

Company Bylaws of Bupa Arabia for Cooperative Insurance Company

A Saudi Joint Stock Company

(As approved by the General Assembly Meeting of 30 June 2020)

Chapter One

Company Incorporation

Article 1: Incorporation:

Incorporated in accordance with the provisions of the Law on Supervision of Cooperative Insurance Companies and, the Companies' Law, Capital Market Authority Law and Regulations and Company Bylaws, a Saudi Joint Stock Company between the Shareholders, whose provisions are presented below.

Article 2: Company Name:

Bupa Arabia for Cooperative Insurance Company.

Article 3: Company Objective:

The Company's **Objective** includes carrying out the business of cooperative insurance in the branch of health insurance. Bupa Arabia shall carry out all the activities necessary for achieving its Objective.

The Company carries out its activities in accordance to the provisions of the Cooperative Insurance Companies Supervision Law, its Implementation Regulations and other Regulations applicable in the Kingdom of Saudi Arabia, after obtaining the necessary licenses from the competent authorities, if any.

Article 4: Participation and ownership in companies:

The Company may incorporate limited liability companies. Or Sole Proprietorship companies. It may also own shares in other existing companies or merge with them. It has the right to participate with third parties in the incorporation of joint stock companies or limited liability companies. The companies that the Company incorporates, participates in or merges with must do business or financial activities similar to the objective of the Company or to support achieving its objective, after

fulfilling the requirements of the regulations and instructions and after obtaining the approval from the responsible authority, the Saudi Arabian Monetary Authority.

Article 5: The Company's Location:

The Company's headquarters are located in Jeddah and, with a resolution from the Extraordinary General Assembly, may be moved to any other city in the Kingdom of Saudi Arabia, with the approval of the Saudi Arabian Monetary Authority. The Company may establish branches, offices, and agencies inside and outside the Kingdom of Saudi Arabia, with the approval of the Saudi Arabian Monetary Authority.

Article 6: The Company's Term:

The Company's term is 99 Gregorian calendar years, commencing from the date of registration in the commercial records. The term of the Company may be extended by resolution from the Extraordinary General Assembly at least one year prior to the expiry date.

Chapter Two

Regulations the Company Must Adhere to while Undertaking its Specific Activities and Objectives

Article 7: Company Investment:

The Company shall invest whatever it collects from insurance funds, and the shareholders of the Company, in accordance with the directions of the Board of Directors, and which must not be inconsistent with the Cooperative Insurance Companies Supervision Law, its Implementation Regulations, or any other relevant regulations and instructions issued by the Saudi Arabian Monetary Authority, or any other related regulatory entity

Chapter Three

Capital and Shares

Article 8: The Company Capital:

The Company capital is SR1,200,000,000, one billion and two hundred million Saudi riyals, divided into 120,000,000, one hundred and twenty million shares of equal value. The value of each share is SR10, ten Saudi riyals, all of which are ordinary cash shares.

Article 9: IPO Shares:

Shareholders have fully subscribed to the Company's capital shares and paid in full value.

Article 10: The Shareholder Register:

The Company's shares are being traded in accordance with the provisions of the Capital Market Law and its implementing regulations.

Article 11: Issuance of shares:

11.1 The Company's shares shall be nominal shares and shall not be allowed to be issued at less than the nominal value, but may be issued at higher than the nominal value, and in the latter case, the difference in value shall be added as a separate component within the shareholder's equity. Nominal shares may not be distributed as dividends to shareholders, and the share shall be indivisible in front of the Company, and if a share is possessed by multiple persons, they must be entitled to choose one of them to represent them in the use of the rights related to it, and the persons will be jointly liable for the obligations arising from the ownership of the share.

11.2 The Company, after receiving SAMA's no objection, may buy and sell its shares under the Employee Share Program, in accordance with the Companies Law Regulations and the restrictions that have been issued by the regulatory authorities.

Article 12: Stock Trading:

1. Shares issued by the founders may only be traded after the publication of the financial statements for two financial periods and provided covering not less than (12) months from the date of incorporation of the Company. And the instruments of these shares shall be marked with what indicates its type and the date of incorporation of the Company, and the period during which the trading of the shares has been prevented.
2. During the Prohibition Period, the transfer of ownership of the shares may be allowed in accordance with the sale of the rights from one of the founders to another founder, or heirs of one of the founders, in the event of his/her death, to third parties, or, in the case of the execution of the founder's insolvent assets, others.
3. The provisions of this article shall apply to the founders' entitlement in the case of a capital increase before the expiry of the prohibition period.

Article 13: Capital Increase:

1. The Extraordinary General Assembly can approve to increase the Company's capital, after obtaining the approval from the competent authorities, and provided that the capital has been fully paid.
2. The Extraordinary General Assembly can approve, in all cases, the allocation of the issued shares upon increasing the capital, or part thereof, to the employees of the company, and its subsidiary companies, or some of them, or any of the them, as required and applicable. The shareholders cannot exercise their right of priority over the Company allocating shares assigned to employees.

3. At the issuance time of the General Assembly's resolution for the approval of increasing the capital, the shareholders of the shares have the priority right, in the subscription of new shares issued for pecuniary shares, and those shareholders shall be notified of their priorities, if any, by the publication in a daily newspaper or informing them by registered mail of the capital increase resolution and the shareholders shall be notified about the terms of the subscription, the subscription period, and the dates of the beginning, and the end, of the subscription.
4. The Extraordinary General Assembly is entitled to stop the regular priority rights of the shareholders to subscribe for the capital increase in exchange for pecuniary shares or giving the priority to non-shareholders in cases it deems appropriate for the benefit of the Company.
5. A shareholder is entitled to a priority sale, unless has waived the right, during the period from the time of the capital increase resolution approval by the General Assembly until the last day of the subscription for the new shares associated with these rights, according to the regulations laid down by the competent authority.

Article 14: Capital Decrease:

1. The Extraordinary General Assembly may decide by way of a resolution to decrease the Company's capital if the capital is more than the Company's needs or it is making losses, after obtaining the approval from the competent authorities, and provided that the paid up capital of the insurance company, after the capital reduction, is not less than a hundred (100) million riyals, as the minimum paid up capital for an insurance company or, in the case of an insurance company carrying on at the same time acts of reinsurance, two

PUBLIC

hundred (200) million riyals. Such resolution may only be passed after the recitation of a special report prepared by the auditors covering the the reasons for such reduction, the Company's obligations, and the effect of the reduction on these obligations.

2. If the reduction is the result of the fact that the capital exceeds the Company's needs, creditors should be invited to intimate their objections within sixty (60) days from the date of the announcement of the resolution for the reduction in a daily newspaper distributed in the region where the Company's head office is located. Should any one of the creditors object or submit documents to the Company within the prescribed time, the Company must then settle the debts to the creditor immediately or provide the creditor with a sufficient guarantee for the settlement if the same is deferred.

Chapter Four

Board of Directors

Article 15: Company Management:

The Company is managed by a Board of Directors. The Board of Directors shall be composed of Nine (9) members elected by the General Assembly for a period not exceeding three Gregorian years. This appointment shall not prejudice the right of the legal person to replace his representative on the Board. The composition of the Board of Directors must include independent members. In all cases, the number of independent represented on the Board shall not be less than two or one third of the members of the Board, whichever is greater. The Constituent General Assembly shall assign the first term Board Members for a term that is not exceeding 3 years, starting from the announcement of the Ministry of Commerce & Investment of the formation of the company.

PUBLIC

Article 16: The Board Term Expiry:

1. The Board membership ends upon expiry of the term, resignation, death, or by the Board of Directors establishing a breach of duty on behalf of that member such that it damaged the interest of the Company, provided that it is coupled with the approval of the Ordinary General Assembly, or upon expiry of membership according to any law or instructions applicable in the Kingdom of Saudi Arabia, or upon more than three consecutive, unexcused absences of Board meetings, or if the member was sentenced to bankruptcy or insolvency, or a request for dissolution was made by the member's creditor, or if the member stopped paying his debts, or if the member becomes unconscious, or if the member is befallen with a mental illness, or if the member is convicted of a breach of trust and confidence, or convicted of fraud by a final judgment.
2. The Ordinary General Assembly has the right at any time to dismiss all the members of the Board of Directors, or some of them, without prejudice to the right(s) of the dismissed member(s) towards the Company to seek compensation if the dismissal happens for an unacceptable reason, or at the wrong time, and a member of the Board of Directors may retire, provided that this occurs at the appropriate time, otherwise the member will be responsible before the Company for any damages resulting from the dismissal.
3. If a member of the Board resigns and has notes on the Company's performance, he must submit a written statement to that effect to the Chair of the Board of Directors, and this statement must be presented to the members of the Board of Directors.
4. The Saudi Arabian Monetary Authority must be informed upon the resignation of any member of the Board, or of the termination of his/her Board membership, for any reason other than the end of the Board term, within (5)

five working days from the effective date of the end of the membership, taking into account the relevant disclosure requirements.

Article 17: Vacancy in the Board:

If there is a vacancy in the Board of Directors the Board may appoint, temporarily, a member into the vacancy, from amongst those members having sufficient experience, provided having first obtained the no-objection from the Saudi Arabian Monetary Authority, regardless to the order of obtaining the votes in the General Assembly, which elected the Board of Directors through them, and must notify the Capital Market Authority within five (5) working days from the date of the appointment, and the appointment must be authorized by the General Assembly at its first meeting thereafter, and the new member shall complete the period of the predecessor only. The Ordinary General Assembly may be held by a resolution from the competent authority to convene in the event of a shortage of the number of members of the Board of Directors for the minimum number required. In the case of the resignation or termination of a member of the Board for any reason the Saudi Arabian Monetary Authority must be informed within five (5) working days, from the date of leaving the role, and take into account the related disclosure requirements.

Article 18: The Board Authorities:

1. Subject to the functions specified for the General Assembly, the Board of Directors shall have the broadest authority in managing the Company in order to achieve its objective. Within its authority, the Board may authorize one or more of its members or any third party to carry out certain activities, taking into consideration the related rules and regulations, and the Board of Directors has the right to, for example but not limited to, engage in the bidding, buying and selling of real estate and the entering into of related mortgage

arrangements. The right to contract and sign on behalf of the Company, and on its behalf as the Board, on all types of contracts and documents, including but not limited to; the establishment of the Bylaws of companies in which the Company owns shares, with all its amendments and addendums, and the decisions of the amendments, as well as the signing of the agreements, and the instruments in front of notary officials, as well as loans and guarantees, guarantees and instruments for the sale of, and agreements for the purchase of, real estate, and the issuance of legitimate directives on behalf of the Company, the buying and selling and emptying, acceptance and receipt and delivery, and rental and leasing, and the receiving and paying, and the opening of accounts and credits, and the withdrawing, and depositing with the banks and the issuing of guarantees for banks, funds and institutions of government funding, and signing all the papers and bonds, and the cheques and all commercial papers and documents, and all banking transactions.

2. The Board of Directors may contract for loans of any duration, sell the Company's assets or mortgages, sell or mortgage the Company's commercial place, or absolve the Company's debtors of their obligations, unless these By-Laws include, or the General Assembly issues, restrictions to the powers of the Board of Directors to do so.

Article 19: The Board Remuneration:

1. The remuneration of the members of the Board of Directors shall be a certain amount, may include attendance allowances for attending meetings, be benefits based on a specific percentage of the net profits, and two or more of these benefits may be combined.
2. If the remuneration is a certain percentage of the Company's profits, this percentage may not exceed (10%) of the net profits, after deducting the reserves decided by the General Assembly in implementation of the provisions of the cooperative insurance companies regulation, and the Companies law, and after distributing dividends to the shareholders, which dividends shall not be less than (5%) of the paid-up capital of the Company, provided that the entitlement to this remuneration, is proportional to the number of Board meetings attended by the Board member, and any other cost estimate, in relation to the cost of attending the Board meetings, which contradicts this clause, shall be invalid.
3. In all cases, the sum of the remuneration that a member of the Board of Directors receives shall not exceed the sum of five hundred thousand riyals per annum (with the exception of the Board Chairman and the members of the Audit Committee), in accordance with the regulations set by the Capital Market Authority.
4. The Board of Directors determines the bonus for the Chairman of the Board. The Chairman's bonus is not limited to the annual remuneration cap of the board members. If the Chairman's bonus exceeds the annual cap SAMA's No-Objection must be obtained.
5. The Annual Board Report to the General Assembly should include a comprehensive statement of all the remunerations, expenses and other

benefits that the members of the Board received during the fiscal year. It shall also include a statement of what the members of the Board have received as providers of work services, or as administrators, or what they have received in exchange for technical, administrative or consulting work. It must also include a statement of the number of Board meetings attended by each member from the date of the most recent meeting of the General Assembly.

Article 20: The authorities of the Chairman, Vice-Chairman, Deputed member and Company Secretary:

- 1- From among its members, the Board of Directors shall appoint a Chairman and a Vice Chairman for the Company. The Board also appoints the Chief Executive, it may appoint a delegated member or combine the post of both the Chief Executive and Managing Director in one person, but it is not allowed to combine the post of Chairman of the Board and any executive position of the Company, the Chairman has the right to sign for the company and for implementing Board decisions.
- 2- The Chairman of the Board of Directors has to represent the Company in courts, tribunals and others, And has the representation of the company in front of all the administrative courts (the Board of Grievances), at all official entities and all types and decrees of the courts, execution and judgment enforcement courts, all juridical and semi-juridical committees and authorities, arbitration authorities, notary public, claims, litigation, pleading and defending, listening to lawsuits, replying, acknowledging, denying, conciliation, assignment, asking for oath or objecting to it, or abstaining from it, bringing witnesses, evidences, objecting to them, replying, doubting, modifying, claiming for falsification, denying written submissions, stamps or

signatures, asking for the prevention of travel or removing it, asking for confiscation, asking for dealing restrictions, asking for reconsideration, asking for return of honor, asking for preempting, asking for a change of the judge, asking for entry and overlapping, asking for arbitration, approval of arbitration documents, appointing experts, arbitrators, objecting to experts, and arbitrators reports, asking for their change, receiving sentence deeds, accepting sentences or denying them, objecting to sentences, asking for appeals, claiming for company rights from others, claiming for execution of sentences, asking for application of Article 230 from regulation of legal pleads, asking for confiscation and execution, asking for the prevention of travel or removing it, asking for dealing restrictions to collect the Company's rights, receiving money, in cash or cheques, giving quittances, paying the Company's debits, receiving deeds, documents and quittances. The Chairman of the Board has the right by a written decision to delegate some of his powers to other members of the Board or to a third party in a direct action or specific action and give the right to agents to appoint others. The Board of Directors determines the salaries, allowances and bonuses for each of the Managing Director and the Chief Executive Officer. The Board of Directors shall appoint a Secretary of the Board. The Board may appoint an adviser, or others, to perform one, or more activities, in the support of the achieving of the various activities of the Company, and including the determining of the remuneration of the advisor, or the others.

For the Chairman of the Board, and the Vice-Chairman, and the Managing Director and the Board Secretary, their membership shall be aligned for each of them with the Board term, as per the relevant Board cycle, noting that they may be re-elected to a future Board term, and the Board shall at any time have the

PUBLIC

authority to dismiss any of them, or none of them, without prejudice to the right of the dismissed member(s), to any compensation if the dismissal was found to be due to a reason which either illegal, or at an inappropriate time.

3- The Chief Executive Officer has the right to execute the executive management activities of the Company and follow the daily activities, and has the following powers, for example, but not limited to:

Managing the daily operations of the Company, and has all the powers necessary to carry out the Company's objects, represent the company in all governmental, official, supervisory and private agencies inside and outside the kingdom of Saudi Arabia, and signing contracts in the name of the Company, entering into tenders and auctions and do all actions necessary with all parties, appoint managers and employees of the company or to dismiss them. Appointing and dismissing Company representatives, legal consultants.

Represent the Company at the Ministry of Commerce and Investment, Chambers of Commerce and Saudi Arabian General Investment Authority, for issuing commercial registrations, licenses, renewal and cancellation, add and delete activities, open branches and appoint its managers, obtain electronic services, receiving symbols and passcodes, registering brand names and trademarks, filing objections on the registration of trademarks.

Represent the Company at the General Organization of Social Insurance, conduct the subscriptions and sign all dealings and requests and apply for the electronic services and receipt of the passcodes, request all data and certificates required, apply for employment injury benefits.

Represent the Company at the Ministry of Finance and the General Authority of Zakat and Tax, and sign all documents, and request final or temporary Zakat certificates, and delivery of interim and final financial statements.

Represent the Company at civil defense and municipality to apply for and receive permits, renewal, modification and cancellation.

Represent the Company at the Ministry of Labor and Social Development, Human Resources Development and Recruitment Offices, the Ministry of Foreign Affairs,

PUBLIC

to open files and issue the visas and receive compensation for visas and recover the amounts of the visas, and to adjust the professions and the nationalities, the guarantees and the transfer data updates, and to report breaches of sponsorship requirements, and to cancel breaches of sponsorship requirements, and issue licenses and renewal activities, and to add personnel and cancel them, and receive certificates of Saudization, apply for business visit visas through Saudi diplomatic missions and embassies and consulates abroad, visa extensions and signing contracts with recruitment offices and request electronic services and receipt of symbols and numbers. Signing agreements to support programs and receive subsidies and settlements.

The right to operate with the relevant government authorities, including the passport office, in matters relating to; passports, obtaining residence permits, renewal of residence permits, getting replacement for loss or damaged residence permits, making exit re-entry, making of final exit, transfer of sponsorships, transfer of the sponsorship of workers to the Company, transfer of data, updating data, changing vocations, settlement, assignment of workers, and to report breaches of sponsorship requirements, and to cancel breaches of sponsorship requirements, prevention from travel, cancelling prevention from travel orders, cancelling visas of exit re-entry, cancelling visas of final exits, obtaining replacement travel visas in the event of loss or damage, obtaining the extension of visit visas, finishing the procedures for deceased workers, obtaining statements of workers data (print), dropping workers, review of directorate of transfer and foreigners, directorate of ports affairs.

Represent the Company in all governmental, official and security ministries, bodies, authorities as well as emirates of regions, provinces and police departments and centers with all their business or their relations to others.

Represent the Company with all service provider companies such as telecommunications, fixed line, mobile and internet services, Saudi Electricity Company and National Water Company, to subscribe in its services or waiver or cancel services.

Also, have the right on behalf of the Company to sign for all the above authorities, issuing power of attorneys or authorization letters for one or more persons, for some or all the above authorities, and giving agents the right to authorize others.

Article 21: Board meetings:

PUBLIC

The Board shall meet by an invitation from its Chairman and the Chairman of the Board must call for a Board meeting when so requested if by two of the Board members and which meeting must be documented in the way in which the Board sees it. The Board meetings are to be held on a regular basis and whenever the need arises, the number of annual meetings of the Board shall not be less than (4) meetings so that there will be at least one meeting every three months.

Article 22: Quorum of the Board meetings:

1. The Board meeting shall not be valid unless it has been attended by (five) members themselves, or by way of representation, provided that the minimum number of members personally present must be three.
2. If the necessary minimum number of valid Board members is not in place, in terms of total available number of active Board members, to enable a quorum for the convening of a meeting of the Board of Directors, due to not meeting the required minimum Board member numbers, as stated in these By-Laws, the remaining Board members must invite the Ordinary General Assembly to convene within sixty days to elect the necessary minimum number of Board members.
3. The Capital Market Authority may invite the Ordinary General Assembly to convene in the event that the number of Board Members falls below the minimum required to hold a meeting.
4. A member of the Board of Directors may not delegate to another person to attend the meeting, except a member of the Board of Directors may delegate to another member of the Board of Directors, to attend on his behalf.

5. Board decisions are issued by a majority of the votes of members present or represented, in case the votes are equal, then the side in which the Chairman of the meeting voted for shall preside.
6. The Board of Directors may issue decisions/approvals, for the urgent attention of the Board members, by e-mail circulation, provided in writing, and provided that a Board member does not request otherwise, and provided that in the next formal Board meeting the Board deliberates these decisions, and which basis of these decisions to be presented to the Board of Directors in the first subsequent Board meeting after the decisions.

Article 23: The Board deliberations:

The Board deliberations and resolutions shall be recorded in minutes signed by the Board Chairman, attending Board members and the Board Secretary and such minutes shall be recorded in a special register signed by the Chairman and the Secretary.

Article 24: Agreements and Contracts:

- 1- After obtaining the No-Objection from the Saudi Arabian Monetary Authority, the Company shall have the right to convene a convention to manage the technical services of the Company with one or more of the professionals in the field of insurance companies.
- 2- The Board members may contract with company insurance contracts for their benefit provided that the Board Chairman shall provide the General Assembly with the details of these insurance contracts. And a member of the Board has to notify the Company of his/her direct, or indirect, interest in the business contracts if they are for the account of the Company, and to prove this notification in the minutes of the meeting.

- 3- This member shall not participate in the vote on any decision issued in this regard in the Board or the General Assembly.
- 4- The Chairman of the Board shall notify the General Assembly, about all the related party business and contract transactions, where a member of the Board, whether directly or indirectly, has an interest, and the notification shall be supported by a special report of the External auditors.
- 5- In the event of the failure by a Board member to disclose his/her interests, the Company may, or other interested individual, claim before the competent judicial authority to annul the contract or prevent the member from receiving any gain or benefit.
- 6- The liabilities for damages resulting from the transactions or contracts indicated in this Article shall be upon the member that has an interest in the transaction or contract (including Board members) if these transactions or contracts are in breach of this Article, or if they were deemed unfair, contradict and/or affect the shareholders.
- 7- Board members objecting to such resolutions shall be exempted from any liability once they have proven their explicit objection to such resolution in the minutes of the meeting. The non-attendance of the meeting in which the resolution was issued in shall not be a reason to waive the liability, unless the board member can prove that he was not aware of such resolution or his inability to object once he became aware of such resolution.
- 8- A member of the Board of Directors is not permitted to participate in any business that would compete with the Company, or to compete with the Company in one of the branches, of the activity in which it operates; otherwise, the Company should ask him/her before the competent judicial authority for appropriate compensation, unless he/she has obtained a previous

license from the ordinary general assembly – and which must be renewed every year – which entitles him/her to do so.

Chapter five

Shareholders General Assemblies

Article 25: Attending the General Assembly Meeting:

- 1- The validly formed General Assembly shall represent all the shareholders, and it shall convene in the city where the Company Head Office is located.
- 2- Each subscriber, regardless of the number of shares he/she holds, has the right to attend the general assembly meeting, personally or through another subscriber, provided not a member of the board or of the Company's workers, to attend the General Assembly of the shareholders, and contribute to the deliberations, and vote on its decisions by modern technology, according to rules laid down by the Capital Market Authority.

Article 26: The Constituent Assembly:

- 1- The Founders shall call upon all Subscribers to convene a Constituent Assembly within (45) days from the date of the closing of the subscription in the Shares. The duration shall not exceed 10 days between the day of the invitation and the date of the meeting.
- 2- Each Subscriber, whatever its number of shares, shall have the right to attend the Constituent Assembly. The meeting shall be valid if at least (half) the capital is represented. If this quorum is not reached, a second meeting shall be convened at least 15 days after the invitation has been made. However, the second meeting may be held one hour after the expiry of the period specified for the first meeting. In all cases, the second meeting shall be valid regardless of the number of subscribers represented therein.

Article 27: Competence of the Constituent Assembly:

The Constituent Assembly shall be concerned with the following matters:

1. To verify the subscription to all the shares of the Company and to meet the minimum capital and the amount due from the value of the shares.
2. To confirm the report of the in-kind shares.
3. To approve the final texts of the Company's Bylaws, unless there are substantial amendments to the Bylaws presented to it, except with the consent of all the Subscribers represented therein.
4. To approve the appointment of the members of the first Board of Directors of the Company for a period not exceeding (3) three years, if they have not been appointed in the Company's Memorandum of Association or its statute.
5. To appoint the external auditors for the Company, for no longer than 5 years, and determine their fees, if they have not been appointed in the Company's Article of Association.
6. To discuss the costs of forming the Company and its eligibility for the Ministry of Commerce and Investment, and the Capital Market Authority to send one or more representatives to attend the Constituent General Assembly.

Article 28: The Ordinary General Assembly competence:

Except for the matters of the Extraordinary General Assembly, the Ordinary General Assembly shall approve all matters pertaining to the Company and shall be held at least once a year, within the six months following the end of the Company's fiscal year. Other Ordinary General Assemblies may be convened to meet whenever the need arises.

Article 29: The Extraordinary General Assembly competence:

The Extraordinary General Assembly has the authority to amend the Company's Bylaws/Articles of Association, with the exception of the Articles which the Extraordinary General Assembly is legally prohibited to amend. It may pass resolutions in respect of the matters falling within the authority of the Ordinary

General Assembly under the same conditions and circumstances specified for the Ordinary General Assembly.

Article 30: Invitation to General Assembly Meetings:

1. The public, or private, General Meetings of the shareholders convene by an invitation from the Board of Directors, and the Board of Directors must call for the convening of an Ordinary General Assembly if so requested by the auditor, or the Audit Committee, or by a number of shareholders representing at least (5%) of the share capital. The Auditor(s) may call for the Assembly if the Board fails to invite the Assembly within thirty (30) days from the date of the request of the Auditor(s). This invitation is to be published in the newspaper distributed in the area where the Headquarter of the Company are located, before the date specified, within (21) days at least, and to send a copy of the invitation and agenda to the Capital Market Authority and the Ministry of Commerce Investment.
2. It is permissible by a decision of the Capital Market Authority to invite the Ordinary General Assembly to convene in the following cases:
 - A. If the specified period of time (within the six months following the end of the Company's fiscal year) expires without it completing its regulatory reporting.
 - B. If the number of members of the Board of Directors is less than the minimum validity required for its meetings.
 - C. If it is found that there are violations of the provisions of the Company's Bylaws/Articles of Association, or that a negligence has occurred in the Company's management.
 - D. If the Board did not invite the General Assembly to convene within fifteen days from the date of the request of the external auditor, the Audit

PUBLIC

- Committee, or a number of shareholders which representing at least 5% of the capital.
3. A number of shareholders, representing at least 2% of the capital, may submit an application to the Capital Market Authority to invite the Ordinary General Assembly to convene, if any of the cases stipulated in paragraph (2) of this Article are applicable. The Capital Market Authority shall invite the meeting to convene within thirty days from the date of the submission of the shareholders' request, provided that the invitation includes a schedule of the activities of the association and the items required for the shareholders to approve in the Ordinary General Assembly.
 4. This invitation is to be published in the newspaper distributed in the area where the Headquarters of the Company are located, before the date specified, before (10) ten days at least, and to send a copy of the invitation and agenda to the Capital Market Authority. However, sufficiency may be invited in time mentioned to all shareholders by registered letters. A copy of the invitation and the agenda is to be sent to the Capital Market Authority during the period specified for publication.

Article 31: General Assembly Registry Report:

The Shareholders who wish to attend the General Assembly must lodge their specific names in the Company Headquarter records, before the time specified for the General Assembly Meeting to be held.

Article 32: The Ordinary General Assembly Meeting Quorum:

The convening of the Ordinary General Assembly meeting shall not be valid except if attended by shareholders representing at least one quarter of the Company's capital. If the quorum is not achieved at the first meeting the Company must issue an invite to a second meeting to be held within thirty days following the previous meeting. The meetings are to be published in the manner provided for in Article (30) of these Bylaws, but may, however, hold the second meeting within an hour after the end of the period set for the first meeting, provided that the convening of the first meeting include the announcement of the possibility of holding such a meeting, and in all cases, the second meeting shall be valid irrespective of the number of shares represented therein, and may hold the meetings of the Ordinary General Assembly of the shareholders, and the participation of the shareholders in the deliberations and voting on decisions by modern technology, according to the regulations laid down by the competent authority.

Article 33: The Extraordinary General Assembly Quorum:

The Extraordinary General Assembly shall not be valid unless attended by shareholders who at least represent (half) of the capital of the Company. If such quorum is not achieved at the first meeting, then the same conditions stipulated in Article (30) shall apply, and an invitation shall be sent for a second meeting, which may be held after an hour after the end of the period set for the first meeting, provided that the convening of the first meeting includes the announcement of the possibility of this second meeting, but in all cases, the second meeting will be valid if attended by shareholders representing at least 25% of the Capital. If the quorum is not achieved at the second meeting, and there is an invite to a third meeting to be held, then the same conditions stipulated in Article (30) of these Bylaws shall apply, and

the third meeting will be valid irrespective of the number of shares represented therein, after the approval of the competent authorities. And it may be held by the General Assembly Meeting to be an Extraordinary meeting and the attending shareholders shall contribute to the deliberations and vote on the decisions by modern technology, according to the regulations laid down by the Capital Market Authority.

Article 34: Voting in the General Assembly:

Votes at the Constituent Assembly, the Ordinary General Assembly, and the Extraordinary General Assembly shall be calculated on a one vote for each share basis and the Company must use cumulative voting in the election of the members of the Board of Directors, so that the shareholders may not use the right to vote more than once per share. Board members shall not participate in the vote on the Assembly resolutions which relating to their acquaintance of responsibility for the management of the Company or that relate directly or indirectly to their interests.

Article 35: General Assembly Resolutions:

Resolutions at the Constituent Assembly and the Ordinary General Assembly shall be passed by absolute majority of the shares represented therein. However, if such resolutions are related to the assessment of shares in kind or special privileges, in this case the approval of the majority of subscribers of cash shares representing two-thirds of the said shares, after excluding the shares subscribed in kind and beneficiaries of the special privileges, the resolution is related to the increase or reduction of the capital, the extension of the Company term or dissolution of the Company before the expiry of the term specified in its Bylaws, or the merger of the Company with another company , in which case the resolution shall not be valid unless passed by a majority of three-quarters of the shares represented at the meeting.

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Article 36: Discussions in the General Assembly:

Each shareholder has the right to discuss the topics on the agenda of the Assembly and ask questions on the matter to the members of the Board of Directors and the Auditors. Any text contained in these Company Bylaws which seeks to deprive the shareholder of this right, shall be considered void. The Board of Directors or the Auditor shall answer the shareholder's questions to the extent that it does not expose the Company's interest to be damaged. If the shareholder feels that the answer to his/her question is not convincing, the shareholder should further deliberate the question with the General Assembly, and whatever the General Assembly decides on the matter shall take effect.

Article 37: The Chairman of the General Assembly and preparing the minutes:

The General Assembly shall be chaired by the Chairman, the Vice-Chairman, or whomever the Board elects from its members in the event of the Board Chairman absence. The Minutes shall be prepared for the General Assembly containing the names of the present shareholders, or their representatives, the number of shares they own on behalf of themselves, or by proxy, the number of votes allocated thereto, the passed resolutions, the number of votes agreed and disagreed to such resolutions, and a full summary of the deliberations at the meeting. The Minutes of the meeting should be recorded on regular basis, after entering each meeting in a special record signed by the General Assembly, Chairman, meeting Secretary, and the Votes Collector(s).

Chapter Six

Board Committees created by the Board Directors:

Article 38: Board of Director's Committees:

Boards of Director's Committees shall be formed in accordance with all of the relevant rules and regulations.

Chapter Seven

The Auditor

Article 39: The appointing of the Auditors:

The General Assembly shall appoint on an annual basis two Auditors (or more) to be selected from the Auditors who are authorized to operate in the Kingdom of Saudi Arabia, and to determine their remuneration, and may re-appoint them, considering that the duration must not exceed 5 continuous years, and that whoever finishes this period can be re-appointed again after two years. The General Assembly has the right to change the appointed Auditors, at any time, without prejudice to their right to their compensation, if the change took place at an incorrect time, or for an unjustified reason.

Article 40: The Authority of the Auditors:

The Auditor shall have the right to access the Company's books and records and other documents at any time. The Auditors may also request to have the statements and clarifications deemed necessary by them and to verify the Company's assets and liabilities, and other which falls within their authority. And the Chairman of the Board must enable them to perform their duties, and if the Auditors encountered

difficulty in this regard, which proved in a report submitted to the Board of Directors, that if the Board did not facilitate the work of the Auditors, the Auditors may request the Board of Directors to call an Ordinary General Assembly to consider it.

Article 41: The Auditors' commitments:

The Auditors have to present to the annual General Assembly a report prepared in accordance with the Generally accepted auditing standards confirming that the Company enabled them to obtain the data and explanations they have requested and that they have not detected any violation against the provisions of the Cooperative Insurance Companies control system and its implementing regulations, nor against any other rules and regulations, nor any other relevant opinions against the Company's Bylaws, and including confirmation of the fairness of the presentation of the financial statements of the Company. The Auditors must recite the Auditors' report in the General Assembly. If the Assembly decides to ratify the Board's Report and the financial statements without listening to the Auditors' report, such decision shall be null and void.

Chapter Eight

Company Accounts and Distribution of Profits

Article 42: The Fiscal year:

The fiscal year of the Company shall begin 1 January and end on 31 December in each year, provided that the first fiscal year shall begin from the date of issue of the Ministerial Decision announcing the incorporation of the Company and end on 31 December of the following year.

Article 43: Financial Statements:

1. The Board of Directors shall prepare financial statements at the end of each fiscal year (consisting of financial statements: the balance sheet of the insurance operations and shareholders, the surplus (deficit) from insurance operations, a breakdown of the major shareholders, a breakdown of the shareholders' equity, the statement of cash flows for the insurance operations and a statement of cash flows for the shareholder's), a report on the activities of the Company, and its financial position, for the financial year elapsed. This report should also contain the dividends proposed, and the Board must make available these documents at the disposal of the auditor, before the deadline for the convening of the General Assembly, and before (45) forty-five days at least.

2. The Chairman of the Board, the Chief Executive Officer, and the Chief Financial Officer shall sign the documents listed in paragraph (1), and the Company shall ensure that copies of them are available in the Head Office of the Company at the disposal of the shareholders, at least ten (10) days prior to the date set for the General Assembly.

3. The Chairman of the Board has to provide the shareholders with the financial statements of the Company, the Board of Directors' report and the Auditor's report, unless published in the daily newspaper distributed in the location of the Head Office

of the Company, and to send a copy of these documents to the Capital Market Authority, prior to the date of the AGM by t least fifteen (15) days.

Article 44: Insurance Operations Accounts:

The accounts of the insurance operation are independent of the shareholders' income statement, as follows:

First: Insurance Operations Accounts:

1. The earned premiums account, reinsurance commissions, and other commissions shall be separate.
2. The account for the expenses incurred by the Company shall be separate.
3. The total surplus, that represents the difference between the total premiums and the expenses, shall be determined at the end of each year, minus marketing, administrative, and operational expenses, and any necessary technical provisions, as per the instructions regulating such.
4. The determining of the net surplus shall be as follows:

It shall be calculated by adding to the total surplus stated in Paragraph (3) above, or deducted from it, the insured returns on investment after calculating the insured's returns and deducting the realized expenses.

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

Second: Statement of Shareholders' Income

- (a) The shareholders' earnings shall consist of the return on the investment of their funds in accordance with the regulations put forth by the Board of Directors.
- (b) The shareholders' share of the net profit shall be as is stated in Paragraph (5) of Clause (1) of this Article.

Article 45: Zakat and reserves:

The Company must:

1. Put aside zakat and scheduled income tax.
2. Put aside (20%) of the net profit to form the statutory reserve and the Ordinary General Assembly may discontinue the deduction for the statutory reserve when such reserve has reached 100% of the paid-up capital.
3. The Ordinary General Assembly may, at the proposal of the Board of Directors, set aside a percentage from the annual net profits to form an excess reserve to be allocated for certain objectives approved by the General Assembly.
4. The Company's annual net profits, that it determines, shall be distributed after deduction of all general expenses and other costs, and the formation of the necessary reserves to counter 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 system and regulations, and the provisions required by the Saudi Arabian Monetary Authority. The remainder of the profits after deducting the reserves determined under the relevant regulations and Zakat, not less than 5% of the paid-up capital for distribution to shareholders according to what is proposed by the Board of Directors ,and decided by the General Assembly, and if the remaining percentage of the profits owed to shareholders is not sufficient to pay this percentage, the shareholders may not claim to pay it in the following year or years, and the General Assembly may not decide to distribute a percentage of the profits in excess of what was proposed by the Board of Directors.
5. The Company may, after obtaining the authority's no-objection, distribute interim dividends to its shareholders on a semi-annual or quarterly basis, provided in accordance with the controls issued by the Capital Market Authority, based on an

authorization issued by the General Assembly, for the Board of Directors to distribute interim dividends, which approval must be renewed annually.

Article 46: Profitability:

Shareholders are entitled to their share in the profits in accordance with the General Assembly resolution adopted in this regard, and as set out in the resolution per the due date and the date of the distribution. And to be eligible to the dividends the shareholders need to be the owners of the registered shares in the shareholder register at the end of the due date. The Ordinary General Assembly, upon the proposal of the Board of Directors, may allow a percentage of the annual net profits to be used to create additional reserves, and to customize it for the Company's objectives, or particular objectives determined in accordance with the regulations and the written approval of the Saudi Arabian Monetary Authority.

Article 47: The Company's losses:

If the Company's losses reach half the paid-up capital at any time during the fiscal year, the Company must inform the authorized Company representative, or the Auditor as soon as possible so as to inform the Chairman of the Board, and the Chairman of the Board is to inform the members of the Board that, the Board of Directors must, within (15) days of being made aware, call an Extraordinary General Assembly meeting, within (45) forty-five days after becoming aware of the losses, to decide whether to increase or decrease the Company's capital – according to the Companies Law - and to the extent that it goes down in proportion to the losses to below (half) the paid-up capital, or the dissolution of the Company before the deadline. And the Company must publish the General Assembly resolution in all cases in on the website of the Ministry of Commerce and Investment. The Company terminates by the operation of the law if the General Assembly did not meet within the period specified above, or if it met and was unable to pass a resolution on the subject, or if the Company decided to raise the capital, in accordance with this Article's conditions, and the required shares subscription for the capital increase within (90) ninety days from the issuance of the General Assembly resolution.

Chapter Nine

Disputes

Article 48: Responsibility of the Company:

The Company is committed to all the work and actions conducted by the Board of Directors if they are outside the terms of reference, whether any stakeholder bad faith was known or not, or whether it was known or not that the actions were outside of the terms of reference of the Board.

Article 49: Responsibility of the Board of Directors Members:

1. The Board of Directors' members are jointly liable for the Company's compensation, whether to shareholders or third parties, for damages arising from claims of negligence in the running of the Company's affairs or for violating the provisions of the Cooperative Insurance Companies Supervision Law and its implementing regulations, or of other rules and regulations and other relevant regulations, and every condition to the contrary shall be void. It is the responsibility of all the Board members if the error arose from a decision issued. For the decisions made by a majority of votes, the members who opposed the decision shall only be considered not liable from actions arising from the decision if they are able to demonstrate their opposition clearly through the minutes of the meeting. Absence of attendance from the meeting at which the decision was made shall be considered to be a reason for exemption from the liability issued only if it is clearly proven that the member was not aware of the decision and has been noted as absent, or can prove that it was not possible to challenge it after having learned of the decision.
2. Does not preclude a claim of responsibility that the approval of the AGM discharged the Board of Directors.

3. Nor prevent the hearing of the case involving liability after the expiration of three (3) years from the date of the discovery of the harmful act. With the exception of - the cases of fraud and forgery, where the case involving liability cannot be heard in all cases after five (5) years from the end of the fiscal year in which the act occurred or the date three (3) years from the membership of a member of the Board of Directors terminating, whichever is later.

4. Each shareholder has the right to sue the Company for the responsibility of the members of the Board of Directors if it was a mistake, which was issued by them and which inflicted harm on the Company's affairs. A shareholder may not sue only in the circumstances listed, and provided the Company right to prevent the action remains. The shareholder must inform the Company of his/her decision to sue, with the right to claim compensation for the private damages.

5. The Company may be charged the following expenses that a shareholder has incurred by filing a lawsuit, whatever its outcome, under the following conditions:

- A. If the lawsuit was filed in good faith.
- B. If the presentation to the Company of the reason for which the lawsuit has been filed did not receive a response within thirty days.
- C. If it is in the Company's interest to file the lawsuit based on the provisions of Article (79) of the Companies Law
- D. If the lawsuit has been based on a correct basis.

Chapter Ten

Company Dissolution and Liquidation

Article 50: The expiration of the Company:

The Company enters into a state of liquidation once it expires and maintains a legal personality necessary for the liquidation of the extent, and where a liquidation decision has been issued by the shareholders, or the General Assembly, and it must include in the liquidation decision the appointment of a liquidator, and determine his/her powers and his/her fees, and restrictions on the powers necessary for the liquidation of the time, duration and should not exceed a period of voluntary liquidation of five (5) years, and may not be extended for more than that except by judicial order, ending the Company's Board authority to resolve, though it remains such that those in charge of the Company's management are able to prepare for the role of the liquidators/to be appointed liquidator, and the rest of the services of the Company per g the liquidation terms of reference, that are not inconsistent with the terms of reference of the liquidator for, and to take into account the rights of the participants in the surplus from the insurance operations, and reserves, made up as stipulated in articles (44) and (45) of these Bylaws.

Chapter Eleven

Final provisions

Article 51: Company Bylaws:

The provisions of the Cooperative Insurance Companies Supervision Law and its Implementing Regulation, the Companies' Law, and its Executive Regulations and any other relevant instructions and regulations shall be applied to everything not mentioned in these Articles of Association/Bylaws.

Article 52: Publication:

These Bylaws shall be lodged and published according to the Companies' Law and its Regulations.