



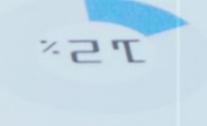
Corporate Governance Report

Corporate Governance
is an essential part
of the Group's culture

REPORT

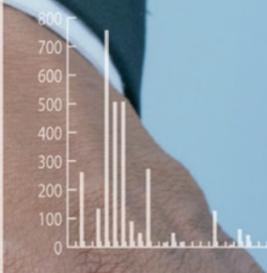
REPORT

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Financial Data	2016	2017	2018	2019
Revenue	128.29	136.26	137.52	138.21
Profit	181.11	188.28	181.72	178.53
Operating Profit	180.11	184.12	180.87	177.88
EBITDA	200.00	200.00	200.00	200.00

ASSETS	
CASH AND CASH EQUIVALENTS	10,000
ACCOUNTS RECEIVABLE	20,000
PROPERTY AND EQUIPMENT	30,000
INVESTMENT PROPERTIES	40,000
INVESTMENT SECURITIES	50,000
PROPERTY PLANT AND EQUIPMENT	60,000
DEFERRED TAX ASSETS	70,000
OTHER NON-CURRENT ASSETS	80,000
OTHER ASSETS	90,000
TOTAL ASSETS	1,000,000



Dear GIG Shareholders,

On behalf of my colleagues, members of the Board of Directors, and myself, I present to you the Annual Corporate Governance Report of GIG for the fiscal year ending 31 December 2022.

In GIG, the Corporate Governance philosophy comes from our belief that efficient, transparent, and impeccable Corporate Governance is vital for stability, profitability, and desired growth of the business as well as for advancing investors' confidence and return on investments to the shareholders. The importance of Corporate Governance has also increased in recent times, owing to ever-growing competition in businesses and regulatory requirements in each territory in which GIG operates.

Our corporate governance philosophy is based on the following principles:

- Maintain corporate governance standards as per the regulatory requirements, not just of fulfilling the keen intention of such regulations;
- Create transparency at the highest level and disclose when in doubt;
- Ensure integrity in distinguishing personal and business resources;
- Establish clear and rightful external communication on strategy and operations;
- Maintain a rational corporate structure solely basis on business needs;
- Create a balance between business and social goals;
- Ensure the fairness and equality treatment to all shareholders;
- Adopt the culture of professional conduct and ethical values among stakeholders;
- Establish effective risk management;
- Maintain the independence of auditors.

In the accomplishment of the above principles, GIG has established a multi-layered process that stems from the group's culture, policies, values, and ethics; especially for the management and dealing with various stakeholders. It is also very much committed to continuing scaling up its Corporate Governance standards and generating value that is not only rewarding to the businesses but remains sustainable in the long-term interests of all stakeholders. It will remain our responsibility to disclose timely and accurate information regarding our financials and performance as well as the leadership and governance.


Farqad Abdullah al-Sane
Chairman of the Board Governance Committee

Hereunder is a summary of some policies applied by GIG, which conform with the international practices and applicable legislations concerned with corporate governance.

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Introduction

The Group believes that corporate governance is a prerequisite, if not an invaluable asset, for creating a strong internal control environment that would support effective business delivery.

The Group strongly believed that an effective corporate governance framework was essential to the success of its work, as it was important to promote confidence in it and provided opportunities for comprehensive and sustainable changes in line with the Group's values.

By embracing these principles and taking them seriously, the Group continuously seeks to apply high standards, professional practices and world-class policies that lead to a governance environment that supports the values of our companies and helps us to realize our vision into reality.

In this sense, our vision is that Gulf Insurance Group should serve as a model for a regional group in the area of governance and social responsibility at the Middle East and North Africa levels.

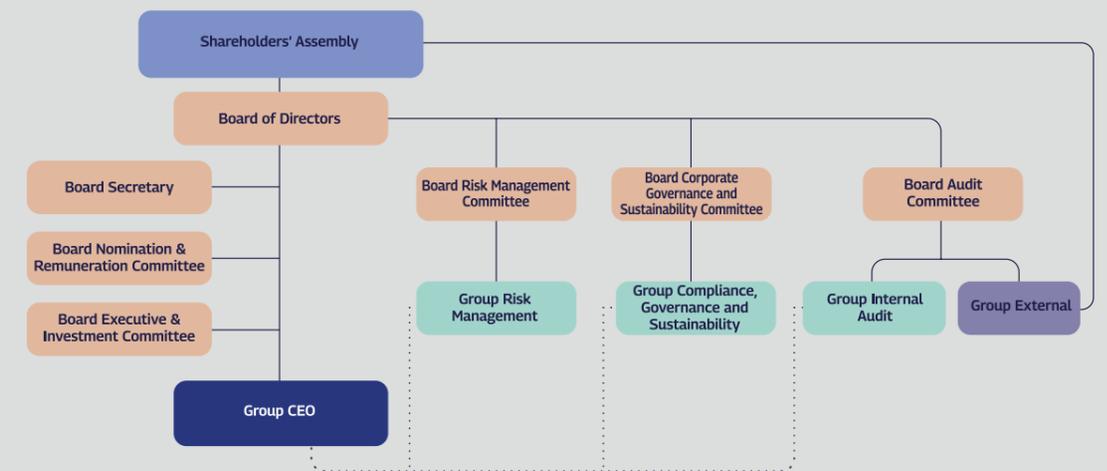
During 2022, the Group maintained its continuity by adhering to the rules on corporate governance of the Kuwait Capital Markets Authority, which provide a comprehensive framework for corporate governance.

The Corporate Governance Report is one of the most important platforms for transparency and communication with the public. Governance is reflected in the set of rules and procedures for the management and oversight of the Group, as well as governing the relationships between the governing board, executive management, shareholders and other stakeholders, as well as the community responsibility of the Group.

Rule 1 : Brief On The Structure/ Formation Of GIG's Board Of Directors

2. Brief On The Structure/ Formation Of GIG's Board Of Directors

The board has dedicated all their experiences to elevate the group's performance in order to comply with the shareholders and stakeholders' expectations, we have been abreast with governance frameworks to ensure the effectiveness of the Board of Directors and their qualification to carry out their responsibilities towards key issues, as well as encourage and facilitate their positive contributions, the board has established affiliated committees and assigned a number of tasks and responsibilities to them, in which each committee submits its reports and recommendations periodically to the Board of Directors, this is a matter of accountability and transparency, the following diagram illustrates the governance structure within the group:



2.1 Composition of the Board of Directors

In accordance with the GIG's General Assembly's meeting decision dated 23/03/2020, the election of a new board of directors was approved for the next three years. The Board Of Directors was formed from individuals with extensive and diverse experience, skills and knowledge, resulting in a balanced and positive form for the Board, enabling the Board to exercise its functions and responsibilities, taking into account the renewed business needs:

Sr.	Name	Member Description (Executive, Non-executive, Independent/Board Secretary)	Professional qualification and experience*	Election Date
1	Farqad Abdullah Al- Sane	Non-executive	Professional qualifications and experiences are mentioned in details below	23/03/2020
2	Faisal Hamad Al Ayyar	Non-executive		23/03/2020
3	Khaled Saoud Al Hasan	Executive		23/03/2020
4	Adana Nasser Sabah Al-Ahmed Al-Sabah	Non-executive		01/11/2020
5	Abdul Ilah Mohammed Rafie Al Marafi	Independent		23/03/2020
6	Bijan Khosrowshahi	Non-executive		23/03/2020
7	Jean Cloutier	Non-executive		23/03/2020
8	Robert Quinn Mclean	Non-executive		23/03/2020
9	Abdulaziz Saoud Al Fulaij	Independent		23/03/2020
10	Abdullah Mohammed Al Mansour	Independent		23/03/2020
	Rami Selim Al Baraki	Board Secretary		10/10/2021

* Academic and professional experience is set out in the details below.

GIG's Board of Directors has a structure that is in proportion with the size and nature of the group's activities and with the tasks and responsibilities assigned to the members of the board, when the board was structured it has been taken into consideration the diversity of professional and practical experiences, in addition to technical skills, also the nomination and remuneration committee verifies that the members of the Board and Executive Management sustain all efficiency and integrity requirements of the group and review the required skills for the Board of Directors membership as well as the Executive Management on annual basis.

gig's Board of Directors consists (10) members, (1) executive member, (9) non-executive members (in which (3) of them are independent members), all members of the board are professionals with a proven track record of board membership in a various of other companies, they sustain the necessary skills for this position, in addition to knowledge and experience of the insurance industry, all members of the board are elected through the general assembly every three years and the members have been reelected at 2020:

Farqad Abdullah Al-Sane Group Chairman

Mr. Al-Sane holds a Bachelor degree of Commerce in Accounting from Cairo University - Egypt. He held various management and board level positions for more than 30 successive years in Kuwait. He joined Gulf Insurance Company (GIC) in 2001. Currently he is the Group Chairman of Gulf Insurance Group. Mr. Al-Sane has diversified professional career started as Internal Auditor at the Kuwait Oil Company, Deputy General Manager of Wafra Real Estate Company; General Manager of Commercial Real Estate Company, Board Member of KIPCO Group; Board Member of United Real Estate Company; and the Chairman of Commercial Markets Complexes Company and Board Member in ALARGAN INTERNATIONAL REAL ESTATE COMPANY; Board Member of MENA Homes Real Estate Company.

Faisal Hamad Al Ayyar Vice Chairman

Mr. Faisal Al Ayyar is Executive Vice Chairman of the Kuwait Projects Company (Holding), He joined KIPCO in 1990 when it was a US\$ 220 million regional investment company. Under his stewardship, KIPCO has developed into one of MENA's leading holding companies with interests in financial services, media, real estate, manufacturing and education, operations in 24 countries and consolidated assets of over US\$ 32 billion. It's worth noting his leading role in the creation and development of OSN, the region's largest pay-tv company, the development of SADAFCO, a leading dairy and foodstuff producer in Saudi Arabia, and the expansion and subsequent sale of Wataniya Telecom, a major regional mobile operator.

Mr. Al Ayyar is Chairman of Panther Media Group - Dubai, UAE (OSN). He is Vice Chairman of Gulf Insurance Group - Kuwait, United Gulf Bank - Bahrain, United Gulf Holding Company B.S.C. - Bahrain, Jordan Kuwait Bank - Jordan, Saudia Dairy & Foodstuff Company - KSA, and Mashare'a Al-Khair Establishment - Kuwait. He is a Board Member of Gulf Egypt for Hotels & Tourism Company - Egypt. He is a Trustee of the American University of Kuwait - Kuwait, and Honorary Chairman of the Kuwait Association for Learning Differences - Kuwait.

Mr. Al Ayyar began his career as a fighter pilot with the Kuwait Air Force, Honors include the Arab Bankers Association of North America's 2005 Achievement Award, the Tunis Arab Economic Forum and the Beirut Arab Economic Forum 2007 Achievement Awards and the Kuwait Economic Forum 2009 Award for his contribution to the investment sector and successes in the global financial market.

Khaled Saoud Al Hasan Board Member and Group CEO

Mr. Al Hasan holds a Bachelor degree in Political Science and Economics from Kuwait (1976). His professional Insurance and Administrative experience exceeds over 30 years in different Executive positions. He joined GIC in 1978. He is currently the Board member and CEO of the gig, the Chairman of Kuwait Insurance Federation "KIF" (Kuwait). He is on the Board of Directors

in many of Gulf Insurance Group subsidiaries, General Arab Insurance Federation "GAIF" (Egypt) and the Arab Reinsurance Company (Lebanon).

Adana Nasser Sabah Al-Ahmed Al-Sabah Member of the Board of Directors

Shaikha Dana Nasser Sabah Al-Ahmed Al-Sabah is the Founder and Chair of the Board of Trustees of the American University of Kuwait (AUK), Kuwait's only Liberal Arts University. Al-Sabah is also the Chairwoman of United Education Co. (UEC), Kuwait's leading company in the education sector. UEC consolidates seven K-12 schools with over 12,500 students. The United Education network includes some of the leading American, Indian, and Pakistani schools in Kuwait.

Al-Sabah is also the Chief Executive Officer of Al-Futooh Holding Co., the major stakeholder in Kuwait Project Co. (KIPCO), a multi-sector operating holding company with a diversified portfolio spanning the Gulf Cooperation Council countries and the wider Middle East and North Africa region.

Al-Sabah received a Doctorate of Humane Letters from Dartmouth College, Hanover, New Hampshire and a BA in English Literature from Kuwait University and studied at Indiana University in Bloomington, Indiana.

Bijan Khosrowshahi Board Member

Bijan Khosrowshahi was born in 1961, he obtained his MBA in 1986 following an undergraduate degree in Mechanical Engineering in 1983 from Drexel University, USA. He is currently the President & CEO of Fairfax International, London and the Board member, Representative of Fairfax Financial Holdings Limited for the following companies: Gulf Insurance Group K.S.C.P. and Gulf Insurance & Reinsurance Company in Kuwait, Bahrain Kuwait Insurance Company B.S.C. in Bahrain, Arab Misr Insurance Group S.A.E. in Egypt, Arab Orient Insurance Company in Jordan, Gulf Sigorta A.S. in Turkey, Alliance Insurance Company P.S.C. in United Arab Emirates, Jordan Kuwait Bank in Jordan, Commercial International Bank - Egypt S.A.E. in Egypt, as well as Colonnade Insurance S.A. in Luxembourg, Southbridge Compañía de Seguros Generales S.A. in Chile, La Meridional Compañía Argentina de Seguros S.A. in Argentina and SBS Seguros Colombia S.A. in Colombia.

Mr. Bijan previously held the position of President & CEO, Fuji Fire and Marine Insurance Company - Japan, President of AIG's General Insurance operations - Seoul, Korea (2001-2004), Vice Chairman and Managing Director, AIG Sigorta - Istanbul, Turkey (1997-2001), Regional Vice President, AIG's domestic property and casualty operations for the Mid-Atlantic region - USA, and held various underwriting and management positions with increasing responsibilities, AIG, USA since 1986, Board member, Foreign Affairs Council, Board member, Insurance Society of Philadelphia, Council member, USO, Korea, Chairman, Insurance committee of the American Chamber of Commerce, Korea, Member, Turkish Businessmen's Association.

Jean Cloutier Board Member

Mr. Cloutier received his bachelor's degree in actuarial sciences from Laval University in 1986. He is a fellow of the Casualty Actuarial Society and a member of the Canadian Institute of Actuaries. Mr. Cloutier joined Fairfax in 1999 as Vice President and Chief Actuary, becoming Vice President, International Operations in 2009 and is Chairman of Fairfax International from 2013 to present. From 1990 - 1999, he was Vice President Actuarial Services of Lombard Canada Limited, a Canadian property and casualty insurance company, Mr. Cloutier serves on the Board of a number of Fairfax Subsidiaries as well as Industry Organizations on behalf of Fairfax.

Quinn McLean Board Member

Robert Quinn McLean is a Vice President at Hamblin Watsa Investment Counsel, a wholly owned subsidiary of Fairfax Financial. He is responsible for the Fairfax insurance subsidiary investment portfolios in the Middle East/Turkey/North Africa (Gulf Insurance Group) and South Africa/Botswana (Bryte Insurance). Mr. McLean is currently on the board of Gulf Insurance Group based in Kuwait, Farmers Edge Inc. (Winnipeg, Canada),

Boat Rocker Media Inc. (Toronto, Canada) and Helios Fairfax Partners Corporation (Toronto, Canada). Initial work experience was in the public accounting profession including work in audit and tax. Subsequently Mr. McLean entered the investment management profession as an investment analyst working for an Institutional Investment Manager in Toronto, Canada focusing on international equities (Europe and Asia). He is a Chartered Accountant (CA, CPA) and Chartered Financial Analyst (CFA designation).

Mr. Abdulaziz Saoud Al Fulajj
Board Member

Mr. Al- Fulajj is a prominent businessperson in Kuwait, running his own company called "Abdulaziz Saud Al-Fulajj Establishment" he's actively involved in the social and community services and activities in Kuwait.

Abdul Ilah Mohammed Rafie Marafie
Board Member

Mr. Maarafie holds Diploma in Computer Science. He is presently the Chairman of the successful Maarafie Group and held several positions in the Maarafie Group of Companies. He was the Chairman & Managing Director of Watanyia Telecom KSC (Ooredoo) from May to Oct.1998. Since April 2005, Mr. Maarafie is the Chairman & CEO of First Hotels Co. KSCC.

Abdullah Mohammed Al Mansour
Board Member

Mr. Al-Mansour Holds bachelor degree in Accounting from Cairo University- Egypt. He held managerial roles in several banks like Commercial Bank of Kuwait CBK, Kuwait Finance House KFH and was a board member of several leading companies such as External Investments Company (1987-1994) National Investments Company (1990-1994), and Hotels Company (1988-2000), CapCorp Investment Company (2010-2013) and Vice President of Al-Aman Investment Company (2014-2017) and Chairman of the Board of Directors of Al-Aman Investment Company (2017-2020). Mr. Abdullah Al-Mansour is Board Member in Burgan Bank (2021 - 2022).

Mr. Rami Selim Al Baraki
Secretary of the Board

Mr. Rami Selim Al Baraki holds a Bachelor Degree of Commerce in Accounting from Mansoura University, Egypt. He is responsible for the group consolidated financial statements and applying the group's accounting policies and implementing international accounting standards. In addition, he takes care of gig's Capital Structure, Treasury, investment reporting and Takaful Unit Operations and recommends to the Board the Capital Structure type that the Company needs to have for both Short Term (working Capital) and Long Term purpose (capital investments) in line with gig's plans for future acquisitions and expansions. Mr. Al Baraki is also the group secretary of the board and a member of the Board of Directors of gig Egypt and Gulf Takaful Insurance Co.

2.2 Board Of Directors Meetings

The Board of Directors meetings take place by the attendance of the majority of the members, in the financial year ending in 31st of December 2022 (6) board meetings were held, where the meeting is held based on a written invitation from the Chairman of the Board of, the invitations and meeting agenda are sent out three working days prior to the meeting at the very least, in order to provide sufficient time to enable the members to review the topics raised and make proper decisions, in addition to this the article of association and incorporation of the group includes the means to organize the attendance of gig's board of the directors meetings, the following table summarizes the BOD meetings:

BOD members/ meetings	Annual Serial						No. Of Meetings			
	Designation/ Date	dependency/ independence	Executive / Non-Executive	403	404	405		406	407	408
Fargad Abdullah Al-Sane	Chairman of the Board	KIPCO	Non-Executive	✓	✓	✓	X	✓	✓	5/6
Faisal Hamad Al Ayyar	Member	KIPCO	Non-Executive	✓	✓	X	✓	✓	X	4/6
Khaled Saoud Al Hasan	Member	KIPCO	Executive	✓	✓	✓	✓	✓	✓	6/6
Abdullah Mohamad Al Mansour	Member	Independent	Non-Executive	✓	✓	✓	✓	✓	✓	6/6
Abdulaziz Saoud Al Fulajj	Member	Independent	Non-Executive	✓	X	X	✓	✓	✓	4/6
Abdulilah Mohammed Maarafie	Member	Independent	Non-Executive	✓	✓	X	✓	✓	✓	5/6
Robert Quinn Mclean	Member	FAIRFAX	Non-Executive	✓	✓	✓	✓	✓	✓	6/6
Bijan Khosrowshahi	Member	FAIRFAX	Non-Executive	✓	✓	✓	✓	✓	✓	6/6
Jean Cloutier	Member	FAIRFAX	Non-Executive	✓	X	✓	✓	X	✓	4/6
Sheikha / Adana Nasser Al Sabah	New Member	Amaken	Non-Executive	X	X	✓	✓	✓	✓	4/6

2.3 Brief On The Mechanism Of Applying The Requirements Of Recording, Coordinating And Archiving The Board Of Directors' Minutes Of Meetings

The group has a special register for minutes of the Board of Directors meetings with annual serial numbers for the year in which the meetings took place, noting the meeting location, date and the start and end times, in addition to the preparation of discussed and deliberated minutes, including the voting that took place, compiled, and recorded to facilitate reference.

In addition to this, the group has a secretary that was appointed by a Board of Directors resolution with a clear tasks and responsibilities list, approved by the Board of Directors and in compliance with the Capital Markets Authority requirements.

2.4 Independent Members Of The Board Of Directors

Gulf Insurance Group considers the independency of the members of the board as a key feature towards a sound Corporate Governance, the standards of independency at GIG in compliance with the regulations and reflects the best application of resolution No. (72) Of 2015 regarding issuance of the executive by laws of law no. (7) Of 2010 and its amendments regarding the establishment of the Capital Markets Authority and regulating securities activities - Book (15) Corporate Governance.

Based on that, the Board of the Directors include non-executive and independent members, in addition to this the Nomination and Remuneration Committee reviews the independency of those members periodically to ensure that the independency condition prevails according to the independency conditions of the Group, which is approved by the Board of Directors and is in accordance with regulatory requirements.



Rule 2: Brief on the proper identification of the roles and responsibilities of the Board of Directors and the Executive Management

3. Brief On The Proper Identification Of The Roles And Responsibilities Of The Board Of Directors And The Executive Management

The Group has a clear segregation of functions between the Board of Directors and the Executive Management, which guarantees full independency, in order for the Board of Directors to be able to carry out their responsibilities effectively.

3.1 Brief On The Group's Mechanism In Setting Roles, Responsibilities, And Obligations For Each Of The Board Of Directors And The Executive Management Members, As Well As The Powers And Authorities That Are Delegated To The Executive Management

The Group has clearly specified the tasks and responsibilities for the Board of Directors and Executive Management in the approved policies and regulations in which reflects the balance between authorities and powers between the Board of Directors and the Executive Management.

However, the final liability of the company remains on the Board of Directors, even if it initiates committees and authorize other entities or individuals to execute some of its tasks.

3.1.1 Roles and responsibilities of the Board of Directors

Board roles and responsibilities include, for example without limitation:

- 1) Approving company major goals, strategies, plans and policies, for example, at the minimum:
 - a. The company comprehensive strategy, main work plans, reviewing and directing the same.
 - b. Company ideal capital structure and financial goals.
 - c. Apparent policy for profits distribution of various types (cash/ non-cash) so that shareholders' and company's interests are accomplished.
 - d. Performance goals, execution pursuing and company comprehensive performance.
 - e. Company organizational and employment structures and periodic review thereof.
- 2) Acknowledging annual estimated budgets and approving phase and annual financial information.
- 3) Supervising company main capital charges, assets ownership and disposing of the same.
- 4) Ensuring the company's commitment with policies and procedures that procure the company's compliance with internal applicable rules and regulations.
- 5) Safeguarding accuracy and validity of the data and information to be disclosed in accordance with applicable disclosure and transparency policies and rules.
- 6) Constructing effective communication channels that enable the company shareholders periodic and continuous access to company various activities and any essential developments therein.
- 7) Setting corporate governance system - without these rules - general supervision thereof and monitoring how effective it is and amending the same, if necessary.
- 8) Pursuing performance of each Members of a Board of Directors and executive management member subject to Key Performance Indicators (KPIs).
- 9) Preparing annual report to be cited in the annual general assembly including the requirements and procedures of completing corporate governance rules and commitment degree thereof. However, this report shall be included in the annual report of company activities and showing the complied and non-complied rules and excuses for the same. Such report shall be prepared as a minimum pursuant to Appendix 2 of this Module.
- 10) Forming specialized committees where period, powers and responsibilities of the committee are clarified and how the Board shall monitor it. Formation resolution shall also include titles of members and determining their roles, rights and duties. This is in addition to assessing performance and works of the committees and their main members.

- 11) Ensuring that company certified policies and conditions are transparent and clear so that resolutions' taking and wise governance principles are applied. This in addition to separating powers and authorities of both the Board of Directors and executive management. In this regard, the Board shall:
 - a. Approve internal rules and regulations concerning the company work and development, and any subsequent roles, specializations, roles and responsibilities amongst different organizational levels.
 - b. Approve authorization and execution policy of executive management assigned works.
- 12) Determine the powers authorized to executive management, resolution taking actions and authorization term. The Board shall also specify issues which it shall keep power to resolve. Periodic reports shall be referred to executive management in regard of its practicing the authorized powers.
13. Audit and supervise performance of executive management members and procuring their accomplishment of all assigned roles so that the Board can:
 - a. Ensure that executive management work is in accordance with policies and conditions approved by the Board.
 - b. Hold periodic meetings with executive management to discuss work issues and challenges as well as presenting and discussing important information in regard of the company's activity.
 - c. Set performance measures for executive management consistent with company goals and strategy.
14. Determine the remuneration categories to be given for employees such as fixed remuneration category, long term risks and performance remunerations and Shares-like remuneration category.
15. Appoint or remove any of executive management members including executive agency chairman or his representative.
16. Set a policy for regulating relationship with Stakeholders to protect their rights.
17. Set a mechanism to regulate dealings with Related Parties to avoid conflicts of interest.
18. Periodically ensure the applicable internal audit systems' efficiency and sufficiency in the company and Subsidiary Companies thereof, for example:
 - a. Ensuring validity of financial and accounting systems including those relate to financial reporting preparation.
 - b. Procuring the application of sound audit rules for risk measuring and management, through determining scope of risks that may face the company and constructing appropriate environment of risk prevention culture all over the company and presenting the same transparently with Stakeholders and Related Parties.
19. Develop a plan/policy for integrating Sustainability factors in the company's comprehensive strategy, main work plans, and the risk assessment and management process if required.

3.1.2 Chairman Of The Board And Chief Executive Officer Of The Group

The roles and responsibilities of the Chairman of the Board of Directors and the Group Chief executive officer are clear and fully segregated, in addition to that both jobs are independent from one another, and there is a clear segregation of the roles and responsibilities assigned to each of these positions.

3.1.3 The Board Chairman's Roles And Responsibilities

The Chairman of the Board of Directors is liable for sound and effective performance of the Board in an efficient and effective manner, including members of the Board of Directors and independent members' obtaining full and correct information in a timely manner, the roles and responsibilities of the Chairman of the Board of Directors include but not limited to the following:

- 1) Ensure that the Board discusses all relevant topics effectively and timely.
- 2) Represent the Group in front of other as the article of association states.
- 3) Encourage all Board of Directors Members to participate fully and effectively in carrying out the Board of Directors affairs in a way that assures the best interest of the group.
- 4) Ensure effective communication between the shareholders and the Board of Directors.
- 5) Encourage constructive relationships and effective participation of the Board of Directors, Executive Management and of the executive and non-executive members.
- 6) Create a constructive criticism concerning issues of different points of views amongst Board of Directors Members.

3.1.4 The Executive Management's Roles and Responsibilities

The Executive Management of the Group consists of a group of individuals who have been entrusted with performing the day to day operations of the Group. The primary role entrusted to the executive management is the following:

- Executing the Group's strategic plans, the policies and internal regulations relating to it and ensuring its adequacy and effectiveness.
- Full responsibility towards the overall performance of the Group and its results through establishing management structure that promotes accountability and transparency.

The following are some of the roles and responsibilities of the Executive Management that should be complied with, in light of the powers and authorities delegated to them from the Board of Directors:

- 1) Execution of all the internal policies and regulations approved by the Board of Directors.
- 2) Executing strategies and annual plans approved by the Board of Directors.
- 3) Preparing periodical reports (financial and non-financial) concerning the achieving growth of the Group's activity in light of the Group strategic plans and goals and submitting these reports to the Board of Directors.
- 4) Set integrated accounting system that maintains ledgers, records and accounts that reflects accurately and in details the financial statements, which enables maintaining the Group's assets and preparing financial statements according to the international accounting standards.
- 5) Managing day to day work and activity facilitation, as well as managing the Group's resources optimally and working on increasing profits and reducing expenditures and that is in accordance to the goals and strategies of the Group.
- 6) Effective contribution in the establishment and development of ethical value standards in the Group.
- 7) Implementing internal control and risk management systems and ensuring its effectiveness and adequacy, while taking into account and complying with Group's risk appetite that is approved by the Board of Directors.

3.2 Achievements Of The Board Of Directors During The Year

The Board of Directors accomplished several achievements during the year ending in 31/12/2022 with regards to the corporate governance practices, the most prominent of these achievements (for an example but not limited to, and while taking into consideration that all achievements has been displayed in details in other sections of the annual report) are as follows:

- Review the company's goals, strategies, plans and policies.
- Approval of the estimated annual budget, the quarterly and annual financial statements.
- Implementing the corporate governance system and monitoring the effectiveness of its implementation in accordance with the Capital Markets Authority Law.
- Supervising the performance of the Executive Management team.
- Implementing the mechanism for dealing with related parties and eliminating conflict of interest.
- Ensuring the effectiveness of internal policies and the general framework for risk management on a periodic basis.
- Reviewing and approving the company's policies and procedures.

3.3 Brief On The Board Of Directors Formation Of Specialized Independent Committees

The committees are formed and their members are appointed by the Board of Directors after each election cycle for the Board, The initiated committees from the Board of Directors are considered the link between the executive management and the Board of Directors, The purpose of the formation of these committees is to enable the board to perform their roles effectively.

gig's BOD has five main committees as follows:

- 1) The Audit Committee (the date of composition and appointment of the members of the committee is 23/03/2020, also the committee's duration is three years starting the day of the formation in order to be in align with the board's validation period).
- 2) The Risk Management Committee (the date of composition and appointment of the members of the committee is 23/03/2020, also the committee's duration is three years starting the day of the formation in order to be in align with the board's validation period).
- 3) The Governance Committee (the date of composition and appointment of the members of the committee is 23/03/2020, also the committee's duration is three years starting the day of the formation in order to be in align with the board's validation period).
- 4) The Nomination & Remuneration Committee (the date of composition and appointment of the members of the committee is 23/03/2020, also the committee's duration is three years starting the day of the formation in order to be in align with the board's validation period).
- 5) The Executive & Investment Committee (the date of composition and appointment of the members of the committee is 23/03/2020, also the committee's duration is three years starting the day of the formation in order to be in align with the board's validation period).

The Board of Directors has approved a specified charter for each committee which include the specification of the committee's roles, the duration and authorities assigned during this period and how the board will monitor them, in addition to this, the specification of the roles and authorities that has been delegated to the committees by the Board of Directors.

3.3.1 The Board Audit Committee

The Group is fully convinced that the existence of an independent Audit Committee is a key factor for applying proper corporate governance rules, the Audit Committee ensures consolidating of the commitment culture within the Group, this is achieved through ensuring the soundness and integrity of the financial statements of the group, in addition to ensuring the sufficiency and effectiveness of the internal control systems applied by the Group.

The Board Audit Committee at Gulf Insurance Group enjoys full independence, in addition to this, all of its members are of specialized experiences.

The Board Audit Committee consist of three members, two of them are independent members & the chairman of the committee in an independent member, the Group Internal Audit senior manager attends the meetings in addition to the representative of the external auditor whom attends these meetings on periodic basis.

The Board Audit Committee oversees the audit matters on behalf of the Board, therefore the committee has a responsibility to satisfy that the internal audit is being conducted with proper professionalism and that its scope of work is appropriate.

The Board Audit Committee meetings are held taking into account the time consideration of the issuance of the Group financial reports to the external parties, and the meetings are held not less than four times a year.

3.3.1.1 Roles and Responsibilities of the Board Audit Committee

The roles and responsibilities of the Board Audit Committee include but are not limited to the following:

- 1) Review the financial statements periodically before submitting to the Board of Directors, and submit its opinions and recommendations in this regard to the Board of Directors and ensure transparency and fairness in the financial reports.
- 2) The Board audit committee shall submit its recommendations to the board regarding appointment and reappointment of external auditor, as well as determining and changing their fees, taking into account when recommending, that independence is ensured and reviewing their engagement letter.
- 3) Monitoring the external auditor's performance, to ensure that they are not providing services to Group except for services required by the audit profession.
- 4) Consider the external auditor's observations regarding the financial statements and following-up on its status.
- 5) Consider the accounting policies followed and provides its opinion and recommendation to the board regarding it.
- 6) Evaluate the adequacy of the internal control systems in the Group and prepares a report including the opinion and recommendation of the committee in this regard.
- 7) Supervising the internal audit department in the Group in order to verify the extent of its effectiveness in performing its prescribed duties defined by the Board of Directors.
- 8) Recommend the recruitment, shifting and termination of the chief internal auditor, and evaluate his performance and the performance of the internal audit department.
- 9) Revision and adaptation of the proposed audit plan, which is prepared by the internal auditor and provides its opinion on the same.
- 10) Reviewing the results of internal audit reports, and ensures that the corrective procedures have been taken regarding the observations which are contained in the report.
- 11) Reviewing the results of the regulatory authorities reports, and ensures that the necessary procedures have been taken in this regard.
- 12) Ensure the Group is complying with the regulations, policies, and instructions that are of relation to it.

3.3.1.2 Number Of The Board Audit Committee Meetings During 2022

The committee was held four times during 2022 as follows:

Committee members/ meetings	Annual Serial	1	2	3	4
	Accumulated Serial	63	64	65	66
	Designation/ Date	20/2/2022	10/5/2022	10/8/2022	10/11/2022
Abdul Ilah Mohammed Rafie Marafi	Chairman of the Committee	√	√	√	√
Jean Cloutier	Member	√	√	√	√
Abdullah Mohammed Al Mansour	Member	√	√	√	√
Mohamed Ahmed Ibrahim	Group Senior Manager - Internal Audit Department - BAC Secretary	√	√	√	√

3.3.1.3 An Overview Of The Board Audit Committee Achievements During 2022

- Review periodic and annual financial statements to ensure their soundness and integrity, and refer them to the Board for approval.
- Make recommendations to the Board on the appointment of external auditors and monitor their performance.
- Study accounting policies and provide recommendations to the Board.
- Evaluate the efficiency and effectiveness of the internal control system and prepare a report thereto.
- Review the internal audit report and make recommendations.
- Review and discuss the internal audit's annual plan for the current year.
- Ensure the company's compliance with related laws, policies and instructions and review the reports of the regulatory authorities.
- Appointing an independent auditor to prepare the Internal Audit Report for 2022 in line with the CMA's requirements in relation to corporate governance.
- Prepare the Internal Audit Report and present it to the Board for approval and reading at the company's General Assembly.
- The committee also reviewed the report of the independent audit office regarding reviewing the quality of internal audit work in the group every three years in accordance with The Capital Market Authority's instructions in this regard, which submitted its report, and its technical opinion indicated the management's commitment to international internal auditing standards and best professional practices and the use of automated solutions in management operations.
- Review the new accounting policies related to the new IFRS no. 9 & 17.

During 2022 the Audit Committee has assessed the adequacy of the internal control systems applied by the company, the Committee has considered that the internal control systems applied is sufficient to verify the impact of the risks which the company is exposed to.

3.3.2 Board Risk Management Committee

The Risk Management Committee oversees and verifies that the management is implementing the Group's strategy with regard to the risk management framework and applies consistent risk management activities of identifying, measuring, monitoring, and controlling all types of risks faced by the Group and ensuring its capital adequacy. In addition, the Committee escalates key issues to the board to assist in the implementation of its responsibilities towards risk management.

The Risk Management Committee consists of three members, two of them are independent members of the Board of Directors, including the chairman of the committee.

3.3.2.1 Roles and Responsibilities of the Board Risk Management Committee

The Risk Management Committee shall be responsible for but are not limited to:

- Preparing and reviewing the strategies and policies of risk management before being approved by the Board of Directors and ensuring the execution of these strategies and policies and that the same is consistent with the nature and size of the Group's activity.
- Providing sufficient resources and adequate systems for the risk management department.
- Evaluating the systems and mechanisms for identifying, measuring and monitoring various risks that the Group may be exposed to, in order to identify any areas of weakness.
- Assisting the Board of Directors in identifying and assessing the acceptable level of risk tolerance, to ensure that the Group does not breach this level after being approved by the Board of Directors.

- Reviewing the organizational structure of the risk management department and submitting its recommendations in this regard, prior to the Board of Directors' approval.
- Ensuring that the staff of the risk management department are independent from the activities that could result in exposing the Group to risk.
- Ensuring that the staff of the risk management department completely understand the risks surrounding the Group and working on increasing awareness of the employees regarding the risk culture.
- Preparing periodic reports regarding the nature of the risks the Group may be exposed to, and submitting the same to the Board of Directors.
- Reviewing the related issues raised by the audit committee which may have effect on the management of the Group's risks.

3.3.2.2 Number Of The Board Risk Management Committee Meetings During 2022

The risk management committee holds periodic meetings, at least four times a year, and when there is a necessity. All meeting minutes are recorded.

The committee held four meetings during 2022 as follows:

Committee members/ meetings	Annual Serial	1	2	3	4
	Accumulated Serial	44	45	46	47
	Designation/ Date	20/02/2022	10/05/2022	10/08/2022	10/11/2022
Abdul Ilah Mohammed Rafe Marafi	Chairman of the Committee	√	√	√	√
Jean Cloutier	Member	√	√	√	-
Abdullah Mohammed Al Mansour	Member	√	√	√	√
Ahmad Galal Ragab	Group Senior Manager - Group Actuarial and Risk Management - & the Committee Secretary	√	√	√	√
Ibrahim Said	Group Deputy Manager - Group Risk Management	√	√	-	-

3.3.2.3 Brief On The Board Risk management Committee Achievements During 2022

- The main objective of the Risk Committee is to assist the Board of Directors in setting suitable strategies and goals for risk management, and to make recommendations that are in line with the nature and size of the Group's activities.
- During 2022, the committee met four times via Microsoft Teams video conferencing, to supervise the latest risk management activities, monitor the performance, review the Group expansion strategies and ratify the key mitigation plans.
- The committee monitored closely the Group's key performance and risk indicators, credit ratings as well as the potential impact of Group acquisitions on capital, financial leverage and liquidity indicators.
- The committee reviewed the top risks of the Parent and each subsidiary on a quarterly basis and made recommendations to the ERM department and the management, when necessary.
- In line with best practices, business needs, efficiency and the regulatory requirements, the Risk Committee approved to split the Group Actuarial and Group ERM as two independent functions and approved the proposed additional resources in both functions.
- The committee reviewed and recommended to the Board the finalized Financial Authorities for approval.
- The committee ratified an initial version of the Group Reserving Handbook in order to unify the reserving practices across the group.

- During the year and in line with responsibilities of the BRC, the committee reviewed and ratified some related party transactions and raised them to the Board for final approval.
- With respect to the operational risks, the committee approved the Group IT Risk Assessment Project plan and ratified the IT Risk Management Framework and the Cyber Security Foundational documents, recommending the same to the Board for approval.

3.3.3 Board Corporate Governance Committee

Board Corporate Governance Committee specialized in corporate governance practices & its primary role setting a Corporate Governance framework and guideline and supervise its implementation and amend it, when necessary.

The Board Corporate Governance Committee consisting of three members: one of them is an independent member of the Audit Committee & headed by the Chairman of the Board of Directors.

3.3.3.1 Roles & Responsibilities of Board Corporate Governance Committee

The Board Corporate Governance Committee shall be responsible for but not limited to:

- Ensuring that the corporate governance standards and implementations are approved by the Board of Directors and are consistent with the requirements issued by the Capital Markets Authority regarding Corporate Governance Principles.
- Supervising the preparation and implementation of the corporate governance manual and reviewing and updating the same when necessary.
- Coordinating with the audit committee to ensure compliance with the corporate governance manual.
- Monitor any subjects relating to corporate governance and providing the Board of Directors (annually at least) with the reports and recommendations based on the committee's results.
- Prepare an annual report that includes the procedures and requirements regarding completion of the corporate governance rules and the extent of compliance with the same, and this report is to be included in the annual report of the Group's activity.

3.3.3.2 Number of the Board Corporate Governance Committee meetings during 2022

The Corporate Governance Committee holds periodic meetings, at least once a year, and when there is a necessity to hold one, it records all of its meeting minutes.

The committee was held during 2022 as follows:

Committee members/ meetings	Annual Serial	1
	Accumulated Serial	09
	Designation/ Date	08/02/2022
Farqad Abdullah Al Sanea	Chairman of the Committee	√
Abdullah Mohammed Al Mansour	Member	√
Khaled Sauod Al Hasan	Member	√

3.3.3.3 Brief On The Board Corporate Governance Committee Achievements During 2022

During 2022, the Board Corporate Governance Committee has provided several effective recommendations in order to establish a solid corporate governance framework within the Group's entities, for an example but not limited to the following:

- 1) Ensuring that the corporate governance standards and implementations are approved by the Board of Directors and are consistent with the requirements issued by the Capital Markets Authority regarding Corporate Governance Principles.
- 2) Supervising the preparation and implementation of the corporate governance manual and reviewing and updating the same when necessary.
- 3) Monitor any subjects relating to corporate governance and providing the Board of Directors (annually at least) with the reports and recommendations based on the committee's results.
- 4) Prepare an annual report that includes the procedures and requirements regarding completion of the corporate governance rules and the extent of compliance with the same, and this report is to be included in the annual report of the Group's activity.

3.3.4 Board Nomination and Remuneration Committee

The availability of professional experience and technical skills as well as the personal qualities and ethical standards in the nominated person for a membership in the Board of Directors or executive management, are considered the main cornerstones for the Group's financial soundness and an important aspect to prevent risks that the Group may be exposed to. Also, the equitable allocation of the remuneration attracts highly qualified and technical labor, as well as strengthening the concept of loyalty to the Group and accordingly maintaining qualified labor, motivating employees in all various levels to achieve the Group's objective and improve the Group's performance.

The Board Nominations and Remunerations Committee consist of three members, one of them is independent member from the Board & the Chairman of the committee is an independent member of the Board.

3.3.4.1 Roles and responsibilities of the Board Nomination and Remuneration Committee

The main roles of the committee (for example but not limited to) are as following:-

- 1) Recommending nomination and re-nomination for the membership of the Board of Directors, Board Committees and executive management, while taking into account not nominating any person who does not fulfill the regulatory requirements. Taking into account the number of attendance, quality and effectiveness of contribution of the members in the Board of Directors meetings, the performance of their duties and responsibilities.
- 2) Annual review of the requirements for appropriate skills, in order to attract applicants seeking to fill executive position as needed, studying and reviewing these applications.
- 3) Preparing job descriptions for the executive, non-executive and independent members.
- 4) Recommending independent members for nomination and re-nomination through election from the general assembly and ensure the existence of independence for the independent member in the Board of Directors.
- 5) Establishing a clear policy for the remuneration of the board members and senior executives.
- 6) The periodic review (annual) of the remunerations policy and evaluation of its efficiency in achieving the objectives expected from it, such as attracting and maintaining highly qualified and technical labor that improve the Group's performance.
- 7) Ensure that the appropriate level of training is provided to the board of director's members as well as the executive management members.
- 8) Preparing the corporate governance report on an annual basis that includes the total

bonuses granted to members of the Board of Directors, executive management and managers, whether they are amounts, benefits or allowance, of whatever nature, directly or indirectly, through the company or its subsidiaries.

3.3.4.2 Number Of Board Nomination And Remuneration Committee Meetings During 2022

The Board Nomination & Remuneration committee hold periodic meetings, at least once a year, and when there is a necessity to hold one, it records all of its meeting minutes.

The committee was held during 2022 as follows:

Committee members/ meetings	Annual Serial	1	2
	Accumulated Serial	08	09
	Designation/ Date	08/02/2022	14/04/2022
Abdullah Mohammed Al Mansour	Chairman of the Committee	√	√
Khaled Saoud Al Hasan	Member	√	√
Abdul Ilah Mohammed Rafie Marafi	Member	√	√

3.3.4.3 Brief In The Board Nomination And Remuneration Committee Achievements During 2022

During 2022, the Board Nomination & Remuneration committee has provided many effective recommendations in order to establish a solid corporate governance framework within the Group's entities, for example but not limited to the following:

- 1) Ensure the independency of the independent board members.
- 2) Recommend the approval of the detailed annual report structure for all remunerations given to the members of the Board of Directors and executive management.
- 3) Review the required technical skills for the BOD and executive management membership.
- 4) Review the conducted self-evaluation of BOD and executive management members and the initiated committees as well as provide recommendations (if any) to the Board of Directors for approval.
- 5) Ensure the adherence of both of the Board of Directors and Executive management members to the code of conducts charter and maintain the confidentiality of information.
- 6) Ensure the adherence of the members of the Board to the policies and procedures that avoid the misuse of material data and information.
- 7) Ensure the adherence of the Board of Directors and Executive Management members to the conflict of interests' guidelines and its procedures.
- 8) Ensure that introduction programs and workshops are provided to the Board of Directors and Executive Management members.
- 9) Review amendments made to the remuneration policy as well as the ratios in the updated policy and recommend its approval by the BOD.
- 10) Review the updated organizational structure and recommend its approval to the BOD.
- 11) Review of applications for nomination of membership of the board of directors of the group.

3.3.5 Board Executive and Investment Committee

The Board has delegated the following responsibilities to the Committee which held its meetings regularly and whenever it's necessary to be held, the committee comprises from five members: The Chairman, Vice Chairman, Chief Executive Officer and two Board of Director's members.

3.3.5.1 Responsibilities And Roles Of The Board Executive And Investment Committee

The main roles of the committee (for example but not limited to) are as following:-

- 1) Developing and recommending of the strategic plans that reflect the long-terms objectives and the Group's priorities to be presented to the Board of Directors to take the necessary decision.
- 2) Follow up and monitoring the implementation of the strategies and policies approved by the Board.
- 3) Monitoring of the operating and financial results against the plans and budgets.
- 4) Monitoring the quality and effectiveness of the investment process against objectives.
- 5) Prioritizing allocation of capital, technical and human resources.
- 6) Ensuring the existence of efficient & effective management.
- 7) Monitoring the markets shares, trends and penetration.
- 8) Overseeing the persistence periodically and combined loss ratio, and to take the corrective actions on the right time.
- 9) Monitoring the implementation of Group expansion.
- 10) Monitoring the general position, performance of the Group's investments and its strategic investments in relation to investments in subsidiaries and associates.
- 11) Reviewing and monitoring the movements in the investment portfolio.
- 12) Following up & reviewing the investment portfolio diversification in light of the Group's investment strategy.
- 13) Discussing the proposals and recommendations presented by the Group's investment officers in light of the Group's investment strategy and raising its feedback to the Board for the necessary actions and approvals.
- 14) Monitoring the efficiency and quality of the investment process in light with the objectives and raising its feedback to the Board for the necessary actions and approvals.

3.3.5.2 Number of the Board Executive and Investment Committee meetings during 2022

The committee has held four meetings during 2022 as follows:

Committee members/ meetings	Annual Serial	1	2	3	4
	Accumulated Serial	85	86	87	88
	Designation/ Date	21/02/2022	11/05/2022	11/08/2022	13/11/2022
Farqad Abdullah Al-Sane	Chairman of the Committee	√	√	x	√
Faisal Hamad Al Ayyar	Member	√	x	√	x
Khaled Saoud Al Hasan	Member	√	√	√	√
Robert Quinn Mclean	Member	x	√	√	√
Bijan Khosrowshahi	Member	√	√	√	√
Sheikha / Adana Nasser Al Sabah	Member	√	√	√	x
Rami Selim Al Baraki	Secretary of the Board	√	√	√	√

3.4 Brief On The Mechanisms That Allow The Board Of Directors Members To Have Access To Information And Data In An Accurate And Timely Manner

Gulf Insurance Group has an effective and clear mechanism in regards to providing integral, clear and timely information to members of the Board of Directors in general and to non-executive and independent members in specific.

In addition to this, the Group pays much attention to developing the infrastructure for information technology related to issuing reports, in order to assure quality and accuracy of the information, as the availability of timely information and in an accurate manner is key element in assisting the Board of Directors members in the decision making process.

Rule 3: Brief on the mechanisms of selecting candidates nominated for the membership of the Board of Directors and the Executive Management

4. Brief On The Mechanisms For Selecting Candidates Nominated For The Membership Of The Board Of Directors And The Executive Management

The Group has clear mechanisms regarding the selection of the Board of Directors and executive management members, the nomination & remuneration committee holds a critical role in the selection process to ensure the selection of qualified Board of Directors and executive management members.

Gulf Insurance Group's efficiency and integrity guidelines represents the minimum requirements that should be available in the candidate members, this guidelines has been prepared in accordance with global best practices and in compliance with the regulatory requirements, the Nomination & Remuneration Committee also reviews the required skills for the Board of Directors membership as well as the Executive Management on annual basis.

4.1 Brief On Applying Of The Board Nomination And Remuneration Committee Formation Requirements

In addition to what was mentioned, the Board nomination and remuneration committee is in compliance with regulatory requirements in terms of composition, meetings and the implementation of assigned roles (for example but not limited to):

- Verify that all candidates fulfill regulatory requirements, while taking into account the number of times they have attended, the quality and effectiveness of the participation of the candidate in meetings, in addition to performing their roles and responsibilities.
- Prepare and review job descriptions for executive, non-executive and independent members.
- Verify the independency of the independent members on a regular basis.
- Prepare a clear policy for the Board of Directors and executive members' remuneration and review it when required.
- Preparing annual reports that contain overall remunerations granted to Board Members and the Executive Management.
- Review the required competencies needed for the Board and Executive Management membership on regular basis.
- Review the performance evaluation of the Board of Directors and Executive Management members as well as the initiated committees on regular basis.
- Ensure that there are no conflict of interest's situations for the members of the Board of Directors on regular basis.
- Ensure that proper level of training and orientation are provided to the members of the Board of Directors and Executive Management on regular basis.

4.2 Report Of The Remunerations Given To The Board Of Directors And Executive Management Members

4.2.1 Board Of Directors Members Remunerations:

The following table displays the Board Of Directors remunerations in 2022 & The proposed remunerations are subject to the approval of the general assembly.

Remunerations and benefits of Members of Board of Directors							
Total number of members	Remunerations and benefits through the parent company			Remunerations and benefits through the subsidiaries			
	Fixed remuneration and benefits (Kuwaiti Dinar)	Variable remuneration and benefits (Kuwaiti Dinar)		Fixed remuneration and benefits (Kuwaiti Dinar)		Variable remuneration and benefits (Kuwaiti Dinar)	
		Health insurance	Annual remuneration	Committees' remuneration	Health insurance	Monthly salaries (total of the year)	Annual remuneration
10	1,107	185,000	65,000	-	-	16,000	-

4.2.2 Executive Management Remunerations:

The remuneration system for the Executive Management is linked to the company's performance and the achievement of long-term growth goals. It is in line with the size, nature and level of risk related to each position. The remunerations include a fixed category that includes salaries, bonuses and other incentives, as well as a variable category that includes variable bonuses.

The following table displays the Executive Management remunerations in 2022

Total remunerations and benefits granted to five senior executives who have received the highest remunerations. This is in addition to the Chief Executive Officer and the financial manager or their deputy, if not included *

Total executive positions	Remunerations and Benefits through the parent company							Remunerations and Benefits through the subsidiaries						
	Fixed remuneration and benefits						Variable remuneration and benefits	Fixed remuneration and benefits					Variable remuneration and benefits	
	Monthly salaries (total of the year)	Health insurance	Annual tickets	Housing allowance	Transportations allowance	Children's education allowance		Monthly salaries (total of the year)	Health insurance	Annual tickets	Housing allowance	Transportations allowance		Children's education allowance
13	796,530	11,903	12,426	9,000	17,800	-	437,350	-	-	-	-	-	-	

4.2.3 No substantial deviations from the remuneration policy approved by the Board of Directors.

Rule 4 :Brief On The Verification Mechanisms Of The Soundness And Integrity Of Financial Reports

5. Brief On The Verification Mechanisms Of The Soundness And Integrity Of Financial Reports

The soundness of the financial statements of the Group is one of the important indicators of the Group's integrity and credibility in presenting its financial position, therefore, it boosts investor's confidence in the information provided by the group, which enables shareholders in practicing their rights, for this reason, the Group has prepared clear mechanisms to ensure the soundness and integrity of its statements.

5.1 Verifying The Integrity Of The Financial Reports (Written Undertakings):

- The Executive Management undertakes to the Board of Directors that the financial reports are provided soundly and fairly, and that they present all financial aspects of the Group, also that they are prepared in accordance with the International Accounting Standards approved by the Capital Markets Authority as well as other regulatory authorities, and that the Executive Management is fully responsible for the soundness and accuracy of those information
- Similarly, GIG's Board of Directors undertake to the shareholders and the investors that the financial statements soundly, fairly and in an accurate manner.

5.2 Brief On Applying The Board Audit Committee Formation Requirements

In addition to what was pointed out, the Board audit committee is in compliance with the regulatory requirements in terms of composition, meetings and implementing the assigned roles and responsibilities (for example but not limited to) the following:

- The Committee reviewed the periodic financial statements before submission to the Board of Directors, and provide such Board with opinions and recommendations in order to ensure the fairness and transparency of the financial statements.
- The committee has evaluated the adequacy of the internal control systems applied within the Group and prepared reports of their opinion and suggested recommendations.
- The committee supervised the internal audit department in order to assure their efficiency in implementing roles and responsibilities assigned to them.
- The committee reviewed and approved the annual audit plans by the internal auditor.
- The committee reviewed the outcomes of the internal audit reports, and ensure that corrective actions were adopted with regards to the observations in such reports.
- The committee ensured the Group's compliance with regulations, policies and procedures related to the business.
- The committee has verified the independency of the external auditors as well as reviewed the letter of their appointment.

5.3 There Are No Inconsistencies Between The Audit Committee's Recommendations And The Board Of Directors Decisions

There is has been no conflict between the audit committee's recommendations and the Board of Directors' decisions during 2022.

5.4 Ensure Independency And Neutrality Of The External Auditor

Gulf Insurance Group has a clear and approved policy regarding the selection and assignment of the external auditor in order to ensure independency and neutrality of the external auditor.

During 2022, the audit committee has validated the independency and neutrality of the external auditor in accordance with the conditions stated on the internal policies and regulations of the Group, which in return is in compliance with the requirements of the regulatory bodies, for example but not limited to:

- Verify that the external auditor is independent from the Group and its Board of Directors, as well as verify that the external auditor does not perform other additional work for the Group within the scope of the audit review work which could compromise the neutrality or independency conditions.
- Ensure that the external auditors listed in the Capital Markets Authority register in order to be in compliance with all resolution related to the CMA regarding the registration of external auditors.

- The external auditor has attended the Board audit committee meetings to discuss his recommendations with the audit committee before submitting the financial statements to the BOD for approval, the committee meets with the external auditor on regular (quarterly) basis during the year.
- Verify that the external auditors granted permission to attend the general assembly meetings and recite their report to the shareholders.

Rule 5: Development Of Sound Risk Management And Internal Control System

6. Brief on the Board Risk Management and Internal Control Frameworks and Systems in the Group

There are multiple functions of governance and control within Gulf Insurance Group, which assists in ensuring that the risks has been fully identified and managed in a proper manner, in addition to ensuring that the internal control is implemented and is efficiently functioning, the term used for this type of coordination approach is called "Integrated Assurance" or "the three lines of defense".

The concept of "Integrated Assurance" enables management in handling responsibility and it boosts confidence in ensuring that risks has been identified, in addition to that, mitigation procedures has been implemented, according to the illustrated below:

Audit Committee	Board Of Directors	Risk Committee
1 st Line (Management)	Involved in day to day internal controls & risk management - Follow an internal controls & risk management process - Apply internal controls & risk responses	External Audit
2 nd Line (Risk) (Compliance)	Oversee & challenge controls & compliance & risk management process - Provide guidance & direction- Develop enterprise risk management framework	
3 rd Line (Internal Audit)	Review 1 st & 2 nd lines - Provide an independent perspective & challenge the process - Objective & offer assurance	

The Board of Directors are primary responsible for supervising the verification activities, and although each verification function is assigned its own specific roles, each of these functions coincide and integrate with one another during the exchange of information, planning process and other relevant activities.

6.1 Brief On The Group's Independent Risk Management Department Establishment Requirements

The Group has an independent department for risk management according to its organizational structure. The risk management department primarily works on identifying, measuring, monitoring, and mitigating all types of risks that the Group might face, according to the following examples (but not limited to):

- Developing effective systems and procedures of risk management, so that it can perform its key functions thereof, which are measuring and monitoring all types of risks exposed to the Group, this process should be conducted periodically and amended as necessary.
- Developing the mechanisms of periodic reporting system, as they are considered one of the most important methods in the process of risk monitoring and mitigation.

Risk management officers in the Group are independent through their direct affiliation to the Board Risk Management Committee. Moreover, they have authorities that enable them to execute their roles as efficient as possible, without them being assigned financial powers or authorities.

The risk management department has a wide range of competent personnel, with practical skills and technical capabilities aligned to the insurance industry requirements.

6.2 Brief On Applying The Group's Board Risk Committee Formation Requirements

In addition to what was mentioned in (3.3.2.1), the risk management committee is in compliance with the regulatory requirements regarding composition, meetings and implementing their assigned roles and responsibilities (as an example but not limited to):

- The preparation and revision of risk management policies and strategies before being approved by the Board of Directors and ensuring the execution of these strategies and policies and that the same is consistent with the nature and size of the Group's activity.
- The provision of sufficient resources and adequate systems for the risk management department.
- The evaluation of systems and mechanisms for identifying, measuring, and monitoring the various types of risk that the Group may be exposed to, in order to identify any areas of weakness.
- Assisting the Board of Directors in identifying and assessing the acceptable level of risk tolerance, to ensure that the Group does not breach this level after being approved by the Board of Directors.
- Verification that the risk management employees are independent from activities that could result in exposing the Group to risks.

6.3 Brief On The Group's Internal Control Systems

In addition to what was mentioned regarding efficient assurance techniques and the three lines of defense methodology applied by the group, the group also has internal control systems that covers the group's activities, and the group organizational structure takes into consideration the double check concept "Four Eyes Principle" which are as follows:

- Sound identification of authorities and powers.
- Entire segregation of roles and elimination of conflict of interests.
- Double checking and monitoring.
- Dual signature.

6.4 Brief On The Group's Independent Internal Audit Department Establishment Requirements

The group has an internal audit department that enjoy full technical independence according to the organizational structure of the group, the group internal audit department is directly affiliated to the Board Audit Committee and accordingly to the Board of Directors.

The Group internal audit department prepared reports including review and evaluation of the internal control systems applied within the group, including the following (for an example but not limited to):

- Procedures of control and supervision of efficiency and effectiveness of the internal control systems necessary to protect the group's assets, soundness financial statements and the efficiency of its administrative, financial and accounting operations.
- Compare development of risk factors within the group and existing systems in order to evaluate the effectiveness of the daily operations and the ability to encounter the unforeseen market change.
- Evaluate the executive management performance in applying internal control systems.

Rule 6: Brief On The Mechanisms Of Promoting And Enhancing The Culture Of Code Of Conduct And Ethical Values

7. Brief on the Mechanisms of Promoting and Enhancing the Culture of Code of Conduct and Ethical Values

Reinforcing the culture of code of conduct and ethical values within the group is a primary pillar for the group business implementation, therefore, the group pays much attention to the necessity of ensuring the adherence of all employees whether BOD members, executive management members, or other personnel to the internal policies and regulations and to the legal and regulatory requirements, through reviewing the code of conducts charter, in addition to the mechanisms that avoid conflict of interests, as we are confident that it will lead to the accomplishment of the stakeholders best interests, specifically shareholders, in a significant extent of transparency.

7.1 Brief On The Business Charter Includes Determinants Of Code Of Conduct And Ethical Values

The group reviews and updates the approved code of conducts on periodic basis in order to assure it covers all determinants that define the group ethical values and standards, in addition to assuring its compliance with regulatory requirements, all members of the board and executive management signed the annual 2022 acknowledgment regarding adhering to the code of conducts.

7.2 Brief On The Policies And Mechanisms To Reduce The Conflict Of Interest Cases

The group has a clear defined policy that limits the conflict of interest cases, approved by the Board, during 2022, all members of the Board and executive management signed the annual conflict of interest's acknowledgement, and It's worth to mention that the group signed a credit facilities contract with a related party - Burgan Bank, with a value which is more than 5% of the Group's total assets, and it was reviewed by an independent investment advisor, and this contract was also disclosed with its details on 20 September 2022, as on the below link:

<https://www.boursakuwait.com.kw/ar/news/view#60621>

Rule 7 :Brief On The Disclosure And Transparency Mechanisms

9. Brief On The Disclosure And Transparency Mechanisms

The group fully realizes the importance of disclosure and transparency, as it is one of the key features of the methods of monitoring the group's activities and evaluating its performance, the group insisted on holding the transparency forum for several years, as well as ensure the development of disclosure and transparency mechanisms related to that matter, in addition to updating the disclosure records of the members of the Board and executive management.

8.1 Brief on Applying Accurate and Transparent Presentation and Disclosure Mechanisms, Which Sets Out Aspects, Areas and Characteristics of Disclosure

GIG has an approved guideline for disclosure and transparency procedures, which includes as an example but not limited to the following:

- Methods of disclosure of financial and non-financial information which is related to the group's financial position, performance and ownership.
- Methods of disclosing transparently all information and data on timely basis to all stakeholders without discrimination, provided that data and information are accurate, correct and not misleading.
- Classifying the disclosed information according to its nature (financial, non-financial), or time of disclosure in addition to the material information.

In addition to the above, the disclosure and transparency policies and procedures has been prepared in accordance with the best practices and in compliance with the regulatory requirements, the group reviews the disclosure and transparency policy on regular basis and updates it if necessary.

8.2 Brief on Applying the Disclosure Register Requirements of the Board of Directors and the Executive Management Members

The group had a specific register for the disclosure of the board and executive management members, including all transactions, acknowledgements that reflects the actual related parties' transactions, the register is available for shareholders without returns or fees, and the group updates this register periodically.

8.3 Brief on Applying the Investor Affairs Department Formation Requirements

The Group has a Corporate Communication and Investor Relations department, responsible for providing timely information and data to existing and potential investors. The department is considered reasonably independent (according to the Group's organization structure approved by the BOD) in a manner that allows it to provide hassle free, fair and transparent data, information and reports in an accurate and timely manner. Since 2012, the Department is ensuring a continuous and consistent dissemination of information through established methods of disclosure channels; for example but not limited to, the Group's corporate website, Investor Relations Tools, Annual General Meetings (AGM), Annual Report, Corporate Profile, Social Medias, Corporate Campaigns & Announcements etc.

9.4 Brief on How to Improve the IT Infrastructure and the Extent to Which it shall Significantly Relay in the Disclosure Process

The Group continuously strives to create effective communication channels in order to stay connected with shareholders and other stakeholders. Therefore, during 2022 the Group has reviewed the website to ensure its alignment with the best practices, resulting to a complete revamp aligned with newly evolved GIG brand and is expected to be launched shortly. . All sections including our Investor Relations Tools on the website are further enhanced with latest technological advancements, which are displayed in a manner that assists shareholders, current and potential investors to practice their rights and evaluate the Group's performance from time to time. Additionally, we continued to successfully produce our Digital Annual Report as part of streamlining stakeholders' information in a more convenient way. We strive to take every step to further enhance the digital experience of our stakeholders by improving and applying all possible IT infrastructures.

Rule 8: Brief On The Mechanisms Of Protecting And Respecting Shareholders' Rights

9. Brief on the Mechanisms of Protecting and Respecting Shareholders' Rights

The corporate governance framework of the group ensures that all shareholders practice their basic rights fairly and equitably to ensure equal dealing with all shareholders, this was clearly stated in the article of association of the group, as well as its internal regulations, in addition to that, the group has reviewed the mechanism of shareholders participation in the general assembly meeting to ensure that all shareholders are encouraged to participate and vote in those meetings.

9.1 Brief on Applying Shareholders' Rights Identification and Protection in Order to Ensure Justice and Equality Among all Shareholders

The article of association of the group and its internal regulations clearly state the required procedures to ensure that all shareholders are practicing their rights in an equitable and fair manner, and in a manner that doesn't intervene with the bylaws and regulations issued with regards to this matter.

9.2 Brief on Creating a Special Register Kept at the Clearing Agency

The group has a special register that is kept at the Clearing agency, the register contains the names of the shareholders as well as their nationalities, their hometown and the total number of owned shares by each one of them, any updates is marked in the register accordingly.

9.3 Brief On How To Encourage The Shareholders To Participate And Vote In The Meetings Of The Group's General Assemblies

The group has an approved policies and procedures and is in compliance with regulatory requirements, it includes in details the mechanisms of participating in general assembly meetings and the procedures of holding the meeting as follows:

- Allow shareholders to effectively participate in the general assembly meetings, to discuss issues listed in the agenda and the inquiries related thereto concerning various aspects of the group's activities, and to ask questions to the members of the board and external auditor, provided that the BOD members and the external auditor answer such inquires in a manner that doesn't harm the group's best interests.
- It enables shareholders whom own 5% of the capital to add topics to the meeting agenda.
- Allow the shareholders to review all data in the disclosure register of the Board and executive management members.
- Issues presented to the general assembly shall be associated with sufficient information allowing shareholders' take decisions thereof properly.

With regards to the voting mechanisms, the group has issued an approved guidelines which is in compliance with regulatory requirements to ensure providing shareholders with equitable chances to vote, without any obstacles that could lead to voting prohibition, since voting is an inherent right for shareholders.

Rule 9 :Brief On The Mechanisms Of Protecting The Stakeholders' Rights

10. Brief on the Mechanisms of Protecting the Stakeholders' Rights

The group believes that stakeholders' contribution is a valuable resource in order to enhance its competitive ability and reinforce its profitability levels, therefore, it support all means of cooperation with stakeholders, for this purpose the group has issued a policy that ensures and recognizes stakeholders' rights as well as it encourages them to keep track of the group various activities.

10.1 Brief on the Stakeholders' Rights Protection and Recognition Policies

The group has established a set of policies which contains regulations and procedures that ensures and recognizes stakeholders' rights, it also enables them to receive compensation

In case of any violation of their rights occur, the policy is approved by the board in accordance to the issued bylaws in that regards, the group reviews these policies on a regular basis to ensure it is in alignment with the regulatory authorities requirements and updates these policies if necessary, as an example but not limited to the following:

- Compensation mechanisms in case of any party breaches that compromise their rights occur.
- Mechanisms for complaints or disputes settlement, which may arise between the stakeholders and the group.
- A clear mechanism for all types of purchasing and tendering settlement.

10.2 Brief on How to Encourage the Stakeholders to Participate in Keeping Track of the Group's Various Activities

The group has mechanisms and frameworks that ensures obtaining maximum benefits of stakeholder's contributions, as well as encourage them to keep track of the group activities, in a manner that is consistent with achieving their best interests.

One of these mechanisms is the whistleblower policy, this facilitates the stakeholders to inform the Board of Directors for any unfair committed by the group against them, while providing proper protection to the whistle blowers.

Rule 10 :Brief on the training mechanisms and their role in promoting and improving the performance of the Group

11. Brief on the Training Mechanisms and Their Role in Promoting and Improving the Performance of the Group

In order to enhance and reinforce the Board's performance, the group has evaluated the members of the Board and executive management through self-evaluation questionnaire, in accordance with the best practices, these evaluations are reviewed on annual basis by the Board Nomination & Remuneration Committee.

11.1 Brief on Applying of Requirements and Development of Mechanisms, Which Allow All Members of the Board and the Executive Management to Obtain Programs and Training Courses Regularly

The group has established a set of mechanisms that draw the interest of the members of the board and executive management to training aspects, through setting orientation programs for newly appointed members, as well as setting programs for training workshops and proper seminars that should assist the members in performing their assigned roles.

11.2 Brief on the Evaluation Process of the Performance of the Board of Directors as a Whole and the Performance of Each Member of the Members of the Board of Directors and the Executive Management

The group established a clear and approved policy regarding the evaluation of the members of the board, including set of performance measurements indicators in written and as clear as possible, during 2022, an evaluation of all board and executive management members has been performed, these evaluations has been reviewed by the nomination and remuneration committee.

11.3 Brief on the Efforts Made by the Board of Directors in Order to Promote Corporate Values among the Group Employees through Achieving the Strategic Objectives and Improving Performance Indicators

The Board of Directors works on values creation within the group, on short, medium and long terms, through developing mechanisms and procedures that assists in accomplishing the group's strategic objectives, as well as enhance performance levels in a manner that effectively contributes in the creation of corporate values for employees, it also encourages them to thrive to continuously maintain the group's financial soundness.

The group also works to continuously develop the internal integrated reporting system, in order to be more inclusive, as it assists members of the Board and executive management to take systematic and sound decisions, hence, achieve shareholders best interests

Rule 11 : Full focus on the concept of social responsibility

12. Full Focus on the Concept of Social Responsibility

Gulf Insurance Group is fully aware of its essential role in contributing to achieve a sustainable development of our staff, our shareholders, our customers and the societies in which we exercise our work. This is attained through committed focusing on the Group's corporate social responsibility in line with the established inclusive policy for social responsibility.

12.1 Brief on the Corporate Social Responsibility Policy for Achieving Balance among the Objectives of the Group and the Objectives of the Society

The Group's corporate social responsibility policy aims to enhance the living, social and economic conditions of the society in which it operates. The policy has been approved by the board and includes the following (for example but not limited to):

- Assist in providing job opportunities and create proper conditions for it.
- Support and encourage national labor, enhancing its efficiency and competitiveness.
- Support small enterprises and open new prospects serving different categories of the society.
- Design Group's activities in a manner that compliments the cultural and economic situation of the society.
- Assist in limiting pollution and other environmental related damages.
- Provide training programs to develop capacity of targeted groups in the society.
- Contribute in reducing the damages of a negative phenomenon that prevailing in the society, and take voluntary charitable initiatives.

12.2 Brief on the Applied Programs and Mechanisms, Which Can Help in Highlighting the Group's Efforts in the Field of Social Work

In addition to what was mentioned before regarding the Group's efforts in the social field, the Group has also established mechanisms that discloses the social objectives which the Group aims to accomplish for its employees, as well as it discloses all plans set for corporate social responsibility achievement. The Group also prepares periodic reports on such related activities to review the developments and to decide on the changes required if any.

