



## Bylaws of Bupa Arabia for Cooperative Insurance Co. (Saudi Joint stock Company)

### CHAPTER I

#### Establishment of the Company

##### **Article One (1): The Foundation**

This company shall be founded according to Cooperative Insurance Companies Control Law, Companies Law, Capital Market Law and its Implementing Regulations, and the Bylaws of the company; and shall be a joint stock company for the shareholders under the provisions stipulated down below.

##### **Article Two (2): Company Name**

Bupa Arabia for Cooperative Insurance Co. "Saudi Joint stock Company"

##### **Article Three (3): Company Objectives**

The objectives of the company shall be practicing cooperative insurance business in Health Insurance sector and General Insurance sector. The company may proceed with the work necessary to achieve its objectives and shall carry out its activities in accordance with the Cooperative Insurance Companies Control Law and Implementing Regulations, as well as the Regulation issued by The Insurance Authority; and the laws and regulations applicable in Kingdom of Saudi Arabia, provided that the company shall do the latter after obtaining the necessary licenses from component authorities- if any.

##### **Article Four (4): Ownership and Participation in Companies**

The Company shall establish limited liability companies or One-person company, and it may own shares in other existing companies or merge with them. The company shall also be entitled to cooperate with third parties to establish joint stock companies or limited liabilities companies, provided that these companies founded, or participated with, or merged with, or cooperated with in order to achieve the company objectives must be performing similar business, or financial business with strict compliance with the relevant laws and guidelines.

##### **Article Five (5): Head Office of the Company**

The Company's head office shall be in city of Jeddah, KSA, and the Company's head office shall not be transferred to another city, without a resolution passed by the extraordinary General Assembly meeting, and upon the approval of The Insurance Authority. The company may, subject to the applicable Saudi laws, regulations, and instructions, establish branches, offices or agencies within or outside the Kingdom of Saudi Arabia upon the approval of Board of Directors, and after obtaining a written consent from The Insurance Authority.

### **Article Six (6): Duration of the Company**

The Duration of the company shall be ninety-nine (99) Georgian years starting from Entry Date according to the commercial register, given that this duration may be extended by a resolution of the Extraordinary General Assembly passed at least one year prior to the expiration of the duration of the Company.

## CHAPTER II

The rules that company abide by in conducting its business and its intended objectives.

### **Article Seven (7): Investments of the company**

The company shall invest its fund collected from the insured persons and shareholders in accordance with the rules set by the Board of Directors; pursuant to the Cooperative Insurance Companies Control Law and its Implementing Regulations, and laws and regulations issued by The Insurance Authority or any other relevant authority.

## CHAPTER III

### Capital and Shares

### **Article Eight (8): Capital**

The share capital of the Company shall be SAR 1,500,000,000 (one billion five hundred million Saudi Riyals) divided into SAR (150,000,000) one hundred and fifty millions of nominal shares of equal value, each for SAR 10 (Ten Saudi Riyals), all of which are ordinary shares; given that the paid up capital amounts to one billion five hundred million Saudi Riyals (1,500,000,000).

### **Article Nine (9): Share Subscription**

The shareholders have subscribed to the company's whole issued capital shares, which are one hundred and fifty million (150,000,000) shares, amounting to one billion five hundred million (1,500,000,000) Saudi riyals, paid in full.

### **Article (10): Issuance of Shares**

1. The shares shall be of nominal value and may not be issued for less than their nominal value. However, the shares may be issued for higher than such value, in which case the difference in value shall be added to an independent item under Shareholders' equity; and may not be distributed as profits among Shareholders. A share shall be indivisible vis-à-vis the Company. In the event that a share is owned by several persons, they shall select one person from amongst them to act on their behalf in regard to the rights pertaining to the share, and they shall be jointly responsible for the obligations arising from the ownership of such share.
2. The company may, after obtaining the NO Objection Statement from Insurance Authority, buy and sell its shares according to Employee Stock Ownership Plan in strict compliance with Companies Law, and control measures issued by supervisory and regulatory authorities.

### **Article Eleven (11): Share Exchange**

The company shares shall be exchanged in accordance with Capital Market Law and its Implementing Regulations.

### **Article Twelve (12): Sale of Partly Paid-up Shares**

1. A shareholder shall pay the value of a share at the specified dates. If a shareholder fails to pay on the due date, the Board may, after notifying such shareholder by letter sent to their address as recorded in the shareholder register or by any modern technological means, sell such share either in a public auction or in the capital market, as the case may be.
2. The Company shall receive the amounts due thereto from the sale proceeds and shall return any remaining amount to the shareholder. If the sale proceeds are insufficient to cover these amounts, the Company may realize such amounts from the shareholder.
3. The rights of partly paid Shares that are still overdue shall not be effective unless paying the remaining due amount or selling such shares according to provisions of the first paragraph thereof. The latter shall not deprive the Shareholder from receiving his portion of distributed dividends, the right to attend assemblies being hold, and the right to vote on the decisions. However, the Defaulting Shareholder may still pay the amounts due plus the expenses incurred by the Company. In such case, the Shareholder is entitled to request the dividend that is decided to be distributed.

### **Article Thirteen (13): Capital Increase**

1. The Extraordinary General Assembly may, after obtaining the approval of The Insurance Authority and the Capital Market Authority (CMA), decide to increase the Company's capital, provided that the Capital have been paid in full. The capital is not required to be paid in full if the unpaid portion of the capital relates to shares issued in exchange for the conversion of debt instruments or financing instruments into shares and the prescribed period for conversion into shares has not expired yet.
2. The Extraordinary General Assembly may, in all cases, allocate all or part of the shares issued for capital increase to employees of the Company and/or its subsidiaries. Shareholders shall not be entitled to the Right of First Refusal/Pre-emptive Right upon issuance of shares allocated to employees.
3. At the time the Extraordinary General Assembly issues a resolution approving the capital increase, a shareholder shall be entitled to the Right of First Refusal/Pre-emptive Right which enable shareholders (already owning shares) to subscribe to the new shares issued against cash contribution. Such a shareholder shall be informed of their Right of First Refusal/Pre-emptive Right through publishing a notice in a daily newspaper or by notifying them via registered mail of the resolution of capital increase besides the conditions of share subscription, duration, commencement date and expiry date of given subscription.
4. The Extraordinary General Assembly may stop applying in force the Right of First Refusal/Pre-emptive Right of shareholders to subscribe for a capital increase against cash contribution or may grant such right to persons other than the shareholders in cases Extraordinary General Assembly shall deem appropriate for the Company's interest.
5. A shareholder may sell or assign the Right of First Refusal/Pre-emptive Right during the period commencing from the date of approval by the General Assembly on the capital increase until the date corresponding to last day of subscription to the new shares related to such right, in accordance with the control measures set by the Capital Market Authority (CMA).

#### **Article Fourteen (14): Capital Reduction**

1. The Company's capital may, by resolution of the Extraordinary General Assembly, be reduced, after the approval of The Insurance Authority, and CMA in cases that the capital exceeds the Company's need or if the Company suffers losses. Provided that, the paid-up capital to the insurance company after capital reduction shall not be less than (100) one hundred million riyals, beside that the paid-up capital to the reinsurance company (or to the insurance company which carry out reinsurance activities) shall not be reduced below (200) two hundred million riyals. The reduction resolution may only be issued after the Extraordinary General Assembly examines the Auditor's Report explaining the reasons for the reduction, the Company's obligations and the effect of the reduction on these obligations.
2. If the capital reduction is a result of the capital being in excess of the Company's need, the creditors shall be invited to submit their objections - if any- on the capital reduction within (forty- five) days prior to the date determined for holding the Extraordinary General Assembly meeting to take the decision of capital reduction. The statement, which should indicate the amount of capital before and after reduction, date of meeting, and the effective date of such capital reduction, shall be attached to the invitation for the meeting. If a creditor objects to such reduction and submits to the Company their documents on the specified date, the Company shall pay their debt if already due or shall provide them with sufficient guarantee to realize their debt if the payment thereof is due at a later date.
3. Attention shall be paid to equal treatment of shareholders own the same class of shares upon capital reduction.

#### CHAPTER IV

#### Board of Directors

#### **Article Fifteen (15): Managing Company Affairs**

The Company shall be managed by a Board of Directors composed of nine (9) members to be elected by the Shareholders' Ordinary General Assembly by cumulative voting for a period not exceeding four years. The structure of the Board of Directors shall stand as an appropriate representation of independent members. In all cases, the number of those independent members shall not be less than two members or one-third of the Board, whichever is more.

#### **Article Sixteen (16): Expiry of Board Membership**

1. Membership of the Board shall expire upon the expiry of its term, or expiry of the duration of appointment of the members thereof according to any laws or instructions applicable in the KSA. Ordinary General Assembly may (upon recommendation from Board of Directors) terminate the membership of any member who have not attend (three) consecutive meetings or (five) separate/nonconsecutive meetings during the term of his membership without a providing a justification that could be accepted by the Board of Directors.
2. However, the Ordinary General Assembly may, at any time, dismiss all or part of the Board members. In such case, the Ordinary General Assembly shall elect a new Board of Directors or new person as a substitute for the dismissed member (as the case may be) pursuant to the provisions of Companies Law, and after obtaining the no objection statement from The Insurance Authority.
3. The Board of Directors, before the expiry of its duration/term, shall convene Ordinary General Assembly to elect new members for the Board of Directors for another coming term. If the election cannot be held and the duration of the Board of Directors have come to end, then the current members of the Board shall continue

to perform their duties for a period not exceeding ninety days at maximum until members of a board of directors are elected for a new term.

4. If the Chairperson and members of the Board of Directors quit, they shall convene Ordinary General Assembly to elect new members for the Board of Directors for another coming term; provided that their quitting shall not be valid unless the new Board has been elected and given that the quitted Board of Directors shall not continue to work for period exceeding one hundred and twenty (120) days.
5. A member of the Board of Directors may quit or step down under a written notification sent to the Chairperson. In case that such a member has observations regarding the company's performance, then a written statement shows those observation shall be written and sent to the Chairperson, provided that the other member of the Board shall review the given statement. The members of the Board of Directors and its Secretary shall be notified if the Chairperson has decided to quit/ step down. In both cases, such quit shall be effective from the date mentioned in the notification. Provided that, the registry office shall receive a fifteen-day prior notice, and The Insurance Authority The Insurance Authority shall be notified within five working days.
6. If the position of a member of the Board of Directors becomes vacant due to the death or quitting any of the members, and this vacant position does not cause a breach of condition necessary for the validity of the Board of Directors as of the decrease in the number of the members below the minimum, then the Board shall appoint (temporarily) an experienced competent individual in this vacant position after obtaining no objection statement from the Insurance Authority and without regard to the order in votes obtained during the General Assembly through which also the Board of Directors has been elected. The registry office shall be notified of the latter within fifteen (15) days, and the CMA within five (5) working days starting from the date of appointment, given that this appointment decision shall be presented to the Ordinary General Assembly in their first meeting; and the appointed member shall complete the same term of their predecessor.
7. If the required conditions for the validity of the Board of Directors have not been met due to the decrease in the number of its members below the minimum stipulated under the Companies Law or pursuant to these bylaws, the rest of the Board members shall convene Ordinary General Assembly with sixty (60) days in order to elect the required number of members.

#### **Article Seventeen (17): Authorities of the Board**

1. Without prejudice to the powers and authorities reserved for the General Assembly, the Board shall have the widest powers to manage the business of the Company in order to attain its objectives. The Board shall represent the company before third parties, governmental and private sectors; before all Sharia courts, Board of Grievances, labor office, higher committees, main committees, securities exchange commissions, other judicial committees, arbitration authorities, civil rights commissions, police departments, chambers of commerce and chambers of industry, all companies, institutions, banks, commercial banks, financial houses, all government financing funds and institutions with their various names and competencies, besides other lenders. The Board shall be entitled to admission; denial; pleading and defending; appeal; waiver; reconciliation; acceptance and rejection of ruling; requesting the implementation or opposing of rulings; abstaining from executing judicial decision; discharge the company's debtors from their obligations; bidding; sell, purchase, and mortgage real estate. The Board shall be entitled to right to enter into contracts and sign in the name of the company and on its behalf in regard to all types of contracts, instruments and documents, including but not limited to companies' articles of associations, annexes and amendments thereof, and amendments decisions; in addition to sign all agreements and instruments/sukuks before notary public and official authorities. This could also include loan agreements, guarantees, warranties, buying and selling bonds

for real estate, issuance of power of attorney on the company behalf, purchasing, selling, conveyance and its acceptance, receipt, delivery, rental, leasing, receipt and payment, opening bank accounts inside and outside the Kingdom, opening, and settling letters of credit, withdrawing and depositing from the Company's accounts at the banks, issuing bank guarantees, issuing guarantees to funds and government financing institutions; signing all papers, promissory notes, cheques, all commercial papers, documents, and signing all banking transactions. The Board shall also, with the scope of its competencies, authorize one or more members, or third parties to proceed with the work or carry out tasks in strict compliance to the relevant laws and regulations.

2. The Board of Directors shall raise loans, whatever its term, or sell or mortgage the company assets; sell or mortgage the company headquarters; discharge the company's debtors from their obligations unless otherwise stated in bylaws or unless the Ordinary General Assembly has issued restrictions on the Board of Directors' authorities in this regard.
3. The Board of Directors is required to obtain the approval of the General Assembly upon selling assets whose value exceeds (fifty percent; 50%) of the value of its total assets, whether the sale is made through one deal or several deals. In such case, the General Assembly must approve the deal exceeding the said percentage out of total value of assets, given that this percentage shall be calculated from date of first deal made since the last twelve months.

#### **Article Eighteen (18): Remuneration of the Board Members, Chairperson, and the managing director**

1. The remuneration for members of the Board of Directors shall be a certain amount of money, or an attendance allowance for meetings, or in-kind benefits, or a certain percentage of net profits. A member may receive two or more of these said benefits, as decided by the General Assembly.
2. The Board of Directors shall determine the remuneration allocated to chairperson for duties and responsibilities assumed in his capacity as chairperson, in addition to the remunerations allocated to the members of the Board.
3. The Board's report to be submitted to the Ordinary General Assembly must include a comprehensive statement of all incentives received by the Board members during the financial year, including remunerations, expense allowances and other benefits. The report must also include a statement of the amounts received by the Board members in their capacity as officers or administrators or any other amounts received thereby in consideration of technical or administrative activities or consultations. The report shall include a statement of the number as well of Board meetings and the number of meetings attended by each member.

#### **Article nineteen (19): Authorities of the Chairperson, Vice Chairperson and the Secretary**

1. The Board shall appoint, from amongst its members, a chairperson and a vice chairperson. It shall also appoint a chief executive officer; and may appoint a managing director. The Chairperson may not hold any executive position in the Company- as it is not permissible to combine between the two. The chairperson is entitled to sign in the name of the company, and to implement the Board decisions.
2. The Chairperson shall represent the company before the courts, arbitration bodies and third parties, and also is entitled to represent the company before administrative courts (Board of Grievances), general courts, enforcement courts at all levels, all other judicial and quasi-judicial committees and bodies, arbitration bodies, notary public offices, the bureau of control and investigation, procurator's office. The Board shall also act on the company behalf in taking necessary actions, attending hearings of all lawsuits and proceedings before all official bodies, all courts and judicial commissions; in making claims; commencing lawsuits; pleading and defending; hearing and responding to claims; admission; denial; reconciliation; waiver; requesting, rejecting



and refusing to take oaths; producing and rebutting witnesses and evidence and appealing against; providing answers, discrediting and crediting; pleading against forgery; challenging the authenticity of handwriting, seals and signatures; applying for the enforcement of judgments; objecting to judgments and lodging appeals; moving for reconsideration; applying for rehabilitation; requesting the recusal of judges; requesting joinder and intervention; applying for arbitration; approving of the arbitration document; appointing experts and arbitrators; challenging the reports of experts and arbitrators and dismissing and replacing the same; receiving judgment instruments; accepting, implementing, denying, objecting judgments, and lodging appeals; applying for company rights towards third parties; demanding the implementation of rulings; requesting the application of Article 230 of the Sharia Pleadings Law; applying for the enforcement of judgments; requesting a travel ban and lifting thereof; requesting a ban to receive company dues; receiving cash amounts or by checks; giving clearances, paying the company's debts; and receiving instruments, documents, and clearances. The Chairman of the Board of Directors may, by a written decision or by legal power of attorney, delegate some of his powers to other members of the Board or to third parties in carrying out a specific work or works. The Chairperson shall be entitled to delegate his respective authorities to members of the Board or third parties to proceed with all or certain duties by virtue of written decisions or by proxy. The Chairperson shall have the power to issue written authorizations; legal and official power of attorneys to delegate, authorize or assign some of the above authorities to one or more persons, entity or more entities. He shall also grant his representatives or agents the right to grant a proxy to third parties. The Board of Directors shall determine salaries, allowances, and remunerations for chairperson and managing director in accordance with the stipulated provisions under Article (19) of these bylaws. The Board of Directors shall appoint a Secretary as well; and may appoint one or more advisors in different company affairs, given that the Board is to determine their remunerations as well. The term of the Chairperson, the Vice-Chairperson, and the Secretary shall not exceed the term of their respective members in the board. They may be re-elected, and the Board may at any time dismiss one or all of them without prejudice to the dismissed person's right in compensation, if the dismissal occurs for an illegal reason or at an inappropriate time.

3. The CEO has the right to carry out the executive management work of the company and follow up on the daily operations. The authorities of CEO shall be as, including but not limited to, follows:  
Manage the company and carrying out all the company's daily work. Such person shall be given all the powers and authorities necessary to achieve company objectives. He shall represent the company before all governmental, official, regulatory and private bodies inside and outside the Kingdom of Saudi Arabia. CEO shall be entitled to enter into also contracts in the name of the company and on its behalf; engaging in tenders and auctions; carry out all procedures and transactions before all parties. CEO also has the right to appoint, contract with, and dismiss the company's directors and employees, and to appoint and dismiss the company's representatives, agents, and lawyers.

The CEO shall be given all authorities to represent the company before the Ministry of Commerce and Investment, the Chambers of Commerce and the General Authority for Investment. CEO is entitled to manage all commercial records and licenses, beside to issuing, renewing, canceling ,amending the same; shall also manage all commercial businesses, oversee and alter the company's branches and their records; add and delete activities; appoint , dismiss branch managers; obtain electronic services and receive codes and passwords; register names and trademarks; registering the use of trademarks, and oppose registration of the same.

The CEO also shall has the authority - by virtue of a decision by the majority of the members of the Board - to establish subsidiaries; amend their articles of association; check with the Ministry of Justice, the Ministry of Trade and Investment, the General Authority for Investment, the Chamber of Commerce, the Zakat, Tax and Customs Authority, notary public offices, and all competent authorities to take the procedures necessary for

establishing subsidiaries; sign on the papers. Finally, CEO shall have the right to appoint, contract with, and dismiss employees in these subsidiary companies.

CEO shall represent the company before General Organization for Social Insurance (GOSI), and act in its behalf in subscribing to it; sign on all transactions; issue electronic requests; receive passwords; request necessary information and certifications; apply for work injury compensations.

CEO shall represent the company before Ministry of Finance and the Zakat, Tax and Customs Authority, and act in its behalf in signing all documents; requesting temporary and final zakat certificates; submitting, reviewing, approving the quarterly and annual financial statements.

CEO shall represent the company before Saudi Civil Defense and municipalities in applying for, receiving, renewing, amending, canceling licenses.

CEO shall represent the company before Ministry of Labor and Social Development, Saudi Human Resources Development Fund, Recruitment offices, and the Ministry of Foreign Affairs in opening files, issuing visas, receiving visa compensation and refunding amounts, amending professions and nationalities, transferring sponsorships, updating data, reporting escapes, canceling reports, issuing and renewing work permits, adding and canceling establishment employees, and receiving Saudization certificates; applying for visits and commercial invitations; visiting Saudi embassies, consulates and any entities represent Saudi Arabia abroad, extending visit visas, signing contracts with recruitment offices; applying for electronic services, receiving codes and pass words; signing agreements for Saudi support and financing programs and receiving and settling support amounts.

CEO shall represent the company before the General Directorate of Passports inside all provinces at all their branches in applying for applying for electronic services, receiving codes and passwords; issuing and renewing Residence Permit (Iqama), amending Iqama data and information; extracting a replacement for a lost or damaged for Residence Permit (Iqama); issuing, canceling, extending exit and return visas, or final exit visas; transferring sponsorships; submitting and updating information for the company and its employees; amending professions, settling and dismissing employees; reporting escape or canceling escape reports; submitting, canceling travel bans; applying for, and extending the visit; completing the required procedures for the deceased; requesting a disclosure of information; check with the expatriates departments, general directorate of expatriates affairs and the department of counterfeiting ; receiving female employees and company supplies from border crossings and airports.

CEO shall represent the company before all ministries, governmental, official and security agencies and bodies, as well as the provinces and governorates, police departments and police stations in connection to all their competencies or in connection to third parties.

CEO shall represent the company before service providers of telecommunications services, fixed telephone, mobile and Internet services; Saudi Electricity Company and National Water Company; and shall represent the company in subscribing to all said services provided, waive services or cancel services, and in passwords for electronic services.

CEO shall be entitled to check with all relevant authorities, complete necessary procedures, signing on papers whenever required; and to apply for electronic services in connection to all the above mentioned, receiving codes and passwords. In addition, CEO shall be entitled to issue written authorizations and power of attorneys to delegate, authorize or assign some of the above authorities to one or more persons, entity or more entities. Also, he shall also grant his representatives or agents the right to grant a proxy to third parties.

## **Article Twenty (20): Meetings of the Board**



- 1- The Board of Directors shall hold at least (Four) meetings a year; one meeting every three months through an invitation sent from the chairperson to its members. The chairperson shall convene a meeting whenever any member has request in writing the need to do so in order to discuss one or more subjects.
- 2- Also, the Board of Directors shall determine the place where meetings are held; and the meetings may be held via modern technological means.

#### **Article Twenty-one (21): Quorum of the Board Meetings**

1. A Board meeting shall not be a valid meeting unless attended by at five (5) members, provided three of whom at least must attend in person.
2. If the required conditions for the validity of the Board of Directors have not been met due to the decrease in the number of its members below the minimum stipulated under these bylaws, the rest of the Board members shall convene Ordinary General Assembly within sixty (60) days in order to elect the required number of members.
3. The CMA may decide to convene Ordinary General Assembly even if the number of the Board members is the below the minimum.
4. The Member of the Board shall not presented by proxy or representative. As an exception to this, only a member of the Board of Directors may represent other members in the Board meetings
5. Board resolutions shall be adopted by the majority of votes of the members attending or represented therein. In case of a tie, the Chairperson of the meeting will have a casting vote.
6. In case of urgent matters, the Board may adopt resolutions by circulating them among the members separately unless one of the Board members request in writing a meeting of the Board to discuss these resolutions. Such resolutions must be brought before the Board at the first following meeting to be recorded at the minutes.
7. The resolution of the Board shall be effective from the date of its issuance unless it is not determined to be effective at certain date or upon meeting certain conditions.

#### **Article Twenty-Two (22): Deliberations of the Board**

- 1- Deliberations and resolutions of the Board shall be documented in minutes to be signed by the Chairperson of the Board, the Board members attending the meeting and the Secretary. The minutes shall be recorded in a special register to be signed by the Chairperson of the Board and the Secretary.
- 2- It is allowed to use the modern technological means for signing, documenting deliberations and resolutions, and for recording the minutes of the meeting as well.

#### **Article Twenty-Three (23): Agreements, Contracts, Conflict of Interests, and competitiveness of the company**

1. The company shall have the right to enter into technical services management agreements with one or more competent companies in insurance sector, after obtaining no objection statement from the Insurance Authority.
2. A member of the Board may not has any interest, direct or indirect, in this business and contracts made for the company interest, except that such member has obtained a license from the Ordinary General Assembly, and this member shall also inform the Board about having any interest, direct or indirect, in this business and contracts made for the company interest; given that it shall be recorded at the minutes of the meeting.
3. In such case, this member may not participate in voting the relevant decision issued in this regard during Board meeting or General Assemblies.

4. The chairperson shall disclose if any of the Board members has any interest, direct or indirect, in this business and contracts made for the company interest during the Ordinary General Assembly. Along with this disclose, the chairperson shall submit a report prepared by the external auditor.
5. If any member has not disclosed his interest, then the company or beneficiaries shall bring a claim before the competent judicial bodies annul the contract or oblige this member to pay any profits or benefits achieved from that.
6. A member who has an interest gained from a given business or contact shall take full responsibility of any damages resulting from business or agreement mentioned in P.2 therein. Also, members of the Board shall bear the responsibility of the previously said if these business or agreements made have violated of the provisions of that paragraph or in case it proven to be unfair or involves a conflict of interest and cause harm to the shareholders.
7. Only members who have explicitly objected the latter, and their objection has been recorded in the minutes of the meeting shall be exempted from responsibility, given that if any members have been absent and fails to attend the meeting where given decision was passed shall not be exempted from responsibility unless it establish and proven that this absent member had no knowledge of this decision or was unable to raise an objection after hearing of it.
8. A member of the Board of Directors may not participate in any business that would compete with the company or compete with the company activities run at any of its branches. Otherwise, the company shall claim appropriate compensation from this member before the competent judicial authority, unless a license has been obtained from the Ordinary General Assembly or from the Board of Directors based on a mandate- to be renewed annually- from the General Assembly allowing such member to do so.

## CHAPTER V

### Shareholder Assembly:

#### **Article Twenty-Four (24): The General Assembly of Shareholders**

1. The General Assembly of Shareholders shall be chaired by the chairperson or vice chairperson - in case of absence of the chairperson, or by a member from the Board who duly represent them in their absence. Failing that, the member who shareholders have nominate by voting from amongst the Board shall chair the General Assembly.
2. Each shareholder shall have the right to attend the General Assembly meetings whether in person or by proxy, given that this representative shall not be one of the Board members.
3. The General Assembly meetings may be held by modern technological means where shareholder could participate in deliberations and voting decisions.

#### **Article Twenty-Five (25): Authorities of the General Assembly**

Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly shall be in charge of all matters relating to the Company and shall be convened at least once a year within the six (6) months following the end of the Company's financial year. The Ordinary General Assembly may be called to hold other meetings whenever needed.

## **Article Twenty-Six (26): Authorities of the Extraordinary General Assembly**

The Extraordinary General Assembly will have the authority to amend the Company's Bylaws, except for matters which are legally forbidden to be amended, and it may issue decisions in matters already included in the competence of the Ordinary General Assembly, and that is under the same terms and conditions prescribed by the Ordinary General Assembly.

## **Article Twenty-Seven (27): Invitation to Assemblies**

1. The General Assembly may be held at the invitation of the Board of Directors. The Board shall convene a meeting of the Ordinary General Assembly within 30 days from the date of request by the auditor, the audit committee or a number of shareholders representing at least 10% of the capital, given that these shareholders shall have the right to vote. The auditor may convene a meeting of the General Assembly if the Board fails to call for such meeting within thirty (30) days from the date of the auditor's request.
2. The request referred to in Paragraph 1 shall include the points require the shareholder to vote on.
3. The invitation to General Assembly shall be sent at least (twenty-one) days prior to the date scheduled for the meeting, while considering a number of matters indicated as follows:
  - أ. Informing shareholders via sending letters to their addresses listed in the shareholders' register or posting the invitation through modern technological means.
  - ب. Sending a copy of invitation and agenda to the commercial registry and CMA.
4. The invitation to assemblies shall at least includes the following:
  - أ. A statement shows who are entitled to attend the assemblies, and their respective right to authorize a representative other than the Board members; and statement show the right of the shareholder to discuss the subjects listed on the agenda, and to pose questions, as well as statement indicate how to exercise the right to vote.
  - ب. The place where meeting is held, beside date and time.
  - ج. Type of the meeting whether it be General Assembly or Private Assembly
  - د. The agenda, given that it should involve the points require the shareholder to vote on.
5. Based on a decision by the Capital Market Authority, the Ordinary General Assembly may be called to convene in the following cases:
  - أ. If the duration determined has expired without holding a meeting (i.e., within the next six months following the end of fiscal year).
  - ب. If there is decrease in the number of the members below the minimum stipulated.
  - ج. If there are violations to the provisions of laws or bylaws, or if there is a failure in the company management.
  - د. If the Board shall convene a meeting of the Ordinary General Assembly within 15 days from the date of request by the auditor, the audit committee or a number of shareholders representing at least 10% of the capital, given that these shareholders shall have the right to vote.

## **Article Twenty-Eight (28): Attendance Record of Assemblies**

Shareholders who desire to attend the General Assembly or Private Assembly shall enroll their names at the company's head office before the time specified for the assembly to be held or through modern technological means.

### **Article Twenty-Nine (29): Quorum for Meetings of the Ordinary General Assembly**

1. A meeting of the Ordinary General Assembly shall be valid only if attended by Shareholders representing at least 25% (twenty five percent) of the Company's capital, given that these shareholders have the right to vote.
2. If such quorum is not met in accordance with paragraph 1 therein, the meeting shall be postponed to another date to be within (30) Days from the date of the first meeting, given that it shall be held under the same provisions stipulated in Article (27) of the bylaws. The second meeting shall be held within one (1) hour after the prescribed time for the first meeting, provided that the invitation shall include clauses allowing this. In all cases, the second meeting shall be valid whether the attendees have the right to vote or not.

### **Article Thirty (30): Quorum for Meetings of the Extraordinary General Assembly**

1. A meeting of the Extraordinary General Assembly shall be valid only if attended by Shareholders representing at least 50% (fifty percent) of the Company's capital, given that these shareholders have the right to vote.
2. If such quorum is not met in accordance with paragraph 1 therein, the meeting shall be postponed to another date to be within (30) Days from the date of the first meeting, given that it shall be held under the same provisions stipulated in Article (27) of the bylaws. However, the second meeting may be held within one (1) hour after the prescribed time for the first meeting, provided that the invitation shall include clauses allowing this. In all cases, the second meeting shall be valid whether the attendees representing at least 25% (twenty five percent) of the Company's capital, given that these shareholders have the right to vote.
3. If quorum of the second meeting is not met, an invitation to convene a third meeting shall be forwarded to shareholders in order to be held under the same provisions stipulated in Article (27) of the bylaws. In all cases, the third meeting shall be valid whether the attendees have the right to vote or not.

### **Article Thirty-one (31): Voting at Meetings of the Assemblies**

1. Each shareholder shall have one vote per share in the General Assemblies. Cumulative voting shall be applied to election of the Board members, whereas the right to vote per shall not be utilized more than once.
2. Members of the Board of Directors may not participate in voting Assembly's decisions in connection to business and contracts, in which they have a direct or indirect interest or that involve a conflict of interest.

### **Article Thirty-Two (32): Resolutions of the Assemblies**

1. Resolutions of the Ordinary General Assembly shall be passed by absolute majority of the shares represented at the meeting and whose owners have the right to vote.
2. Resolutions of the Extraordinary General Assembly shall be passed by two-thirds majority of the shares represented at the meeting unless the resolution relates to increase or reduction of capital, extension of the Company's term, dissolution of the Company prior to the term set therefor in its Bylaws or merger of the Company with another company, in which case such resolution shall only be valid if passed with a three-quarters majority of the shares represented at the meeting, given that the owners of the shares represented shall have the right to vote.

### **Article Thirty-Three (33): Deliberations at Meetings of Assemblies**

Each shareholder shall have the right to discuss the subjects listed on the agenda of the Assembly and may address questions in respect thereof to the Board members and the auditor; and each provision therein deprives the shareholder of this right is invalid. The Board members or the auditor shall answer questions of the shareholders to

the extent that does not expose the Company's interest to harm. If a shareholder **deems** the answer to their question is unsatisfactory, they may raise the issue with the Assembly whose resolution in that regard shall be effective and enforceable.

#### **Article Thirty-Four (34): Preparation of Minutes**

The minute of the Assembly has been executed and it includes the number of shareholders attend in person or by proxy and representatives, and the number of owned shares, and the number of votes determined for shares, decisions taken, number of votes on those decisions whether approving or rejecting, a brief overview of the discussion. This minute shall be documented and recorded in a special register on a regular basis after each meeting to be signed by the presiding officer, secretary, and voting officers.

### CHAPTER VI

#### Board Committees:

#### **Article Thirty-five (35): Board Committees**

Board Committees shall be formed in accordance with the relevant laws and regulations.

### CHAPTER VII

#### Auditor:

#### **Article Thirty-Six (36): Appointment of Auditor**

1. The Company shall have one or more auditors from amongst the auditors licensed to work in the KSA. The Ordinary General Assembly shall annually appoint the auditor and shall determine their compensation and duration of appointment and it may re-appoint them, provided that the auditor's total duration of appointment shall not exceed the duration determined under the provisions prescribed by law
2. Pursuant to a decision by the General Assembly, the auditor may be dismissed, and the Chairperson of the Board of Directors shall inform the competent authority of the dismissal decision and its reasons, within a period not exceeding (five) days from the date of issuance of the decision.
3. The auditor may resign/ quit from his job under a written notification submitted to the company, and that resignation shall be effective from the date of submission such notification or on a later date specified, without prejudice to the company's right to claim compensation for the damage occurred if Auditor has caused such damage. The resigned Auditor shall submit to the company and competent authorities a statement- attached to the said notification- indicating the reasons of resignation. The Board of Directors shall invite the General Assembly to hold a meeting to consider the reasons of such resignation, appoint another auditor, as well as to determine compensation, duration of appointment, scope of work of the newly appointed auditor.
4. The auditor's duration of appointment may not exceed seven continuous or nonconsecutive financial years, and this duration shall be recalculated after at least three continuous financial years from the end date of the last financial year in which he worked on auditing the company's accounts.

5. The auditing supervisor's duration of appointment may not exceed seven continuous or nonconsecutive financial years, and this duration shall be recalculated after at least three continuous financial years from the date of the end of the last financial year in which he supervises on the audit work of company accounts.

#### **Article Thirty-Seven (37): Auditor's Authorities**

The auditor may, at any time, have access to the financial books and records of the Company and any other supporting documents; in addition, the auditor may ask for any statements or clarifications they deem necessary; and shall verify the assets and liabilities of the Company And any other work that lies within the scope of his work. The Chairperson of the Board shall enable the auditor to perform their duties. If the auditor faces any difficulty in this regard, they shall state that fact in a report to be submitted to the Board. If the Board does not facilitate the job of the auditor, the auditor shall request the Board to convene a meeting of the Ordinary General Assembly to consider the issue. The auditor, also, may extend such invitation to the Ordinary General Assembly if the Board of Directors have not sent within 30 days from the auditor request.

#### **Article Thirty-Eight (38): Auditor's Responsibilities**

The auditor shall submit to the General Assembly an annual report prepared in accordance with generally accepted auditing standards that prove the company's management's position on enabling him to obtain the information and clarifications he requested; in addition to, any violations of the provisions of the Cooperative Insurance Companies Control Law and Implementing Regulations that he may disclosed, as well as any violations to other relevant laws, regulations, instructions, and the company bylaws, considering to what extent these financial statement comply with the company bylaws. The auditor shall submit his report to the General Assembly. If the Assembly decides to certify the Board of Directors' report and the financial statements without viewing and reading the auditor's report, then such decision shall be invalid.

### CHAPTER VIII

#### Company accounts and Distribution of dividend

#### **Article Thirty-Eight (38): Fiscal Year**

The Company's financial year commences on (January) and expires by the end of (December) each year. The first financial year shall commence from the date of issuance of cabinet decision in order to validate the incorporation of the Company and it shall expire by the end of December of the following year.

#### **Article Forty (40): Financial Documents**

1. At the end of the financial year, the Board shall prepare the Company's financial statements; given that the latter shall comprise of (Statement of financial position for insurance operations and shareholders, surplus



value); (the deficit in the insurance operations, shareholder Income Statement, Shareholder Equity Statement, Cash Flow Statement for Insurance Operations and Cash Flow Statement for Shareholder). As well as the Board shall prepare a report about its activities and financial position for the previous financial year. The report must include the method proposed for distribution of dividends. The Board shall put these documents at the disposal of the auditor at least forty-five (45) days prior to the date scheduled for the convening of the General Assembly.

2. The Company's Chairperson, CEO and CFO shall sign the documents referred to in paragraph 1 of this Clause. Copies of these documents shall be kept at the Company's head office at the disposal of the shareholders at least twenty-one (21) days prior to the date scheduled for the convening of the General Assembly.
3. The Chairperson of the Board shall provide the shareholders with the Company's financial statements, the Board report and the auditor's report, unless they are published via modern technological means at least twenty-one (21) days prior to the date scheduled for the convening of the General Assembly. Therefore, these documents shall be deposited and kept in accordance with the executive regulations of Companies Law.

#### **Article Forty-one (41): Insurance Accounts**

The insurance operation account shall be separate from the income statement of shareholders, as shown:

##### First, Accounts of insurance operations:

1. An account shall be dedicated for earned premiums, reinsurance commissions, and other commissions.
2. Another account shall be dedicated for compensations incurred by the company.
3. At the end of each year, the total surplus which represents the difference between the total premiums and compensations minus the marketing, administrative and operational expenses; and the necessary technical allocations according to the regulating instructions shall be calculated.
4. The net surplus shall be calculated as follows: By adding total surplus mentioned in Paragraph (3) above or by deducting the return on investment of the insured persons (after calculating their returns and deducting the due expenses) from the net surplus.
5. Distribution of net surplus: either by distributing a amount of (10%) ten percent to the insured persons directly, or by reducing their premiums for the following year. And the remaining (90%) ninety percent is transferred to the shareholders' income accounts.

##### Second, Income statement of shareholders:

1. The shareholder shall receive their dividends from the return on investment in accordance with the rules set by the Board of Directors.
2. The shareholder share of net surplus shall be calculated according to what what is mentioned in the Paragraph (5) under "First" section if this Article.

#### **Article Forty-Two (42): Zakat, Reserve and Distribution of Dividend**

The company shall abide by the following:

1. Deduct Zakat and income tax prescribed by law.
2. Deduct 20% of the net earnings to be added to the Statutory Reserve. The Ordinary General Assembly may decide to discontinue deducting given percentage if Statutory Reserve reached 100% of paid-up capital.
3. Upon determining the amount of net earnings allocated for each share, the Ordinary General Assembly may decide to form other reserves, to the extent that serves the interest of the company or ensures the distribution of fixed earnings as much as possible to shareholders.

4. The company's net annual earnings shall be distributed after deducting all general expenses and other costs; after the formation of the necessary reserves to confront doubtful debts; investment losses, and contingent liabilities that the Board of Directors deems necessary in accordance with the provisions of the Cooperative Insurance Companies Control Law and the provisions issued by the Insurance Authority. An amount is allocated from the remaining amount of earnings after deducting reserves and zakat determined under relevant laws, given such amount shall be at least 5% of the paid up capital to be distributed on the shareholders according to what the Board of Directors shall propose and what the General Assembly shall decide. If the remaining amount of earnings due to shareholders does not reach the said minimum percentage, then shareholders may not demand its payment in given year or the following years. The General Assembly may not decide to distribute a percentage of earnings in excess of what the Board of Directors had proposed.
5. The company may, after obtaining a no objection statement from the Insurance Authority, distribute interim dividends to its shareholders on a semi-annual or quarterly basis in accordance with the control measures issued by the Capital Market Authority, and based on a mandate- renewed annually- issued by the General Assembly of the Board of Directors that state distributing interim dividends.

#### **Article Forty-Three (43): Entitlement to Dividends**

A shareholder shall be entitled to receive their dividends in accordance with the resolution by the General Assembly in this regard. The resolution must indicate the date of entitlement and the date of distribution. Profits shall be distributed on the shareholders, whose name are registered in the Shareholders Register, at the end of the day corresponding to the date of maturity determined. The company shall inform the Capital Market Authority (CMA), without delay, of any decisions regarding the distribution of dividend or any recommendations thereof; also the company shall pay the dividends to be distributed on the shareholders at the place and dates determined by the Board of Directors, in accordance with the instructions issued by the competent authority, and after receiving the prior written consent from the Insurance Authority.

#### **Article Forty-Four (44): Company's Losses**

If losses of the company reach one-half of the paid-up capital, the Board of Directors must disclose that within 60 days from the date the company had known of this amount of loss, beside any other related recommendations. The company shall also send an invitation to convene an Extraordinary General Assembly meeting within 180 days from the date the company had known of this amount of loss in order to consider the continuity of company activities and to take remedy procedures to handle those losses.

### CHAPTER IX

#### Disputes

#### **Article Forty-five (45): Company Responsibility**

The company shall abide by all actions and decisions undertaken by the Board of Directors, even if it is out of the specified competencies scope, unless the given beneficiary is not acting in good faith or knows that those actions are out of the specified competencies scope.

#### **Article Forty-Six (46): Responsibility of Board Members**

1. The members of the Board of Directors shall be jointly responsible for compensating the company, shareholders, or third parties for the damage that arises from their mismanagement of the company's affairs or their violation of the provisions of the Cooperative Insurance Companies Control Law, its implementing regulations, other relevant laws, regulations, and instructions, as well as bylaws. Any provision stipulating otherwise shall be deemed null and void. All members of the Board of Directors shall be fully responsible if an error or mistake arises from a decision issued unanimously by them. As for the decisions issued by the majority, the opposing members are not hold responsible once they explicitly prove their objection in the minutes of the meeting. Any members have been absent and fails to attend the meeting where given decision was passed shall not be exempted from responsibility unless it establishes and proven that this absent member had no knowledge of this decision or was unable to raise an objection after hearing of it.
2. The approval of the Ordinary General Assembly to discharge the members of the Board of Directors does not prevent the filing a lawsuit against them.
3. With the exception of cases of fraud and forgery, the claim shall not be heard after (5) five years from the end of the fiscal year in which the harmful act has been occurred, or after (3) three years from the expiration of the membership of the concerned Board of Directors member, whichever is later.
4. Each shareholder is entitled to file a claim against any of the members of the Board if the error committed by them causes special harm to given shareholder. The shareholder may not file the aforementioned claim unless the company's is remained entitled to such a right. The shareholder shall inform the company of his intention to file a claim, provided that such shareholder right to file a claim is limited only to claiming compensation for the certain damage that happens to him.
5. The competent judicial body may, upon the shareholder's request, charge the company the expenses incurred by shareholder to file such claim, regardless of final judgment in case that the claim is filed in good faith, and it occurs to be is in the company's interest as well.

#### **Article Forty-Seven (47): Dissolution of the Company**

1. The company shall be dissolved under one of the reasons of dissolution of the company mentioned in Article (two hundred and forty-three) of the Companies Law. By dissolution of the company, it shall enter the stage of liquidation in accordance with the provisions of Chapter Twelve of the Companies Law. If the company is dissolved and its assets are not sufficient to pay its debts or it is in default according to the bankruptcy law, then the company shall proceed with liquidation procedures at competent judicial body pursuant to the provisions of the bankruptcy law.
2. The voluntary liquidation decision shall be issued by the partners/shareholders or the Extraordinary General Assembly.
3. The liquidation decision shall include the appointment of the liquidator, his respective authorities, fees, the restrictions imposed on his authorities, and the duration required for liquidation. The duration of voluntary liquidation must not exceed three (3) years and may not be extended for more than given period, except by judicial order.
4. The authority of the company's Board of Directors shall be ineffective upon its expiration. However, the members of the Board shall remain in charge of the company's management and shall be considered as liquidators to other third parties until the liquidator is appointed. During the liquidation period, the company's departments shall retain their authorities that do not conflict with that theirs of liquidator. In addition, the liquidation process shall reserve the right of those entitled to receive insurance surplus and reserves in according to the stipulated provision of Articles (41) and (42) of the bylaws.



**Article Forty-Eight (48): Law governing the Company.**

The provisions of Cooperative Insurance Companies Control Law and Implementing Regulations; Companies Law, and its regulation, as well other relevant laws, regulations, instructions shall apply to all other matters not specifically provided for herein.

**Article Forty-Nine (49): Publication**

These Bylaws shall be filed and published in accordance with the provisions of the Companies Law and its regulations.