Approved Board & Employees Compensation Policy

In accordance with the principles and foundations of the Governance Regulations for Insurance Companies issued by the Central Bank of the United Arab Emirates

2024

This policy will be presented to the General Assembly of the company for approval

Table of Contents:

Introduction

The company has a system of compensation, incentives, and rewards for Board members and employees that supports the governance of the company, risk management, and financial sustainability. This system ensures alignment with performance standards while considering risk factors and compliance with the laws of the Central Bank of the United Arab Emirates.

Basic Rules

1. **The Board is responsible for approving, implementing, and developing policies and procedures related to employee and executive compensation.**
2. **Compensation must be proportionate to risk outcomes, and payment schedules should be aligned with risk timelines. Deferral mechanisms should be established to delay payment of significant portions of variable compensation until the risks become apparent.**
3. **Board members should receive fixed annual compensation, with no performance-based incentives. Compensation should be limited to predefined amounts and should only cover their responsibilities without additional incentives.**
4. **Compensation for employees working in control functions (e.g., risk management, compliance, internal audit, and actuarial functions) should primarily be fixed and independent of the performance of the business units they oversee.**
5. **A portion of the total compensation granted to senior management and key risk takers must be performance-based. There should be mechanisms to reduce or reclaim compensation in cases of non-compliance or misconduct.**

Board Members' Compensation

1. The Chairman and Board members receive a fixed annual amount, which must not exceed 10% of the net profit after deducting amortizations and reserves.
2. Board members may receive additional allowances or reimbursements for expenses related to their duties but should not receive any performance-based incentives.
3. A lump sum fee of AED 200,000 per member may be granted under the following conditions:
    - If the company does not achieve profits.
    - If the company generates profits, but the individual share of the profit per Board member is less than AED 200,000.
4. Any penalties imposed on the company due to violations by the Board shall be deducted from their compensation.
5. Board member compensation must comply with corporate governance laws and the Securities and Commodities Authority regulations.

Senior Management Compensation

1. **The fixed component of total annual compensation should not exceed 100% of the total.**
2. **Variable compensation may reach up to:**
    - **150% with Board approval.**
    - **200% with General Assembly approval.**
3. **The total annual employee compensation (including control functions) should not exceed 5% of net profits.**
4. **Senior management compensation includes:**
    - **Monthly fixed salaries.**
    - **Allowances (housing, transportation, etc.).**
    - **Medical insurance.**
    - **Annual performance-based bonuses.**
    - **End-of-service benefits, annual leave, travel tickets, and other agreed-upon benefits.**
5. **All payments must align with internal company policies and regulatory requirements.**

Compensation for Control Functions

1. **Employees working in control functions (risk management, compliance, internal audit, and actuarial) must have predominantly fixed compensation.**
2. **Variable compensation should reflect the nature of their responsibilities and must be set independently of the performance of the business units they oversee.**
3. **Their compensation should promote objectivity and independence, ensuring they can perform their duties without external influence.**
4. **The majority of their compensation should be fixed, with minimal performance-based incentives to safeguard neutrality and oversight i**