

## 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 integrity of the financial statements of the Group is one of the most important indicators of the Group's integrity and credibility in presenting its financial position. Solid financial statements boosts investor's confidence in the information provided by the Group, enabling

shareholders to practice 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):

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

#### 5.2 Brief On Applying The Board Audit Committee Formation Requirements

In addition to what was previously mentioned, the Audit Committee complies with the regulatory requirements in terms of composition, meetings, and implementation of assigned roles and responsibilities (for example, but not limited to) the following:

- The Committee reviewed the periodic financial statements prior to their submission to the Board of Directors and provided the Board with its opinions and recommendations to ensure the fairness and transparency of the financial statements.
- The Committee evaluated the adequacy of the Group's internal control systems and prepared reports of their opinions and suggested recommendations.
- The Committee supervised the internal audit department to ensure their efficiency in implementing the 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 ensured that corrective actions were adopted about the observations in such reports.
- The Committee ensured the Group's compliance with regulations, policies, and procedures related to the business.
- The Committee verified the independence of the external auditors as well as reviewed the letter of their appointment.
- The Committee reviewed the changes over the Group's accounting policies followed in order to comply with changes to IFRS No. 17 "insurance contracts", and IFRS No. 9 "financial instruments".

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

There has been no conflict between the Audit Committee's recommendations and the Board of Directors' decisions during 2023.

### 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 to ensure their independence and neutrality.

During 2023, the Audit Committee validated the independence and neutrality of the external auditor in accordance with the conditions stated on the internal policies and regulations of the Group. This action complies with the requirements of the regulatory bodies, which include, but are not limited to:

- Verifying that the external auditor is independent of the Group and its Board of Directors, as well as verifying 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 independence conditions.
- Ensuring that the external auditors listed in the Capital Markets Authority register in order to comply with all resolutions related to the CMA regarding the registration of external auditors.
- Ensuring that the external auditor has attended the Audit Committee meetings to discuss his recommendations with the Audit Committee before submitting the financial statements to the BOD for approval. The Committee is to meet with the external auditor on a regular (quarterly) basis during the year.
- Verifying that the external auditors are granted permission to attend the General Assembly meetings and recite their report to the shareholders.

Our Group external auditor is EY (Al Aiban, Al Osaimi & Partners). In addition to the audit and review of our consolidated financial statements and interim condensed consolidated financial information, EY along with other audit firms provide other services throughout the year comprising of other assurance and non-assurance services including audit and review of subsidiaries, other statutory assurance and agreed upon procedures services to Group, tax services, etc. The total remuneration of the external auditors for group audit and other services for the year ended 31 December 2023 was KD 548 thousand, comprising audit fees of KD 478 thousand and other services of KD 70 thousand. We have processes in place to maintain the independence of our external auditors, including the nature of expenditure on non-audit services.