

**Extraordinary General Assembly meeting**  
**Monday 28-August-2023**



التعاونية  
tawuniya

## Extraordinary General Assembly Agenda

Voting on the recommendation of the Board of Directors to increase company's capital by granting bonus shares to shareholders with a value of SAR 250,000,000, as follows:

- Nominal value of the capital before the increase: (1,250,000,000) Saudi Riyals.
- Nominal value of the capital after the increase: (1,500,000,000) Saudi Riyals.
- Total capital increase amount: SAR (250,000,000).
- Number of shares before the increase: (125,000,000) shares.
- Number of shares after increase: (150,000,000) shares.
- Capital increase rate: 20%.
- Reasons for increasing capital: Strengthening the capital base of the company, which contributes to increasing the rates of growth and expansion of its business during the coming years.
- Number of shares granted for each share: Granting (1) shares for every (5) shares owned.
- Nature and value of reserves to be used in the issuance of capitalization: The value of the capital increase will be financed by capitalizing part of the retained earnings balance in the amount of (250) million riyals.
- Eligibility Date: If capital increase is approved by the Company's shareholders during the Extraordinary General Assembly meeting, the eligibility of bonus shares shall be for shareholders owning the shares by the end of trading day of the General Assembly meeting and are registered in the Company's Shareholders Registry at the Securities Depository Center (Edaa) by the end of the second trading day following the Extraordinary General Assembly meeting date.
- Details of how to deal with fractional shares: In the event of fractional shares, the fractional shares will be collected in one portfolio for all shareholders and sold at the market price, then their value will be distributed to the shareholders entitled to the grant, each according to his share, within a period not exceeding 30 days from the date of determining the shares due to each shareholder.
- Voting on the amendment of Article (8) of the Company's Articles of Association related to (Capital). (Attached)

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2 Voting on the amendment of Article (11) of the Tawuniya bylaws relating to Share Issuance.

3 Voting on amending the policy (Executive Management Remuneration). (Attached)

Voting on the shares program allocated to employees and based on the delegating Board of Directors the terms will determine of this program. Including the allocation price for each share offered to employees, if it is for consideration, subject to approving item number (2). (Attached)

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Voting on the Tawuniya's purchase of its own shares, with maximum of (250,000) shares, to be allocated to the company's employees within the employee shares program. The purchase of these shares to be financed through the company's fund. Further to authorizes the Board (or whomever it delegates) to complete the purchase within (12 months) from the date of the extraordinary general assembly's approval, The company will keep the purchased shares for a period not exceeding (10) years from the date of approval of the Extraordinary General Assembly as a maximum until they are allocated to the eligible employees Once the said period lapses, the Company will follow the rules and procedures stipulated in the relevant laws and regulations, subject to approving item number (4). (Attached)

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Dear Shareholders

The Proxy form is not available, as the Extraordinary General Assembly will only be conducted through modern technology means.

The company urges the shareholders to register on Tadawulaty service, knowing that voting is provided free of charge for all shareholders through the following

link: [www.tadawulaty.com.sa](http://www.tadawulaty.com.sa)

السادة المساهمين الكرام

نموذج التوكيل غير متاح حيث سيتم الاكتفاء بعقد الجمعية العامة غير العادية عبر وسائل التقنية الحديثة .

وتحث الشركة مساهميها بالتسجيل في موقع تداولاتي علمًا بأن التسجيل والتصويت متاحًا ومجانيًا لجميع المساهمين باستخدام الرابط

التالي: [www.tadawulaty.com.sa](http://www.tadawulaty.com.sa)

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## Second Clause Attachments

Voting on the amendment of Article (11) of the Tawuniya bylaws relating to Share Issuance.



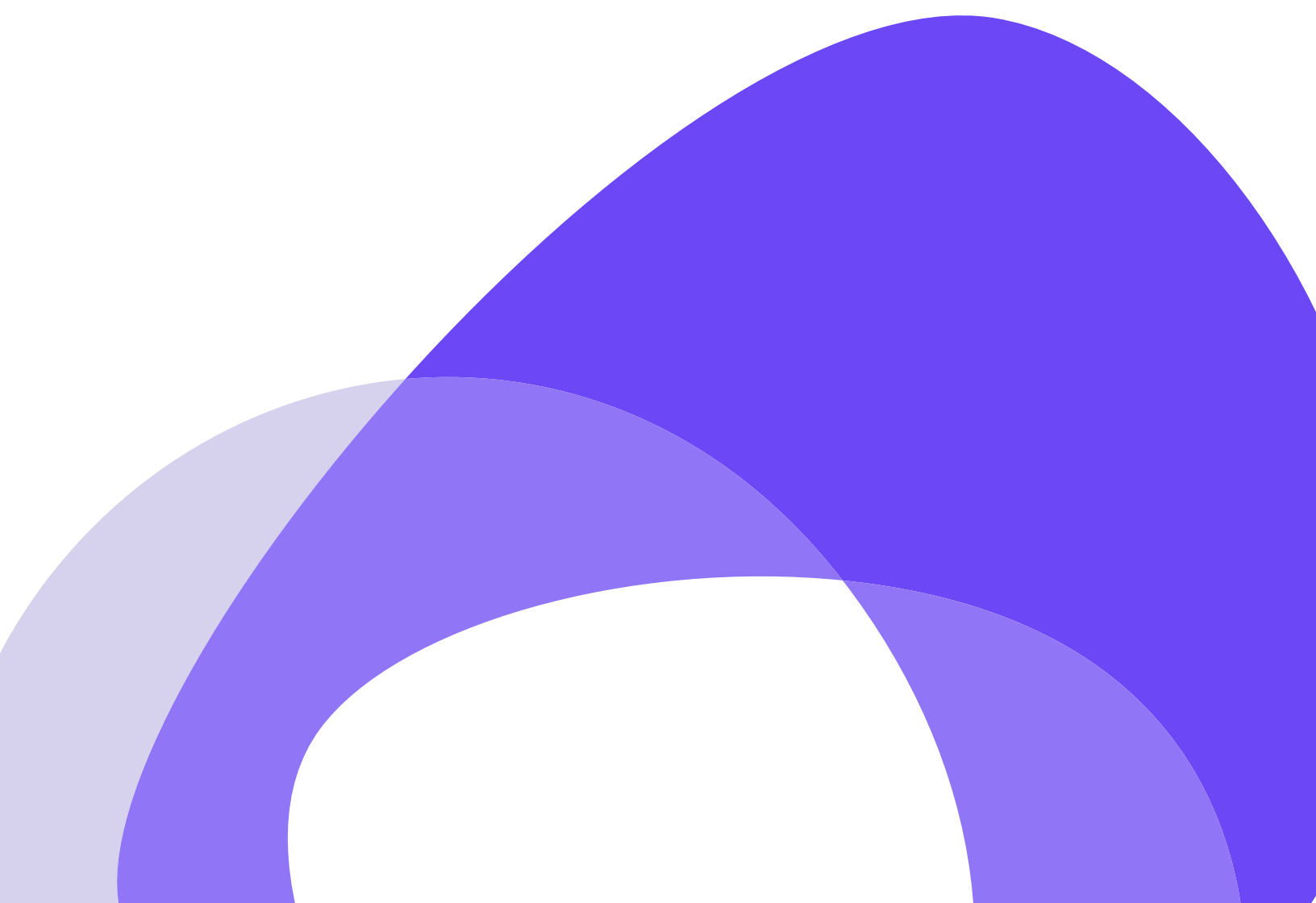
## Tawuniya's By-law changes

Article No.	Current Version	Updated Version	Type of change
8	<b>Share Capital</b> The capital of the Company is set at <del>SR 1,250,000,000 (one billion and two hundred fifty million Saudi Riyals) divided into 125,000,000 (one hundred twenty five million) shares</del> having an equal nominal value of SR 10 (ten Saudi Riyals) each, all being ordinary cash shares.	<b>Share Capital</b> The capital of the Company is set at <u>SR 1,500,000,000 (one billion and five hundred million Saudi Riyals) divided into 150,000,000 (one hundred fifty million) shares</u> having an equal nominal value of SR 10 (ten Saudi Riyals) each, all being ordinary cash shares.	Amendment
11	<b>Share Issuance</b> 1. The shares of joint stock companies shall be nominal. Shares may not be issued at less than their nominal value, but they may be issued at a premium if the bylaws of the company provide that or if it is approved by the general assembly. In this case, the difference in value shall be prescribed in a separate provision within shareholders rights <del>and it may not be distributed to shareholders as profits</del> . If a share is jointly owned by several persons, they must elect one of them to exercise the rights attached to such share on their behalf, but they shall be jointly liable for the obligations arising from the ownership of such share. 2. The Company may, after obtaining the Central Bank's no objection, to buy and sell its shares, in accordance with the Companies Law and the controls issued by the supervisory and regulatory authorities. 3.	<b>Share Issuance</b> 1- The shares of joint stock companies shall be nominal. Shares may not be issued at less than their nominal value, but they may be issued at a premium if the bylaws of the company provide that or if it is approved by the general assembly. In this case, the difference in value shall be prescribed in a separate provision within shareholders rights, if a share is jointly owned by several persons, they must elect one of them to exercise the rights attached to such share on their behalf, but they shall be jointly liable for the obligations arising from the ownership of such share. 2- The Company may, after obtaining the Central Bank's no objection, to buy and sell its shares, in accordance with the Companies Law and the controls issued by the supervisory and regulatory authorities, <u>In all cases, the shares purchased by the Company shall not bear any voting rights at General Assemblies of the shareholder.</u> 3- <u>The Company may, after obtaining the Central Bank's no objection, to buy its shares and allocate the same to any employee share incentive in accordance with the guidelines set by the relevant regulatory authorities. In all cases, the shares purchased by the Company shall not bear any voting rights at General Assemblies of the shareholder.</u>	Delete - Amendment - Add

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## **Third Clause Attachments**

Voting on amending the policy (Executive Management Remuneration).



## Amendments in Executive Management Remunerations Policy

Article	Current text	Proposed text	Reason
3	The Policy aims at attracting the appropriate and qualified competencies to carry out the tasks and responsibilities of the executive management in line with the Company's business activity, strategy and objectives. It also aims at urging the members of the executive management for the success and development of the Company in the long run, enhancing the effectiveness of risk management and realizing the soundness and stability of the Company's financial position.	2 This policy aims to attract and retain talents to achieve the company's annual and strategic objectives. This policy has been prepared in accordance with the applicable laws and regulations issued by the relevant regulatory authorities, and the company's articles of association.	Rephrasing
4	3 This Policy is applicable to the members of the executive management of the Company according to the positions specified in the Designation Policy for Leading Positions and those determined by the Chief Executive Officer as approved by the Nomination and Remuneration Committee or the Board of Directors.	3 These regulations apply to members of the executive management and senior managers of the Tawuniya Insurance Company (the "Company").	Rephrasing
5-1	Corporate Governance Regulation issued by the Saudi Arabic Monetary Agency (SAMA).	4 The Insurance Companies Governance Regulations issued by the Central Bank of Saudi Arabia.	Regulator Name change.
5-2	Designation Requirements for Leading Professions in the Financial Institutions, which is subject to the supervision of the Saudi Arabian Monetary Agency, issued by SAMA.	4-2 Requirements for appointment to leadership positions in financial institutions subject to the supervision of the Central Bank of Saudi Arabia.	Regulator Name change.
5-4	The authorities and powers delegated by the Board of Directors to the Executive Committee and the CEO.	4-4 The powers delegated by the Board of Directors to the Nominations& Remunerations	According to the Authorities.

		Committee, and the Chief Executive Officer.	
-	-	4-5 Salary, rewards, and short- and long-term incentives policies.	New Article.
6-3	Executive Management or Senior Executives: The persons responsible for managing the Company's daily operations, proposing and implementing strategic decisions, such as the Chief Executive Officer, his SVPs, the Chief Financial Officer, and any other positions stipulated in the Policy of Designation for the Leading Positions.	5-3 Executive Management or Senior Managers: Persons entrusted with managing the company's daily operations, proposing, and implementing strategic decisions, such as the CEO, heads of sectors, division managers, and any other positions stipulated in the policy of appointment to leadership positions.	Updated structure.
6-4	Remuneration: The amounts, allowances, profits, and the like, periodic or annual bonuses related to performance, short or long-term incentive plans, and any other in-kind benefits, with the exception of the reasonable actual expenses and charges incurred by the Company on behalf of the executive management member for the purpose of performing his/ her work duties. Granting shares in the Company to members of the executive management, whether they are newly issued or shares purchased by the Company, is considered among the benefits and remuneration.	5-4 Rewards: Salaries, allowances, benefits, periodic or annual bonuses linked to performance, short- or long-term incentive plans, and any other in-kind benefits.	In accordance with company's internal processes.
6-6	SAMA: The Saudi Central Bank.	5-7 SAMA: The Central Bank of Saudi Arabia.	Regulator Name change.
7-1	<u>Fixed Remuneration:</u> The Company pays the basic salary and other allowances to the members of the executive management based on the structure of job grades, payroll levels, internal policies and regulations approved by the Board of Directors, and any additional benefits or advantages proposed by the CEO and then discussed with the Nomination and Remuneration Committee for recommending them to the	6-1 <u>Fixed Compensation:</u> The company pays the basic salary and other allowances to the executive management depending on the structure of job grades, salary levels and policies. Any additional benefits or privileges that are proposed by the CEO and then endorsed by the Nominations	Clarified.



	Board of Directors for approval and ratification.	and Remuneration Committee to be approved by the Board of Directors.	
7-2	The members of the executive management may be granted an annual allowance according to the performance standards approved in the Company and in line with the Human Resources Executive Regulations and the decisions of the Board. This allowance is applied to the basic salary and its effective date is determined by a decision of the CEO.	6-2 The executive management has an annual salary increase in accordance with the performance standards approved by the company, and its effective date is determined by the CEO.	Clarified.
7-3	The Board of Directors may, at its sole discretion, agree to allocate a specific sum to be distributed to the members of the executive management as an annual incentive. The distribution of this incentive is subject to a specific mechanism approved by the Board to ensure justice and fairness.	6-3 The Board of Directors may, at its discretion, agree to allocate a specific amount of money to be distributed to members of the executive management as an annual incentive or as part of short- or long-term incentive plans (for example, but not limited to the granting of shares). The distribution of this incentive is subject to policies approved by the Board of Directors.	For Granting of shares purposes.
7-4	The Board of Directors may, based on the recommendation of the Nomination and Remuneration Committee, grant an increment in the basic salary to the executive management members in cases it deems justified and in accordance with the Human Resources Executive Regulations.	-	Covered in the company's processes.
7-5	The remuneration of the senior executives are disclosed in an appropriate manner and in accordance with the instructions and regulations issued by the regulatory and supervisory authorities, by disclosing in the Board of Directors' Report the remuneration of five senior executives who received the highest remuneration from the Company, provided that they include the CEO and the Chief Financial Officer.	6-4 The remuneration of senior executives shall be disclosed in an appropriate manner and in accordance with the instructions and regulations issued by the regulatory and supervisory authorities.	Summarized.

8-2	Remuneration and benefits must be fair and commensurate with the results of the periodic evaluation of the performance of the executive management member, which should be consistent with the company's overall strategy, objectives and performance.	7-2 The rewards and benefits are fair and correspond with the results of the annual evaluation of the performance of the executive management member, which is consistent with the company's strategy, objectives, and performance.	Clarified.
8-4	To take into account the complexities of the insurance business, the volume of the Company's business, and the practical experience of the executive management.	7-4 Consideration of the complexities of the insurance business, the volume of the company's business, market fluctuations, and the practical experience of the executive management.	Rephrased as needed.

## Before Amendment

### **Remuneration of the Executive Management Members Policy**

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**Title:** Remuneration of the Executive Management Members Policy

**Version:** 2.0

**Contents:**

1. Authority Reference
2. Subject
3. Purpose
4. Scope
5. References
6. Definitions
7. Remuneration and Benefits
8. Criteria for Determining Remuneration
9. Effectiveness and Verification

1. **Authority Reference:** Shareholders General Assembly

2. **Subject:** Remuneration of the Executive Management Members Policy

3. **Purpose:**

This Policy defines the mechanism for determining and approving the remuneration for members of the executive management of the Company for Cooperative Insurance "Tawunmiya" (the "Company"), in addition to the criteria for determining such remuneration and linking them to performance, disclosing them, and verifying their practical implementation.

The Policy aims at attracting the appropriate and qualified competencies to carry out the tasks and responsibilities of the executive management in line with the Company's business activity, strategy and objectives. It also aims at urging the members of the executive management for the success and development of the Company in the long run, enhancing the effectiveness of risk management and realizing the soundness and stability of the Company's financial position.

The Policy has been prepared in accordance with the applicable laws and regulations issued by the relevant regulatory authorities in the Kingdom of Saudi Arabia beside the Company's Articles of Association.

4. **Scope:**

This Policy is applicable to the members of the executive management of the Company according to the positions specified in the Designation Policy for Leading Positions and those determined by the Chief Executive Officer as approved by the Nomination and Remuneration Committee or the Board of Directors.

5. **References:**

- 5-1 Corporate Governance Regulation issued by the Saudi Arabic Monetary Agency (SAMA).
- 5-2 Designation Requirements for Leading Professions in the Financial Institutions, which is subject to the supervision of the Saudi Arabian Monetary Agency, issued by SAMA.
- 5-3 Corporate Governance Regulation issued by the Capital Market Authority (CMA).
- 5-4 The authorities and powers delegated by the Board of Directors to the Executive Committee and the CEO.
- 5-5 The Bylaws of the Internal Work System.
- 5-6 Policy of Designation in Leading Positions.

## **6. Definitions:**

- 6-1 **Board of Directors:** The Board of Directors of the Company for Cooperative Insurance (Tawuniya).
- 6-2 **Committee:** The Nomination and Remuneration Committee of the Company for Cooperative Insurance, which is one of the Board committees, which members are nominated by the Board of Directors.
- 6-3 **Executive Management or Senior Executives:** The persons responsible for managing the Company's daily operations, proposing and implementing strategic decisions, such as the Chief Executive Officer, his SVPs, the Chief Financial Officer, and any other positions stipulated in the Policy of Designation for the Leading Positions.
- 6-4 **Remuneration:** The amounts, allowances, profits, and the like, periodic or annual bonuses related to performance, short or long-term incentive plans, and any other in-kind benefits, with the exception of the reasonable actual expenses and charges incurred by the Company on behalf of the executive management member for the purpose of performing his/ her work duties. Granting shares in the Company to members of the executive management, whether they are newly issued or shares purchased by the Company, is considered among the benefits and remuneration.
- 6-5 **CMA:** The Capital Market Authority (Tadawul).
- 6-6 **SAMA:** The Saudi Central Bank.
- 6-7 **The Company:** The Company for Cooperative Insurance (Tawuniya).
- 6-8 **The Assembly:** The shareholders' General Assembly of the Company for Cooperative Insurance.

## **7- Remuneration and Benefits:**

### **7-1 Fixed Remuneration:**

The Company pays the basic salary and other allowances to the members of the executive management based on the structure of job grades, payroll levels, internal policies and regulations approved by the Board of Directors, and any additional benefits or advantages proposed by the CEO and then discussed with the Nomination and Remuneration Committee for recommending them to the Board of Directors for approval and ratification.

### **7-2 Annual Allowance:**

The members of the executive management may be granted an annual allowance according to the performance standards approved in the Company and in line with the Human Resources Executive Regulations and the decisions of the Board. This allowance is applied to the basic salary and its effective date is determined by a decision of the CEO.

7-3 **Annual Bonus:**

The Board of Directors may, at its sole discretion, agree to allocate a specific sum to be distributed to the members of the executive management as an annual incentive. The distribution of this incentive is subject to a specific mechanism approved by the Board to ensure justice and fairness.

7-4 **Eligibility to Increment:**

The Board of Directors may, based on the recommendation of the Nomination and Remuneration Committee, grant an increment in the basic salary to the executive management members in cases it deems justified and in accordance with the Human Resources Executive Regulations.

7-5 **Disclosure:**

The remuneration of the senior executives are disclosed in an appropriate manner and in accordance with the instructions and regulations issued by the regulatory and supervisory authorities, by disclosing in the Board of Directors' Report the remuneration of five senior executives who received the highest remuneration from the Company, provided that they include the CEO and the Chief Financial Officer.

8- **Criteria for Determining Remuneration and Benefits:**

The Board of Directors and the Nomination and Remuneration Committee shall take into account the following criteria in determining and disbursing the remuneration and benefits received by members of the executive management:

- 8-1 Remuneration and benefits must be fair and commensurate with the member's competencies, duties and responsibilities he/ she undertakes and bears and should be achieved.
- 8-2 Remuneration and benefits must be fair and commensurate with the results of the periodic evaluation of the performance of the executive management member, which should be consistent with the company's overall strategy, objectives and performance.
- 8-3 Remuneration and benefits should be commensurate with the company's business activity, the degree of risk involved, and the skills necessary for the job occupied by the executive management member.
- 8-4 To take into account the complexities of the insurance business, the volume of the Company's business, and the practical experience of the executive management.
- 8-5 Remuneration and benefits are reasonably sufficient to attract executive managers with appropriate competence and experience, and that the remuneration is an incentive to attract them.

- 8-6 To take into account the practices of other companies in determining remuneration, while avoiding what may lead to unjustified increase in remuneration and compensation.

**9- Enforcement and Verification:**

The Nomination and Remuneration Committee is responsible for reviewing this Policy and evaluating its effectiveness in line with the Company's strategy and objectives, after it is approved by the Shareholders' General Assembly.

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**Title:** Remuneration of the Executive Management Members Policy

**Version:** 2.0



## After Amendment

# سياسة المكافآت والتعويضات الخاصة بأعضاء الإدارة التنفيذية Executive Management Remunerations Policy

## 1. Authority Reference:

The General Assembly of Shareholders

## 2. Purpose:

This policy describes the mechanism for determining and approving rewards for members of the executive management of the Tawuniya Insurance Company (the "Company"), in addition to the criteria for determining rewards and linking them to performance, disclosing them, and verifying their implementation.

This policy aims to attract and retain talents to achieve the company's annual and strategic objectives.

This policy has been prepared in accordance with the applicable laws and regulations issued by the relevant regulatory authorities, and the company's articles of association.

## 3. Range:

These regulations apply to members of the executive management and senior managers of the Tawuniya Insurance Company (the "Company").

## 4. References:

- 4-1 The Insurance Companies Governance Regulations issued by the Central Bank of Saudi Arabia.
- 4-2 Requirements for appointment to leadership positions in financial institutions subject to the supervision of the Central Bank of Saudi Arabia.
- 4-3 Corporate Governance Regulations issued by the Capital Market Authority.
- 4-4 The powers delegated by the Board of Directors to the Nominations & Remunerations Committee, and the Chief Executive Officer.
- 4-5 Salary, rewards, and short- and long-term incentives policies.
- 4-6 Appointment policy for leadership positions.

## 5. Definitions:

- 5-1 Board of Directors: The Board of Directors of the Tawuniya Insurance Company.
- 5-2 Committee: The Nominations and Remunerations Committee which is one of the committees emanating from the Board of Directors, whose members are appointed by the Board of Directors.
- 5-3 Executive Management or Senior Managers: Persons entrusted with managing the company's daily operations, proposing, and implementing strategic decisions, such as the CEO, heads of sectors, division managers, and any other positions stipulated in the policy of appointment to leadership positions.

## 1. مرجع الصلاحية:

الجمعية العامة للمساهمين

## 2. الغرض:

توضح هذه السياسة آلية تحديد واعتماد المكافآت الخاصة بأعضاء الإدارة التنفيذية للشركة التعاونية للتأمين ("الشركة")، بالإضافة إلى معايير تحديد المكافآت وربطها بالأداء، والإفصاح عنها، والتحقق من تنفيذها.

وتهدف هذه السياسة إلى استقطاب الكفاءات والمحافظة عليهم لتحقيق أهداف الشركة السنوية والاستراتيجية.

وتم إعداد هذه السياسة بما يتوافق مع الأنظمة واللوائح المعمول بها والصادرة من الجهات التنظيمية ذات العلاقة، والنظام الأساسي للشركة.

## 3. النطاق:

تطبق هذه اللائحة على أعضاء الإدارة التنفيذية وكبار المدراء للشركة التعاونية للتأمين ("الشركة").

## 4. المراجع:

- 1-4 لائحة حوكمة شركات التأمين الصادرة من البنك المركزي السعودي.
- 2-4 متطلبات التعيين في المناصب القيادية في المؤسسات المالية الخاضعة لإشراف البنك المركزي السعودي.
- 3-4 لائحة حوكمة الشركات الصادرة من هيئة سوق المال.
- 4-4 الصلاحيات المخولة من قبل مجلس الإدارة إلى لجنة الترشيحات والمكافآت والرئيس التنفيذي.
- 5-4 سياسات الرواتب والمكافآت والحوافز قصيرة وطويلة الأجل.
- 6-4 سياسة التعيين في المناصب القيادية.

## 5. تعريفات:

- 1-5 مجلس الإدارة: مجلس إدارة الشركة التعاونية للتأمين.
- 2-5 اللجنة: لجنة الترشيحات والمكافآت وهي إحدى اللجان المنبثقة من مجلس الإدارة والتي يتم تعيين أعضائها من قبل مجلس الإدارة.
- 3-5 الإدارة التنفيذية أو كبار المدراء: الأشخاص المنوط بهم إدارة عمليات الشركة اليومية، واقتراح القرارات الاستراتيجية وتنفيذها، كالرئيس التنفيذي ورؤساء القطاعات ومدراء الأقسام، وأي مناصب أخرى تنص عليها سياسة التعيين في المناصب القيادية.

5-4 Rewards: Salaries, allowances, benefits, periodic or annual bonuses linked to performance, short- or long-term incentive plans, and any other in-kind benefits.	4-5 المكافآت: الرواتب، البدلات، المنافع، المكافآت الدورية أو السنوية المرتبطة بالأداء، والخطط التحفيزية قصيرة أو طويلة الأجل، وأي مزايا عينية أخرى.
5-5 Giving shares in the company to members of the executive management, whether it is a new issue or shares purchased by the company, is considered among the benefits and rewards.	5-5 ويعتبر منح أسهم في الشركة لأعضاء الإدارة التنفيذية سواء أكانت إصداراً جديداً أم أسهما اشترتها الشركة ضمن المزايا والمكافآت.
5-6 Authority: The Capital Market Authority.	6-5 الهيئة: هيئة السوق المالية.
5-7 SAMA: The Central Bank of Saudi Arabia.	7-5 ساما: البنك المركزي السعودي.
5-8 The Company: The Tawuniya Insurance Company.	8-5 الشركة: الشركة التعاونية للتأمين.
5-9 Assembly: The general assembly of shareholders of the Tawuniya Insurance Company.	9-5 الجمعية: الجمعية العامة لمساهمي الشركة التعاونية للتأمين.
<b>6. Compensation and Benefits:</b>	<b>6. التعويضات والمزايا:</b>
<b>6.1 Fixed Compensation:</b>	<b>1-6 التعويضات الثابتة:</b>
The company pays the basic salary and other allowances to the executive management depending on the structure of job grades, salary levels and policies. Any additional benefits or privileges that are proposed by the CEO and then endorsed by the Nominations and Remuneration Committee to be approved by the Board of Directors.	تقوم الشركة بدفع الراتب الأساسي والبدلات الأخرى للإدارة التنفيذية اعتماداً على هيكل الدرجات الوظيفية ومستويات الرواتب والسياسات وأي منافع أو مزايا إضافية يتم اقتراحها من قبل الرئيس التنفيذي ومن ثم التوصية بها من لجنة الترشيحات والمكافآت إلى مجلس الإدارة للموافقة عليها.
<b>6.2 Annual Salary Increase:</b>	<b>2-6 العلاوة السنوية:</b>
The executive management has an annual salary increase in accordance with the performance standards approved by the company, and its effective date is determined by the CEO.	للإدارة التنفيذية علاوة سنوية وفقاً لمعايير الأداء المعتمدة في الشركة ويحدد تاريخ سريانها بقرار من الرئيس التنفيذي.
<b>6.3 Annual bonuses and short- or long-term incentives:</b>	<b>3-6 المكافآت السنوية والحوافز قصيرة أو طويلة الأجل:</b>
The Board of Directors may, at its discretion, agree to allocate a specific amount of money to be distributed to members of the executive management as an annual incentive or as part of short- or long-term incentive plans (for example, but not limited to the granting of shares). The distribution of this incentive is subject to policies approved by the Board of Directors.	يجوز لمجلس الإدارة -حسب تقديره- الموافقة على تخصيص مبلغ مالي محدد كي يتم توزيعه على أعضاء الإدارة التنفيذية كحافز سنوي أو ضمن الخطط التحفيزية قصيرة أو طويلة الأجل (على سبيل المثال لا الحصر منح أسهم). ويخضع توزيع هذا الحافز للسياسات التي يقرها مجلس الإدارة.
<b>6.4 Disclosure:</b>	<b>4-6 الإفصاح:</b>
The remuneration of senior executives shall be disclosed in an appropriate manner and in accordance with the instructions and regulations issued by the regulatory and supervisory authorities.	يتم الإفصاح عن مكافآت كبار التنفيذيين بشكل مناسب وبما يتوافق مع التعليمات واللوائح الصادرة من الجهات الرقابية والإشرافية.
<b>7. Criteria for determining rewards and benefits:</b>	<b>7. معايير تحديد المكافآت والمزايا:</b>

The Board of Directors and the Nominations and Remunerations Committee shall consider the following criteria in determining and disbursing remunerations and benefits received by members of the Executive Management:

- 7-1 That the rewards and benefits are fair and correspond with the member's competencies, works and responsibilities that he undertakes and bears and is intended to be achieved.
- 7-2 The rewards and benefits are fair and correspond with the results of the annual evaluation of the performance of the executive management member, which is consistent with the company's strategy, objectives, and performance.
- 7-3 Rewards and benefits should be matched with the company's activity, the degree of risk involved, and the skill necessary for the job held by the executive management member.
- 7-4 Consideration of the complexities of the insurance business, the volume of the company's business, market fluctuations, and the practical experience of the executive management.
- 7-5 That rewards and benefits are reasonably sufficient to attract executive managers with appropriate competence and experience.
- 7-6 Consideration of the practices of other companies in determining remuneration, while avoiding what may result from unjustified increase in remuneration and compensation.

#### **8. Implementation and Verification:**

The Nominations and Remuneration Committee is responsible for reviewing this policy and evaluating its effectiveness in line with the company's strategy and objectives, after it is approved by the General Assembly of Shareholders.

على مجلس الإدارة ولجنة الترشيحات والمكافآت أن يراعوا في تحديد وصرف المكافآت والمزايا التي يحصل عليها أعضاء الإدارة التنفيذية المعايير الآتية:

- 1-7 أن تكون المكافآت و المزايا عادلة ومتناسبة مع اختصاصات العضو والأعمال والمسؤوليات التي يقوم بها ويتحملها والمراد تحقيقها.
- 2-7 أن تكون المكافآت و المزايا عادلة ومتناسبة مع نتائج التقييم السنوي لأداء عضو الإدارة التنفيذية والذي ينسجم مع استراتيجية الشركة وأهدافها وأدائها.
- 3-7 أن تكون المكافآت و المزايا متناسبة مع نشاط الشركة ودرجة المخاطر فيها والمهارة اللازمة للوظيفة التي يشغلها عضو الإدارة التنفيذية.
- 4-7 الأخذ بعين الاعتبار تعقيدات عمل التأمين وحجم أعمال الشركة وتقلبات الأسواق والخبرة العملية للإدارة التنفيذية.
- 5-7 أن تكون المكافآت و المزايا كافية بشكل معقول لاستقطاب مدراء تنفيذيين ذوي كفاءة وخبرة مناسبة.
- 6-7 الأخذ في الاعتبار ممارسات الشركات الأخرى في تحديد المكافآت، مع تفادي ما قد ينشأ عن ذلك من ارتفاع غير مبرر للمكافآت والتعويضات.

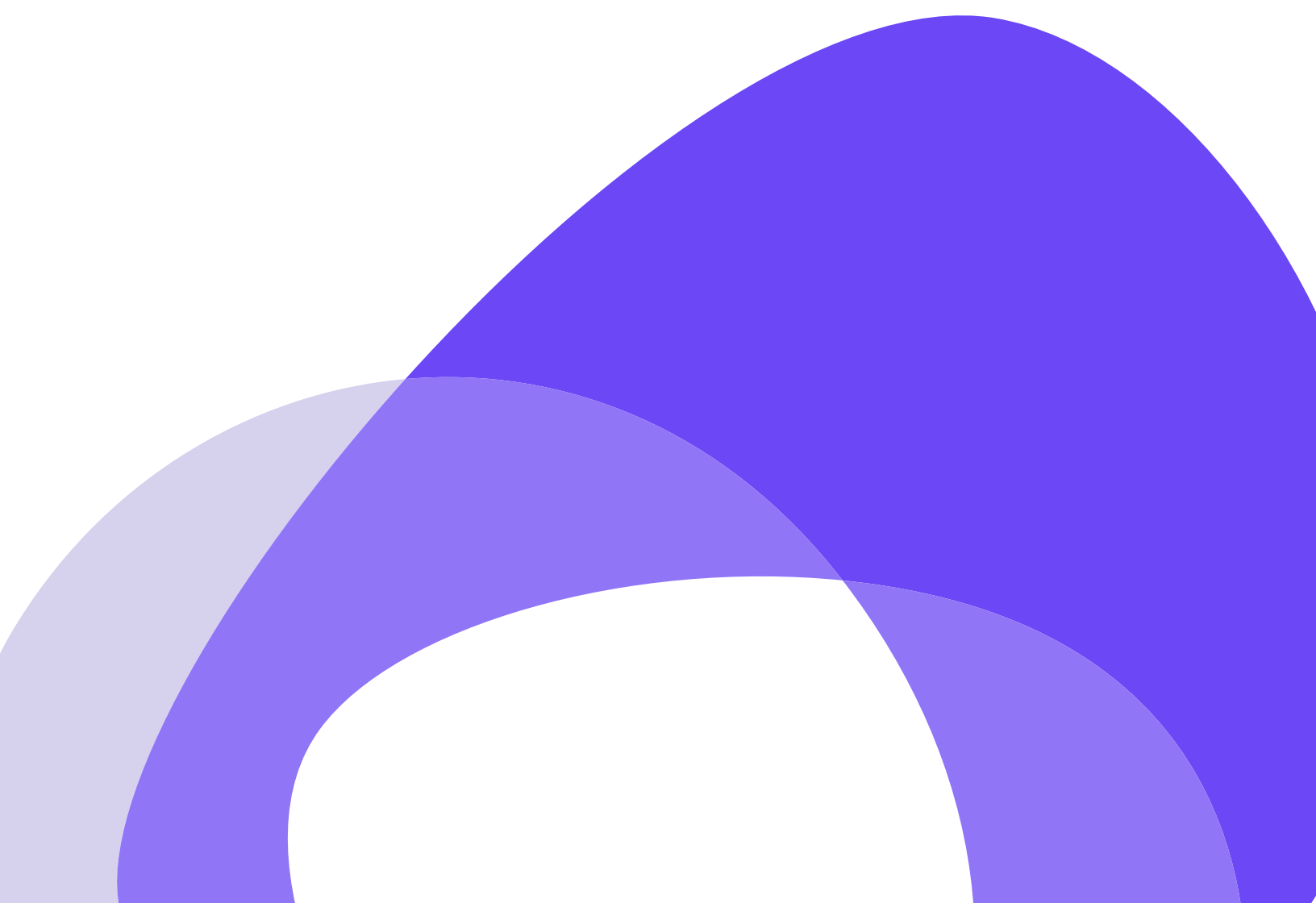
#### **8. التنفيذ والتحقق:**

تتولى لجنة الترشيحات والمكافآت مسؤولية مراجعة هذه السياسة وتقييم مدى فعاليتها بما يتماشى مع استراتيجية وأهداف الشركة، بعد أن يتم اعتمادها من الجمعية العامة للمساهمين.

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## **Fourth Clause Attachments**

Voting on the rules of the long-term incentive program for the Tawuniya's employees and delegating the Board of Directors to approve any future amendments to it, subject to approving item number (2).





التعاونية  
tawuniya

# | Long Term Incentive Plan

# Objectives



## Maximum Value

Increase shareholders value by engaging Senior Level Employees in Long Term Goals of Tawuniya

## Focused Balance

Align Senior Management Employees to short and long term Goals of Tawuniya

## Talent

- Attract and retain key talent
- Ring-fence talent required to drive strategy implementation

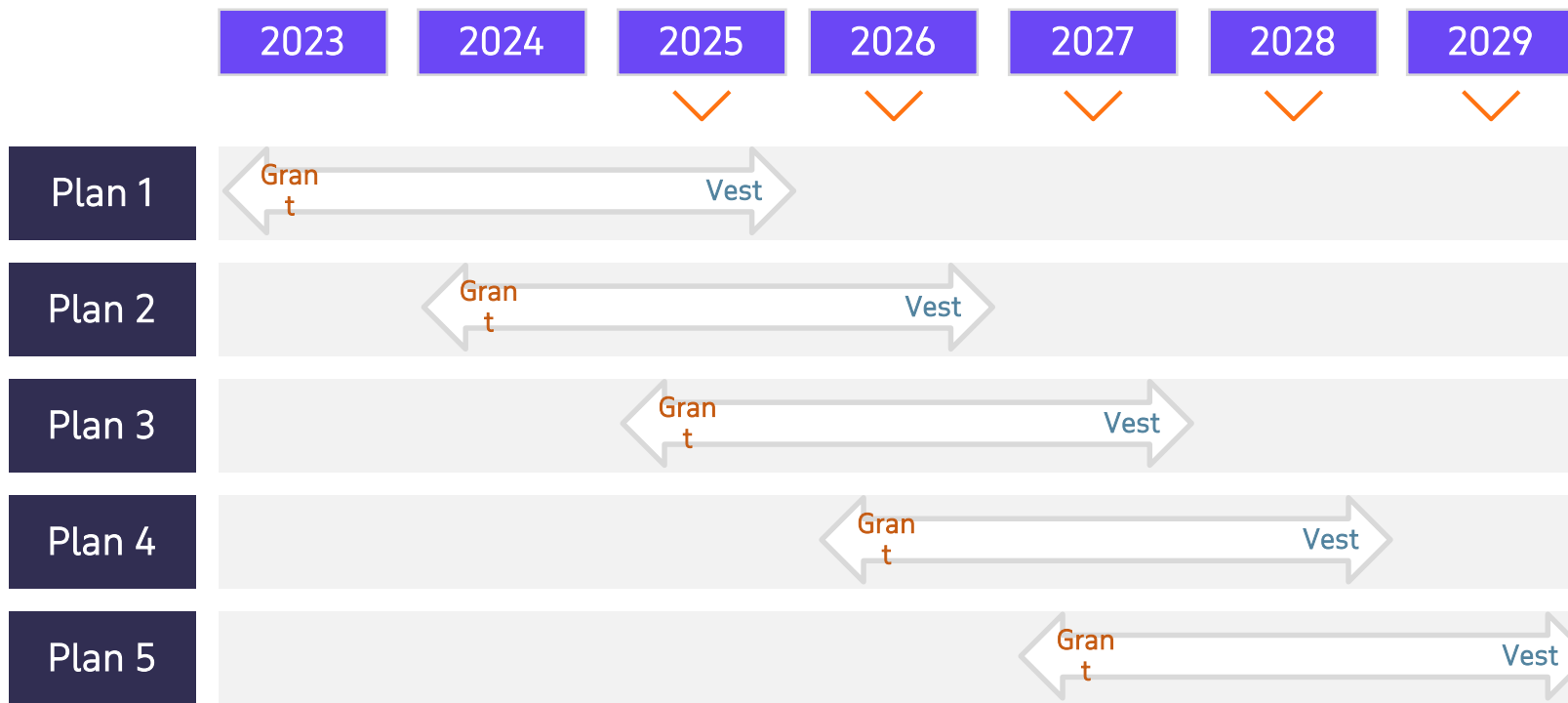
# Difference Between STI & LTI



	Long Term Incentive LTI
Horizon	← 3 Years →
Eligibility	Senior Management & Select Key Talent
Selection	Based on Performance Rating + CEO & NRC vetting
Payment	Shares
Vesting	3 Years



# Grant and Vesting Period



## Rules

- NRC approve grants
- Grant will be based on December salary of the year immediately prior to grant year
- Vesting shall be based on the following conditions:
  - Completed Cycle
  - Company's result confirmed
  - Beneficiaries meet vesting conditions
- NRC to approve vesting conditions and award release
- Unused shares will be recycled for next plan's beneficiaries

# Joiners Conditions



	CEO	Chief	Senior Management	
Grade	CEO	I	G & H	E & F
Nomination	By NRC	Annually by CEO		
Vesting Period	3 Year Plan			
Minimum Tenure	n/a		Has 1 year performance rating	Has 2 year performance ratings
Minimum Performance	n/a		Last performance rating 3 or higher	
LTIP Eligibility Date	<ul style="list-style-type: none"><li>• If hired before 1st Apr, participant joins that year plan</li><li>• If hired on or after 1st Apr, participant joins next year plan</li></ul>		<ul style="list-style-type: none"><li>• If hired before 1st Sep, participant may join next year's plan</li></ul>	

Rules
<ul style="list-style-type: none"> <li>If the rating of the employee falls below 3 in one of the years during the plan: <ul style="list-style-type: none"> <li>– Loses nomination of the next cycle</li> <li>– Maintains benefit on vesting of existing cycle</li> </ul> </li> <li>If the rating of the employee falls below 3 in 2 consecutive years during the plan: <ul style="list-style-type: none"> <li>– Loses nomination for the next 2 cycles</li> <li>– Loses benefit on vesting of the existing cycle</li> </ul> </li> </ul>

# Leavers Conditions



Good Leavers	Un-voluntarily Leavers	Voluntarily Leavers	Bad Leavers	Rules
Unwillingly initiated (i.e., death, legal retirement, full disability, etc.):	Company Initiated (i.e., restructuring, downsizing, SAMA regulation, etc.):	Beneficiary initiated (i.e., Resignation):	Company initiated (i.e., Performance related, disciplinary, etc.):	<p>In any case,</p> <ul style="list-style-type: none"><li>• No payout before cycle is completed and conditions of company's and employee's performance are met</li><li>• Prorated grant means divided based on tenure from grant to date of leaving</li></ul>
<ul style="list-style-type: none"><li>• For scheme vested but not paid, participant earns full grant</li><li>• For schemes unvested, participant earns only prorated grant</li></ul>		<ul style="list-style-type: none"><li>• For scheme vested but not paid, participant loses full grant</li><li>• For schemes unvested, participant loses full grant</li></ul>		

# Governance (LTI)

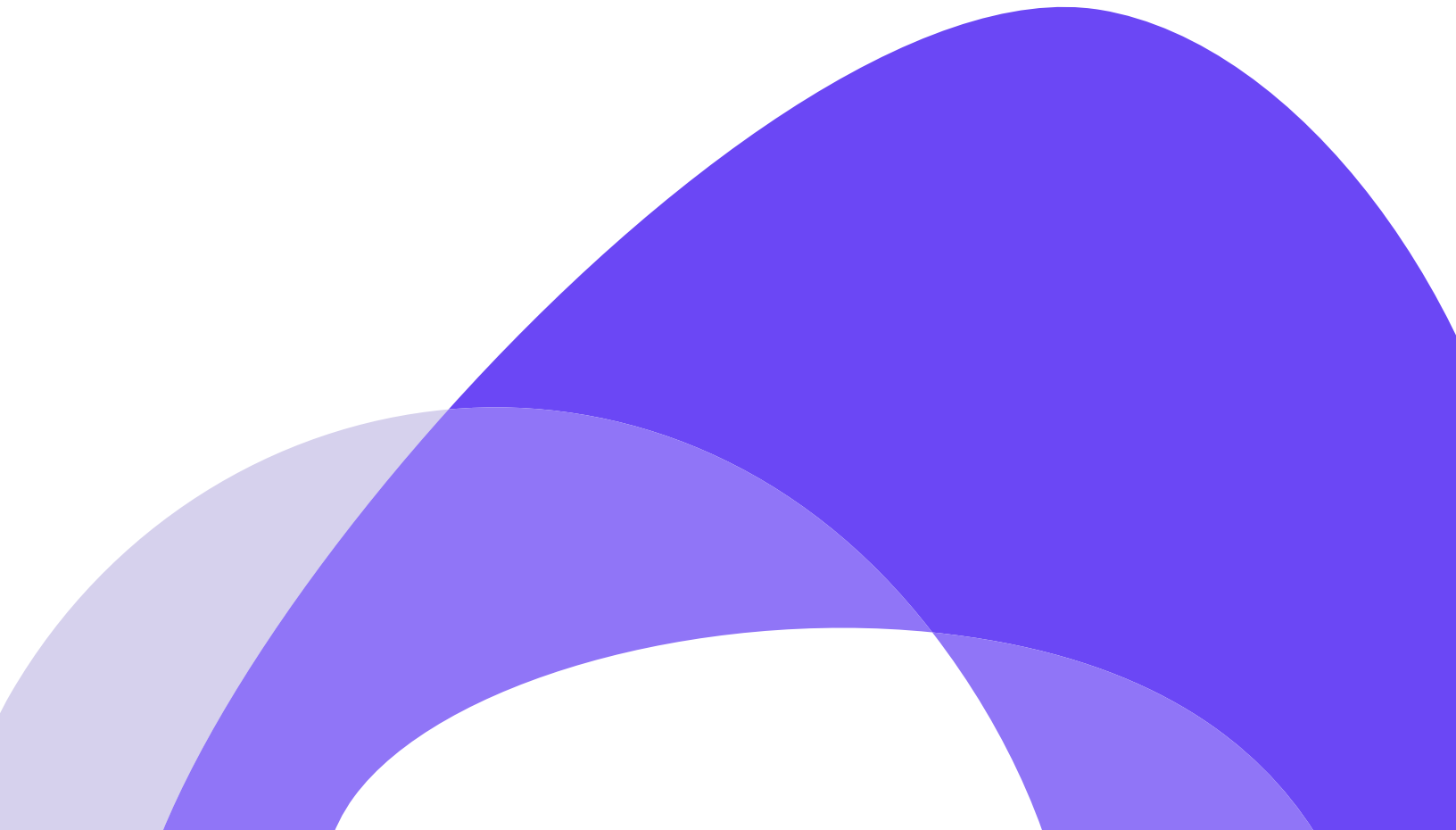


	Recommendation	Approval	Rules
Setting and Evaluating Cycle's KPIs	ExecCom	BoD	<p>Changes to the Governance must be:</p> <ul style="list-style-type: none"><li>• Recommended by the CHRO and CEO</li><li>• Endorsed by the NRC</li><li>• Approved by the BoD</li></ul>
CEO Grant	NRC	BoD	
Other Employees Grants	CEO	NRC	
Vesting Conditions	NRC	BoD	
Joiners / Leavers Management	Any exception, to be recommended by CEO	NRC	
Plan Administration (Grants budgeting, coordination with SNBC, payout, participants letters, etc.)	Human Capital & Finance Teams		

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## Fifth Clause Attachments

Voting on the Tawuniya's purchase of its own shares, with a maximum of (250,000) shares, with an amount not exceeding SAR (17,073,246), to be allocated to the long-term incentive program for employees, provided that the purchase of these shares to be financed through the company's fund. further, to authorizes the Board (or whomever it delegates) to complete the purchase within (12 months) from the date of the extraordinary general assembly's approval, and to determine the terms of the program and its implementation, including the allocation price for each share offered to employees if any, and to be kept no longer than (10) years from the date of approval. Once the said period lapses, the bank will follow the rules and procedures stipulated in the relevant laws and regulations, subject to approving item number (4).



**AGREED-UPON PROCEDURES on statement of compliance with Article 17(3), Part 6 Chapter 1 of the Implementing Regulation of the Companies Law for Listed Joint Stock Companies**

To: Dr. Othman Alkassabi  
Chief Executive Officer,  
The Company for Cooperative Insurance  
P.O. Box: 86959 Riyadh 11632  
Kingdom of Saudi Arabia

7 June 2023

**Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution**

Our report has been prepared solely upon the request of the management of The Company for Cooperative Insurance (the "Company"), to assist the Company's Directors in fulfilling their reporting obligations under Article 17(3), Part 6 Chapter 1 of the Implementing Regulation of the Companies Law for Listed Joint Stock Companies (the "Regulation") of the Company's compliance with the solvency requirements and may not be suitable for another purpose. This report is intended solely for the Company, its shareholders and for the submission to Capital Market Authority ("CMA") with respect to the proposed shares buy-back transaction that the Company intends to execute during the year ending 31 December 2023, and should not be used by, or distributed to, any other parties.

**Responsibilities of the Engaging Party**

The management of the Company have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Directors of the Company (also the "Responsible Party") are responsible for the preparation of statement of compliance in accordance with Article 17(3), Part 6 Chapter 1 of the Implementing Regulation of the Companies Law for Listed Joint Stock Companies on which these agreed-upon procedures are performed. Specifically, the Directors of the Company are responsible for making available to us, on a timely basis, information necessary to perform the procedures set out below in this report and remain solely responsible for it and for the creation and maintenance of all accounting and other records supporting its contents.

**Practitioner's Responsibilities**

We have conducted the agreed-upon procedures engagement in accordance with the *International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures engagements*, as endorsed in the kingdom of Saudi Arabia. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. The procedures were performed solely to assist the Company's Directors in fulfilling their reporting obligations under Article 17(3), Part 6, Chapter 1 of the Implementing Regulation of the Companies Law for Listed Joint Stock Companies in respect of the Appendix A prepared in compliance with the Regulation. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

### Professional Ethics and Quality Control

We have complied with the ethical and the independence requirements in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our engagement, and we have fulfilled our other ethical responsibilities in accordance with its requirements.

Our firm applies International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Procedures and Findings

We have performed the procedures described below, which were agreed-upon with the Company in the terms of engagement dated 7 June 2023, on the statement of compliance in accordance with Article 17(3), Part 6 Chapter 1 of the Implementing Regulation of the Companies Law for Listed Joint Stock Companies attached as Appendix A and stamped for identification purposes.

	Procedures	Findings
1.	Obtained from the management the financial and other information pertaining to the statement of compliance as attached in Appendix A, comprising of the following;	
	i. Section (a): Statement comprising the forecasted working capital of the Company (calculated as current assets minus current liabilities) at 31 December 2023 (budget) and at 31 December 2024 (forecast).  Note: As per Article 17(3) of the Regulation, prior to buying its shares the Company must have sufficient working capital for the twelve (12) months immediately following the date of completion of the share buy-back transaction.	We have obtained the statement comprising the forecasted working capital of the Company at: - 31 December 2023 (budget); and - 31 December 2024 (forecast).
	ii. Section (b): Statement comprising of assets, liabilities, contingent liabilities and net assets of the Company outstanding as at 31 December 2022.	We have obtained the statement comprising of the balances of assets, liabilities, contingent liabilities and net assets of the Company outstanding as at 31 December 2022 and no exceptions were noted.
	iii. Section (c): Balance of retained earnings of the Company, balance of treasury shares after the purchase and excess of the balance of retained earnings over the balance of treasury shares.	We have obtained the balance of retained earnings of the Company at 31 December 2022, balance of treasury shares after the purchase and excess of the balance of retained earnings over balance of treasury shares and no exceptions were noted.

**Procedures and Findings (continued)**

	Procedures	Findings
<b>2.</b>	<b>With respect to Section (a):</b>	
	i. Obtained from the management the forecasted working capital of the Company (calculated as current assets minus current liabilities) at 31 December 2023 (budget) and at 31 December 2024 (forecast), supporting Excel workings as well as checked respective approvals.	We have obtained with no exceptions the statement comprising the forecasted working capital of the Company:  - At 31 December 2023 (budget). We also obtained management representation that it has been approved by the Board of Directors on 27 December 2022 as part of the annual plan and budget approval; and  - At 31 December 2024 (forecast). We confirmed with management through a representation that it has yet to be approved.
	ii. Reconciled the statement comprising the forecasted working capital of the Company at 31 December 2023 (budget) and at 31 December 2024 (forecast) to the supporting Excel workings.	We have reconciled the statement comprising net assets of the Company:  - At 31 December 2023 (budget); and  - At 31 December 2024 (forecast) to the supporting Excel workings. No exceptions were noted.
	iii. Checked the arithmetical accuracy of the statement comprising the forecasted working capital at 31 December 2023 (budget) and at 31 December 2024 (forecast), as well as the supporting Excel workings obtained from the management in step 2(i) above.	We have checked the arithmetical accuracy of i) the statement comprising the forecasted working capital of the Company (calculated as current assets minus current liabilities) at 31 December 2023 (budget) and at 31 December 2024 (forecast) as well as the supporting Excel workings, and no exceptions were noted.
<b>3</b>	<b>With respect to Section (b):</b>	
	i. Obtained the market price per share of the Company prevailing on date of the Agreed- upon Procedures ("AuP") Report from Tadawul to estimate the purchase cost of the share buy-back.	The market price per share of the Company prevailing on the date of the AuP Report were agreed to closing market price per share on the Tadawul and no exceptions were noted.



**Procedures and Findings (continued)**

	Procedures	Findings
3	ii. Compared the balances of total assets, total liabilities and total contingent liabilities with the audited consolidated financial statements of the Company for the year ended 31 December 2022.	The balances of total assets, total liabilities and total contingent liabilities were matched with the audited consolidated financial statements of the Company for the year ended 31 December 2022 and no exceptions were noted.
	iii. Checked the arithmetical accuracy of the computation of the surplus net assets therein (being the amount of net assets remaining after deduction from total assets of total liabilities, total contingent liabilities and estimated cost of proposed share buy-back).	The computation of the surplus net asset remaining after deduction from total assets of total liabilities, total contingent liabilities and estimated cost of proposed share buy-back are arithmetically accurate and no exceptions were noted.
4	With respect to Section (c):	
	a) Matched the balance of the retained earnings of the Company with the respective balance in the audited consolidated financial statements for the year ended 31 December 2022.	The balance of the retained earnings of the Company was agreed with the respective balance in the in the audited consolidated financial statements for the year ended 31 December 2022 and no exceptions were noted.
	b) Checked the arithmetical accuracy of the calculation of the balance of the retained profits of the Company, net of treasury shares balance after the buy-back of such treasury shares.	The calculation of the balance of the retained earnings of the Company, net of treasury shares balance after the buy-back of such treasury shares are arithmetically accurate and no exceptions were noted.

For BDO - Dr. Mohamed Al-Amri & Co.



Gihad Al-Amri  
Certified Public Accountants  
License No. 362



Riyadh on: 18 Thul Qi'dah 1444 (H)  
Corresponding to: 7 June 2023 (G)

**Appendix A**
**The Company for Cooperative Insurance**

Statement of compliance in accordance with Article 17(3), Part 6 Chapter 1 of the Implementing Regulation of the Companies Law for Listed Joint Stock Companies

**a) Adequacy of the working capital**

The proposed date for the share buy-back is 25th October 2023 (within three months from the date of General Assembly Meeting).

The forecasted working capital as at 31 December 2023 and 31 December 2024 (i.e. post 12 months following the proposed date of the share buy-back transaction):

Particulars	31 December 2023	31 December 2024
	SAR '000	
Current assets	21,304,839	23,057,857
Current liabilities	(18,056,943)	(19,491,428)
Working capital excess (forecasted)	3,247,896	3,566,429

**b) Summary of the assets and liabilities as at 31 December 2022**

	31 December 2022
	SAR' 000
Total assets	18,914,997
Total liabilities	(15,549,855)
Total contingent liabilities	(276,000)
Net assets	3,089,142
Estimated cost of treasury shares to be purchased (137,500 * SAR 124)	
[Maximum shares to be purchase (137,500 shares) * Estimated purchase price per share (SAR 124)]	(17,050)
Net assets after share buy-back	3,072,092

**c) Treasury shares**

	31 December 2022
	SAR' 000
Retained earnings	797,650
Estimated cost of the treasury shares to be purchased	(17,050)
Retained earnings after the share buy-back	780,600

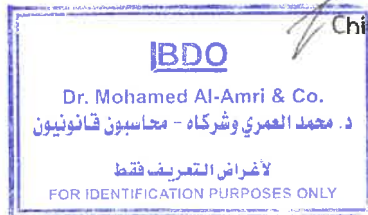
This appendix should be read in conjunction with agreed -upon procedures report, dated 7 June 2023 issued vide an engagement letter with BDO and The Company for Cooperative Insurance Company, dated 7 June 2023.



Chief Executive Officer (Acting)



Chief Financial Officer



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