

Version
Draft

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Remuneration Policy for Members of the Board of Directors and Board Committees

The content of this document has been reviewed and approved as follows:

Version	Valid from	Author	NRC Approval	Board Approval	General Assembly Approval
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1 COMPANY'S INTRODUCTION AND PURPOSE OF THE POLICY

- 1.1 Allianz Saudi Cooperative Insurance Company is a public Saudi joint stock company registered in the Kingdom of Saudi Arabia ("KSA"), holding Commercial Registration number 1010235601 dated 26/06/1428H, with its official registered address at Safwah Trading Center, Khurais Road, Malaz District, Riyadh, P.O. Box 3540 Postal Code 11481 (referred to herein as "**Allianz SF**" or the "**Company**").
- 1.2 Allianz SF has created this policy to stipulate and clearly outline the remuneration of the board of directors (the "**Board**"), and the board committee members (the "**Committee(s)**") to ensure that they are rewarded fairly (the "**Policy**"), and in accordance with the Companies Law issued pursuant to the Royal Decree No. (M/132) dated 01/12/1443AH (the "**Companies Law**"), regulations of the Saudi Central Bank ("**SAMA**"), as well as regulations of the Capital Market Authority ("**CMA**").
- 1.3 In addition, it aims at setting clear and specific standards and conditions explaining to stockholders the Company's terms, conditions, and procedures for granting remunerations to the members of the Board and its Committees.

2 POLICY APPROVAL, IMPLEMENTATION AND REVIEW

- 2.1 The Company's Nomination and Remuneration Committee is responsible for preparing this Policy and presenting it to the Board in preparation for its approval by the General Assembly.
- 2.2 This Policy becomes effective on the date it is ratified by the General Assembly of the Company.
- 2.3 The Nomination and Remuneration Committee shall review this Policy annually and submit its recommendations to the Board regarding the update or amendment of the Policy in line with any occasional changes, developments or updates in the laws and regulations that could impact this policy, if any.
- 2.4 Any provisions not covered in this Policy will be subject to the application of the Companies Law, CMA regulations and SAMA regulations.
- 2.5 This Policy shall be published in the Company's website and to be accessible by the stockholders and stakeholders. A copy of this Policy (and any amendments thereto) shall also be submitted to SAMA in accordance with the applicable SAMA regulations.

3 GENERAL STANDARDS FOR REMUNERATIONS

- 3.1 Without prejudice to the provisions of the Companies Law, CMA regulations and SAMA regulations and the bylaws of the Company, this Policy and the Nomination and Remuneration Committee's recommendations regarding the remuneration of the members of the Board and Sub-Committees shall be all based on, the following principles:
- 3.1.1 be consistent with the Company's strategy, objectives, and required skills of the Company management;
- 3.1.2 be consistent with the magnitude, nature and level of risks faced by the Company;
- 3.1.3 provide remuneration in order to encourage the Board members and Sub-Committees to achieve the success of the Company and its long-term development;
- 3.1.4 take into consideration other companies' practices in determining remunerations and avoid the disadvantages of such comparison in leading to unjustifiable increases of remunerations and compensations;
- 3.1.5 be prepared in coordination with the Nomination and Remuneration Committee in respect of new appointments;

3.1.6 take into consideration situations where remunerations should be suspended or reclaimed if it is determined that such remunerations were set based on inaccurate information provided by a member of the Board, in order to prevent abuse of power to obtain unmerited remunerations; and

3.1.7 regulating the grant of Company's stocks to the Board members, whether newly issued or purchased by the Company.

4 REMUNERATION OF THE BOARD MEMBERS

4.1 The remuneration of the Board members shall consist of a certain specified amount of money, attendance allowance, in-kind benefits, or a percentage of the Company's net profit, or a combination of two or more of the said benefits. If the remuneration is a percentage, Article (19) of the Company's Bylaw must be followed. A Board member shall become entitled to remuneration based on the date of joining the Board as a member, the duration of their membership and the number of Board meetings that they attended. The remuneration will be proportionate based on date of joining.

4.2 The remuneration of Board members may vary depending on the Board members' experience, expertise, duties, he/she undertakes, independency, and the number of meetings he/she attends in addition to any other consideration in accordance with the provisions of the Companies Law, CMA regulations and SAMA regulations and the bylaws of the Company.

4.3 The remuneration of Board members will include the following:

- (a) Fixed remuneration, amounting to a total sum of 200,000.00 Saudi Riyals annually;
- (b) Allowance for attending sessions, amounting to a total sum of 3000.00 Saudi Riyals per session attended; and
- (c) The Company will refund the actual expenses incurred by a Board member living outside Riyadh, for attending the Board meetings including travel and accommodation expenses. The coverage of such expenses includes the cost of staying in hotels and round-trip flight tickets. This as well shall apply in the event of convening the Board meeting outside Riyadh city.

4.4 The Board's report to the General Assembly shall be comprehensive, including all benefits received by the members during the financial year, remunerations, expense allowances etc., the cash received by members, as employees and executives, or as per their exerted efforts including their technical, administrative, and consulting performances. In addition, the report shall include, the number of sessions attended by every member from the last date of the General Assembly meeting, pursuant to the Companies Law, CMA and SAMA regulations.

4.5 The remunerations of the independent members of the Board shall not be a percentage of the achieved Company's incomes, or based, directly or indirectly, on the Company's profitability.

4.6 Without prejudice to what is stipulated in the applicable laws and what is endorsed by the General Assembly, the Board shall present its proposal regarding its members' remuneration (based upon a recommendation from the Nomination and Remuneration Committee) to the General Assembly for voting and approval. Board member remunerations may only be disbursed after obtaining the approval of the General Assembly. The members of the Board may not vote for the remuneration proposal of the Board members during the stockholders' General Assembly.

4.7 A member of the Board may receive a remuneration for any additional executive, technical, administrative, or consulting performances assigned by the Company, in addition to the received remuneration as a member of the Board and its Committees

as per the Companies Law, bylaws of the Company, CMA regulations and SAMA regulations.

- 4.8 The Nomination and Remuneration Committee shall develop the forms and procedures required to evaluate the performance of Board Members, such forms and procedures shall be reviewed annually to ensure their effectiveness.

5 **REMUNERATION OF COMMITTEES MEMBERS**

- 5.1 The remuneration of a Board Committee (including Audit Committee) member shall comprise the following components:

- 5.1.1 Fixed remuneration, amounting to 75,000.00 Saudi Riyals annually;
- 5.1.2 Allowance for attending sessions, amounting to a total sum of 3000.00 Saudi Riyals per session attended;
- 5.1.3 Allowance to cover travel, accommodation, and subsistence expenses (if needed), such allowance must be in line with the approved Company regulations and policies for covering similar expenses; and
- 5.1.4 The fixed remuneration for Committee membership within the Board is established at 75,000 Saudi riyals per Committee, irrespective of the number of Committees to which a member is appointed.

- 5.2 Without prejudice to what is stipulated in the applicable KSA laws, and to what is endorsed by the General Assembly, the Nomination and Remuneration and Committee shall present its recommendations to the Board regarding Committee-members remuneration to be approved by the Board. Committee-member remunerations shall be disbursed after being approved by the Board.

- 5.3 A Committee member shall become entitled to remuneration based on the date of joining the Committee as a member and shall be based on the duration of his membership, and the number of Committee meetings that they attended.

- 5.4 The Board member must not participate in voting for the remuneration of the Committee(s) in which he/she is a member.

- 5.5 The Nomination and Remuneration Committee shall develop the forms and procedures required to evaluate the performance of Board Members, such forms and procedures shall be reviewed annually to ensure their effectiveness.

6 **DISCLOSURE**

- 6.1 The Board shall comply with the relevant disclosure obligations and requirements in respect of this Policy and the remuneration received by the members of the Board and Sub-Committee, or any other disclosure obligations required by the applicable KSA laws and regulations of the Ministry of Commerce, CMA and/or SAMA.