

Bonus Policy for the Board of Directors of the Union Insurance Company "PSC", its Committees, the Executive Management and the Employees

Preamble:

The bonus policy for the Board of Directors, its committees and the Executive Management has been prepared in accordance with the provisions of Federal Law No. (32) of 2021 Regarding Commercial Companies and the relevant resolutions, including Resolution No. (3/RM) of 2020 by the Chairman of the SCA regarding the approval of the Governance Manual for Public Joint-stock Companies, in line with the provisions of Paragraph 7 of Article 59 of the aforementioned Resolution, which entrusted the Nominations and Bonuses Committee with the task of "Preparation and annual review of the policy on granting bonuses, benefits, incentives and salaries to Board Members and employees of the Company; the Committee shall verify that bonuses and benefits granted to Senior Executive Management of the Company are reasonable and in line with the Company's performance."

First: Legal Articles regulating the Bonus Policy of the Board of Directors and the Executive Management:

1. Federal Law No. 32 of 2021 Regarding Commercial Companies:

Article (171):

"1. The Articles of Association shall state the method of calculating the bonus of the Board Members, provided that it shall not exceed (10%) of the net profits for the ending Fiscal Year after deducting all the depreciations and reserves.

2. As an exclusion of Clause (1) of this Article and subject to the regulations issued by the SCA in this regard, a Board Member may be paid a fee" of a lump sum not exceeding (200,000) Two Hundred Thousand Dirhams at the end of the Fiscal Year, whenever the Articles of Association of the Company permits so, and after the approval of the General Assembly to pay those fees, in the following cases:

- a. Company is not making profits
- b. If the Company makes profits and the Board Member's share of those profits is less than (200,000) Two Hundred Thousand Dirhams, in this case it is not permissible to combine the bonus and the fee.

3. Penalties imposed on the Company due to violation of the law or the Company's Articles of Association by the Board of Directors during the ended Fiscal Year shall be deducted from the bonuses of Board of Directors. The General Assembly may not deduct these penalties, if it turns out that they are not resulting from a default or an error by the Board of Directors.

2. Resolution No. (3/RM) of 2020 by the Chairman of the SCA regarding the approval of the Governance Manual for Public Joint-stock Companies:

Paragraph Nos. 17 and 27 of Article (14):

"The duties and responsibilities of the Company's Board of Directors shall be determined by its Articles of Association, and the Board of Directors shall commit to the following:

17. Approval of the basis for granting incentives, bonuses and benefits for Board Members and Senior Executive Management in order to help achieve the Company's interest, goals and objectives.

27. Recommending the Bonus Policy of the Board of Directors for approval by the Shareholders."

Article (29)

"Bonus of the Chairman and Members of the Board of Directors

1. Bonus of the Chairman and Members of the Board of Directors shall consist of a percentage of the net profit, provided that it shall not exceed (10%) of those profits for the Fiscal Year after deducting all the depreciations and reserves.

2. The Company may pay additional expenses, fees, bonuses, or a monthly salary to its Board Members in accordance with the policies proposed by the Nominations and Bonuses Committee, reviewed by the Board of Directors and approved by the **Company's General Assembly**, if the member works in any committee, exerts special efforts or performs additional work to serve the Company beyond his/her normal duties as a member of the Company's Board of Directors. Attendance allowance may not be paid to the Chairman or the Board Member for Board Meetings.

3. Penalties imposed on the Company by the SCA or any other competent authority due to violation of the law or the Company's Articles of Association by the Board of Directors during the ended Fiscal Year shall be deducted from the bonuses of the Chairman and the Board Members. The General Assembly may not deduct these penalties or part thereof, if it turns out that they are not resulting from a default or an error by the Board of Directors."

Paragraph Nos. 7 and 8 of Article (59)

"Nominations and Bonuses Committee

The Board of Directors shall form a permanent committee called the Nominations and Bonuses Committee. The Committee shall convene its meetings once during the year or whenever needed, its tasks are as follows:

7. Preparation and annual review of the policy on granting bonuses, benefits, incentives and salaries to Board Members and employees of the Company; the Committee shall verify that bonuses and benefits granted to Senior Executive Management of the Company are reasonable and in line with the Company's performance.

8. Ensuring that remunerations and bonuses, including other deferred bonuses and options, and benefits offered to Senior Executive Management are linked to the Company's performance in the medium and long term”.

Second: Objectives:

- Determining clear standards regarding the bonuses of the Company's Board Members, its committees, and the Executive Management, in accordance with the Corporate Governance Manual, rules and regulations.
- Attracting the required competencies both at the level of the Company's Board of Directors and its committees, and at the level of the Company, including the Senior Executive Management alongside with the various departments of the Company and its employees, in a way that contributes to improving the Company's performance and achieving the interests of shareholders.
- Maintaining the competencies existing in the Company.
- Encouraging the Board Members, the committees emanating therefrom and all employees of the Company to carry out their responsibilities, as well as raising the Company's performance.

Third: General Conditions:

1. Bonuses shall be in line with the Company's strategy and objectives.
2. Bonus shall be determined on the basis of the job level, duties and responsibilities assigned to the incumbent, academic qualifications, work experience and level of performance.
3. Observing the prevailing practices in the labor market, with priority consideration of the sector in which the Company operates and its size.
4. Achieving the desired objectives by preserving skills and competencies existing in the Company, as well as attracting the necessary therefrom.
5. Disclosing the bonuses of the Board Members, Committees and Executive Management in accordance with the provisions of Resolution No. (3/RM) of 2020 by the Chairman of the Securities and Commodities Authority (SCA) regarding Public Joint-stock Companies and any resolutions issued in this regard.

Fourth: Bonuses and Fee of Board Members and Allowances of Committees Members:

1. Bonuses of the Board Members shall consist of a percentage of the net profits of the Company after deducting the depreciations and reserves, provided that it shall not exceed 10% of these annual profits, and it shall be determined annually by the Board through a recommendation to the General Assembly for approval and consent in accordance with the applicable law and regulations.
2. Additional expenses, fees, bonuses or a monthly salary may be paid to one or more of the Board Members in exchange for special efforts or additional work carried out by the member beyond his/her normal duties; these amounts shall not exceed 200 Thousand Dirhams per annum and they shall be as per a resolution by the Board of Directors.
3. Meeting attendance allowances may be paid to members of the committees emanating from the Board, and the Board may determine their amount as per a proposal from the Nominations and Bonuses Committee. The attendance allowance for a single meeting shall not exceed 10 Thousand Dirhams for the Head of the committee and 5 Thousand Dirhams for the Committee Member.
4. Alternately, between the foregoing clauses, the bonus (in Clause (1) above) may be combined with the expenses, fees, additional bonuses and other benefits in Clauses (2 & 3) that shall be decided to the Board Members.
5. Bonus of the members may be of varying amounts to reflect the member's experience, competence, duties entrusted to him/her and his/her independence. Joining Date to the Board and Tenure shall also be taken into account. With regard to the committees emanating from the Board, the number of meetings attended by the member, and any other considerations, shall be taken into account at the discretion of the Board of Directors.
6. With regard to the provision of the Second Clause above, additional expenses, fees, or bonuses, etc. may be made in a quarterly or semi-annual payments as determined by the Board, as for the annual bonus based on the net profits shall be paid after being approved by the General Assembly.
7. The provisions of this policy shall apply as of the date of election of the Board Members by the General Assembly on 8 June 2021.

Fifth: Bonuses of the Executive Management of the Company:

Without prejudice to the provisions of the employment contracts between the Company and the Senior Executive Management Personnel in accordance with a resolution by the Board of Directors, based upon a recommendation by the Nominations and Bonuses Committee, as well as

the employees of the Company, annual remunerations, additional bonuses, fees or expenses shall be paid to the Executive Management Personnel, taking into account the following:

1. Executive Management shall execute the bonus policy for employees and Senior Executives after being acknowledged by the Nominations and Bonuses Committee and approved by the Board of Directors.
2. Linking bonuses to the Company's performance, alongside with performance indicators for employees, which is based on the annual evaluation of each employee.
3. Bonus determined for employees may vary according to criteria related to the position, responsibilities and duties assigned to each employee, experience, and annual evaluation results.
4. Benefits stipulated in the employment contract and/or the applicable Labor Law may be combined with two or more benefits stipulated in the provisions of this policy, provided that it shall be approved by the Nominations and Bonuses Committee and the Board of Directors.
5. In the event that the bonus is decided based on inaccurate or false information, such matter shall be submitted to the Board to take a decision to suspend or recover the same, as the case may be.

Sixth: Responsibility and Scope of Application:

1. Executive Management shall observe the application of this policy and shall verify that its conditions are followed, provided that it shall be approved by the Nominations and Bonuses Committee.
2. Nominations and Bonuses Committee shall review this policy and make the necessary amendments in consultation with the Executive Management, provided that it shall be presented to the Board for approval in accordance with the regulations followed in this regard.
3. This policy shall apply to the Board of Directors, its committees, and the Senior Executive Management of the Company.

Seventh: Final Conditions:

1. This policy shall enter into force as of the date of its approval by the General Assembly; the provisions thereof shall apply as of the date of election of the Board Members by the General Assembly on 08/06/2021.
2. The provisions contained in the Companies Law and the Insurance Law, as well as the provisions contained in the regulations, instructions and resolutions issued pursuant to either of them, any amendment thereto, shall be applicable where there is no special provision in this policy.