/04/2020	Company procedures
2	22/04/2020	General Assembly
3	05/08/2020	Company procedures
4	28/10/2020	Company procedures
5	14/12/2020	Company procedures
6	23/12/2020	Company procedures

32.A statement of the value of the legal paid payments and due for payment of any zakat, taxes, fees or any other dues that were not paid until the end of the annual financial period, with a brief description thereof and reasons therefor:

Description	2020		Brief description	Reason description
	Paid	Due at the end of the annual financial period and unpaid		
Zakat	11,245,300		Zakat payments in the amount of SAR 11.254.300.43 in 2020 are paid to the Authority for the period ended on 31 December 2019.	Regulatory requirement
Tax	67,309,759	1,920,798	The paid amount belonging to withholding tax and VAT for the period from January 2020 to November 2020.	Regulatory requirement
SAMA	1,749,872	3,112,449	Inspection fees for SAMA in addition to the regular fees on sales	Regulatory requirement
CCHI	1,570,232	1,828,306	Inspection fees for CCHI in addition to the regular fees on sales	Regulatory requirement
General Organization for Social Insurance	7,095,188	594,095	Due amount to the organization is for November 2020 subscriptions.	Regulatory requirement
Visa and passport costs	149,500		Non-Saudi employee visa issuance costs-paid	Regulatory requirement
Labor Office Fees	990,334		Non-Saudi employee business cards - paid	Regulatory requirement

* The zakat adjustment for the years 2007-2015 = 7,390,982 riyals, and the tax settlement for the years 2007-2015 = 22,434,344 riyals.

33.A statement of the value of any investments or reserves established for the benefit of the company employees

The company has saving scheme for employees whereby a fixed percent of employees' salaries is deducted. The employees registered in the scheme are 34 employees by the end of 2020 and in the amount of SAR 1 Million and 316 Thousand.

34. Board Acknowledgment:

The Board shall acknowledge the following:

- 1- Account records were developed appropriately.
- 2- Internal Audit System is developed on suitable principles and executed effectively.
- 3- There are no doubts in the ability of the company to continue its business.
- 4- There are no loans taken by the company (whether payable or others).
- 5- There are no arrangements or waiver agreements, under which a shareholder of the company waives any rights of dividends.
- 6- There is no conflict between any recommendations of the audit committee and the Board decisions, and there is no recommendations of the committee refused by the BOD regarding the auditor appointment, dismissal, charges identification and performance evaluation or the internal auditor appointment.
- 7- There is no reservations in the auditor reports, including reservations regarding the annual financial statements.
- 8- No penalty, precautionary attachment or sanction imposed by any judicial, supervisory or regulatory authority on any of BOD members, having a relationship with the company.
- 9- There are no major shareholders at the company

Best of Luck