

SUSTAINABILITY REPORT 2022

"We strive to achieve inclusiveness and justice to achieve the greatest degree of prosperity, and the empowerment of women and youth remains fundamental to achieving sustainable growth."

"My primary goal is to be an exemplary and leading nation in all aspects, and I will work with you in achieving this endeavour."

His Royal Highness
Prince Mohammed bin Salman bin Abdulaziz,
Crown Prince, Prime Minister, and Chairman of the Council
of Economic and Development Affairs

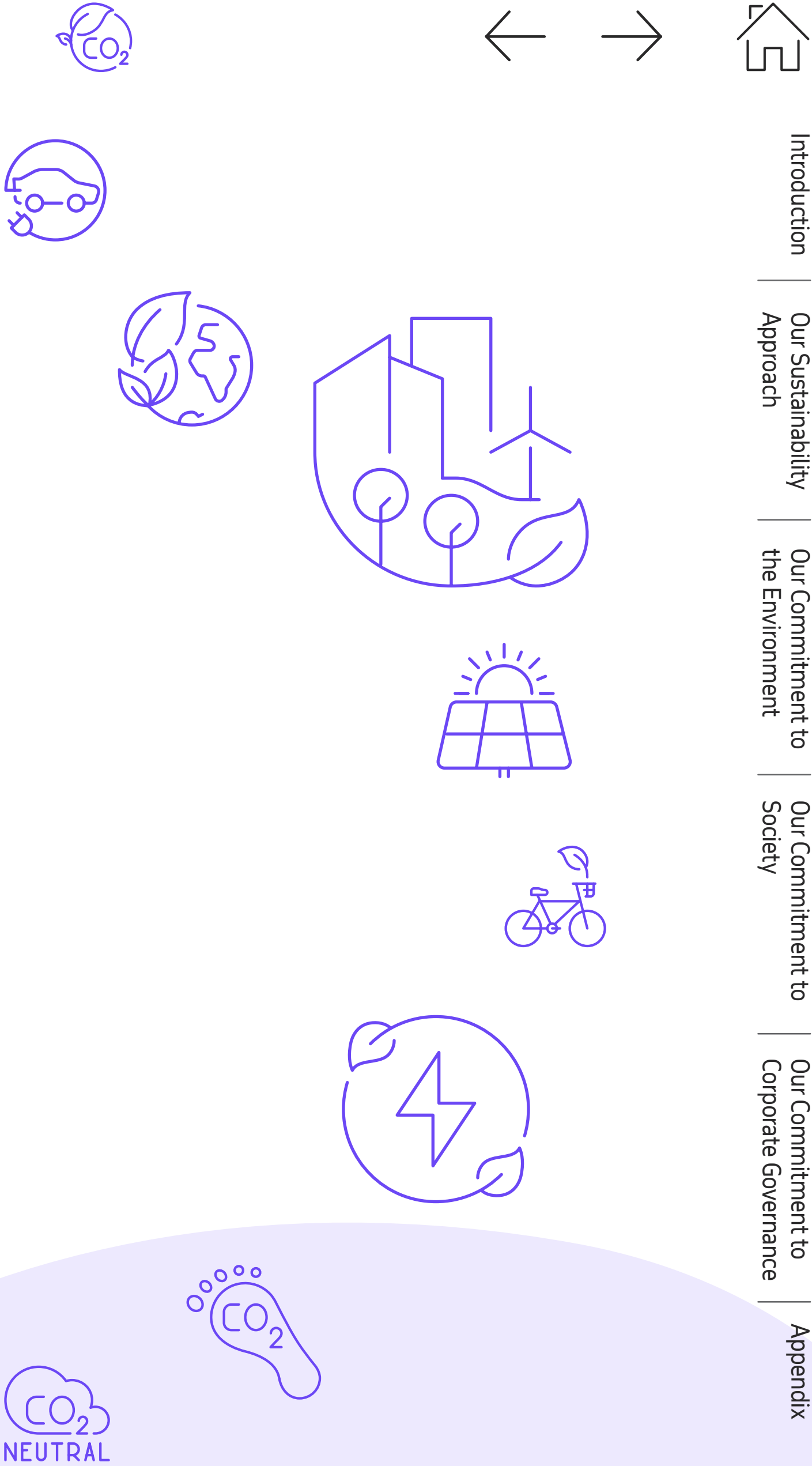
Custodian of the Two Holy Mosques
King Salman Bin Abdulaziz Al-Saud



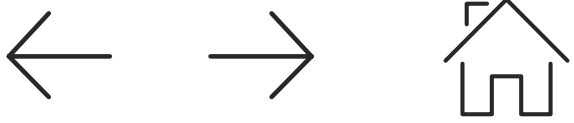
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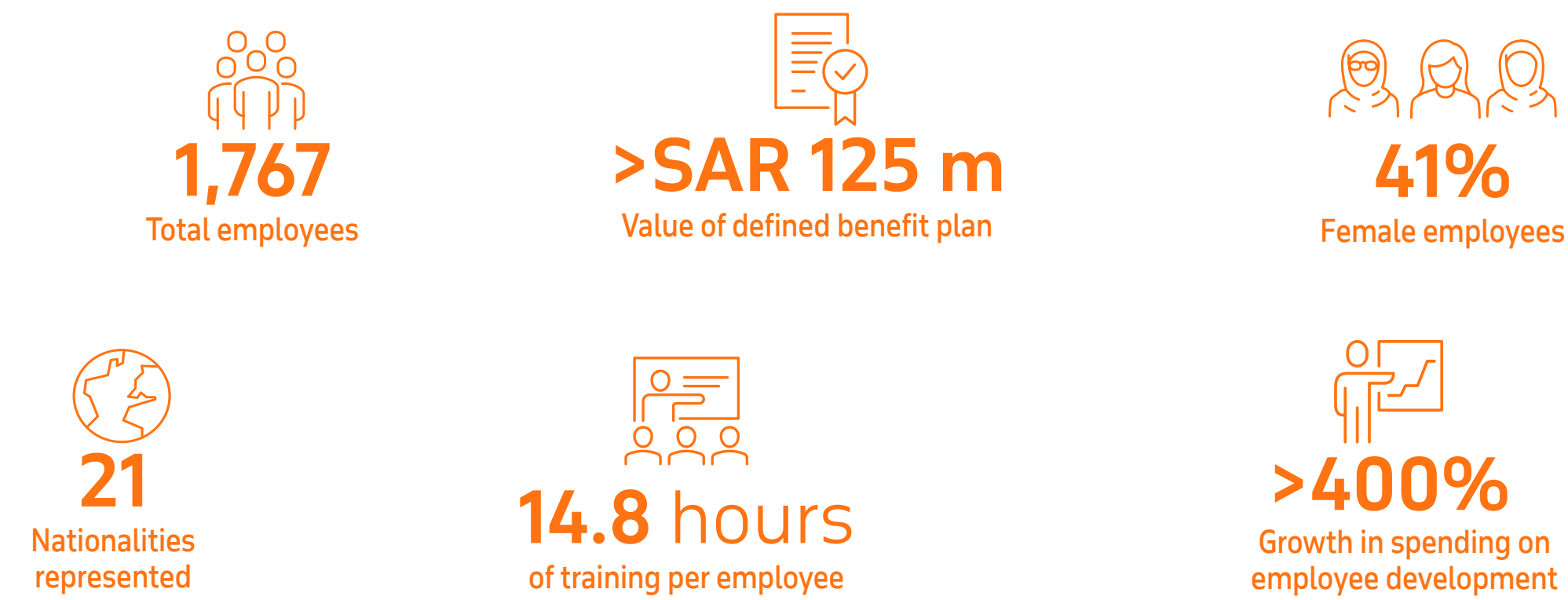
Sustainability Achievements at a Glance



Tawuniya statistics



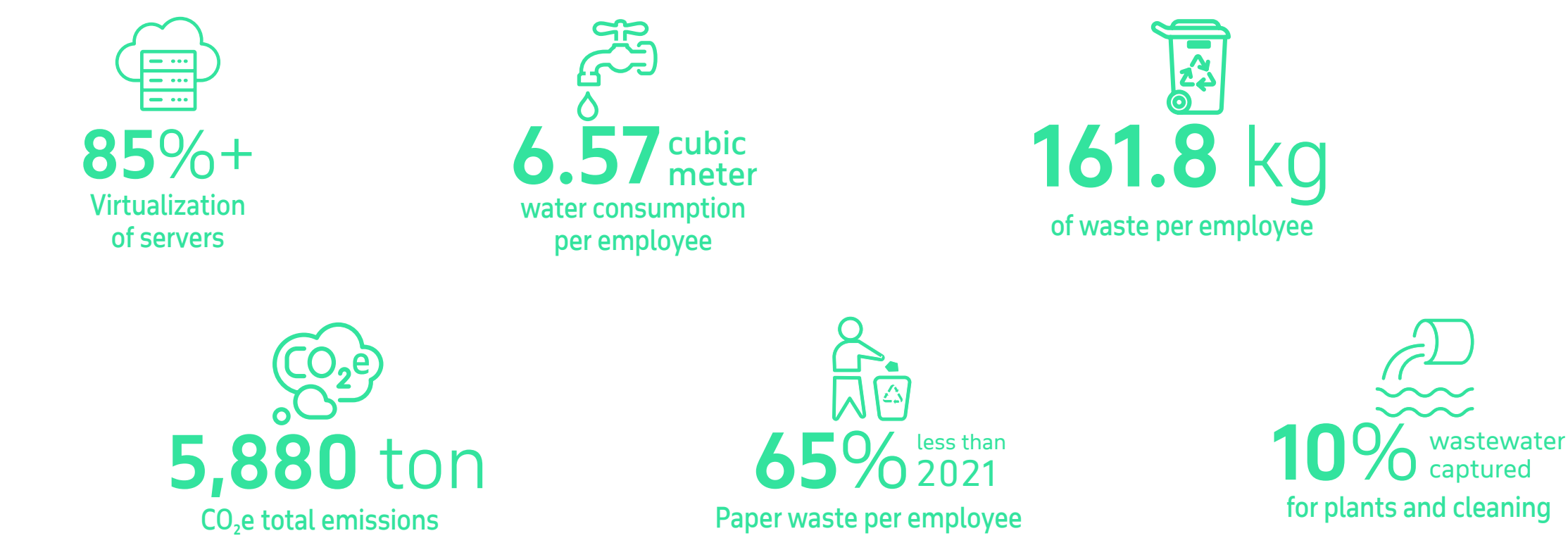
Social statistics



Governance statistics



Environmental statistics

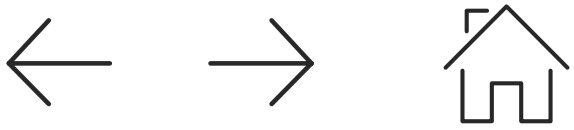




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Message from the Chairman



We believe in the necessity of reducing our GHG emissions to protect our planet.

Commitment to Sustainability and the Path to Net Zero

Amid a rapidly evolving global landscape, Tawuniya has undertaken a transformative journey that resonates with the Kingdom of Saudi Arabia's robust pledge to become net-zero emissions by 2060. This unprecedented commitment goes beyond our identity as a leading insurance company; it casts us as a key player in shaping a sustainable future for our society, economy, and planet.

Environmental, Social, and Governance (ESG) principles are not merely trends for us; they form the compass guiding our navigation through the intricate terrains of modern business. Our inaugural report last year signaled a pivotal step, but the journey continues, unwavering and determined. This year, we have redoubled our efforts, embarking on decisive initiatives that heed the urgent call of climate change and the imperative demands of social responsibility.

As per our first step in paving the way to become net zero emissions, our central focus during 2022 was to understand and measure our Greenhouse gas emissions and our impact on the climate. In this report, we provide our scopes 1 and 2, GHG emissions, while we continue our work to quantify our GHG emissions along our value chain. This lays the foundation to set up our reduction target in the near term, and we believe in the necessity of reducing our GHG emissions to protect our planet and as part of the Kingdom's commitment to achieve net zero emissions by 2060.

We have also made leaps in our operational strategies to minimize environmental impact. Our technological shifts towards virtualization, digital workflows, and innovative resource efficiency embody a progressive approach to sustainability. This goes beyond a policy or strategy; it is about an evolved way of thinking and operating.

In tandem with our environmental efforts, governance is central to Tawuniya's commitment to sustainability. We prioritize transparent, accountable, and ethically sound governance practices. Our framework ensures adherence to the highest standards, fostering fairness and responsibility. This commitment isn't just compliance; it's integral to our identity, reflecting our dedication to creating lasting value for stakeholders, society, and the environment.

Innovation, Social Development, and a Holistic Approach

We are firm in our conviction that our products should serve as more than just a safety net for individuals; they should actively drive positive change and contribute to the betterment of our society.

At Tawuniya, our newly designed programs (Vitality and Drive) stand at the forefront of innovation. These programs prioritize health and safety and integrate economic incentives, environmental considerations, and governance practices. They are the culmination of collaborative efforts on both national and international fronts, as we are committed to delivering the most effective modules for our

clients. Our belief in excellence necessitates ongoing collaboration with others to ensure the highest standards in our offerings.

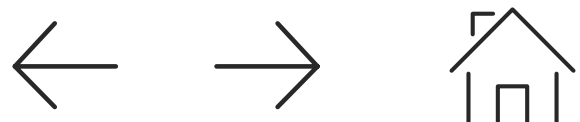
We recognize the importance of fostering diversity within our workforce, believing that an inclusive environment promotes creativity and innovation. Similarly, we strive to enhance the financial stability and well-being of our clients, as we understand that sustainability is interwoven with the well-being of our community.

Our dedication to these values has spurred the launch of various social programs, partnerships, and initiatives that touch the lives of those in need. Whether supporting educational growth, healthcare, or other social causes, we ensure that our reach extends far beyond our business spectrum.

Tawuniya's vision, as illuminated in this report, transcends mere business metrics. It embodies a profound sense of purpose and a sacred promise to future generations. As we steadfastly progress towards the monumental goal of a net-zero future, we are driven by a philosophical conviction that sees insurance not merely as a financial instrument but as a potent catalyst for positive change. Our pursuit of sustainability is not a solitary one. It requires collaboration, partnership, and a collective will to achieve the promise of a sustainable tomorrow. We invite our stakeholders, clients, employees, and all those connected to us to join hands in this transformative journey.

Abdulaziz I. Alnowaiser
Chairman

Message from the CEO



Success is not only measured by financial performance but also by our contribution to the wider society and the environment.

I am pleased to present Tawuniya's ESG report for the year 2022.

We believe that the success for an insurance company is not only measured by financial performance but also by our contribution to the wider society and the environment. For this reason, we have had a longstanding commitment to the ongoing integration of sustainability into our business strategy and operations. This report is an opportunity for us to share our progress with you.

The world is facing significant challenges that require urgent action. Climate change, social development needs, and environmental degradation are some of the most pressing issues that we face as a society. In the Middle East region, we face unique challenges, such as water scarcity, energy dependence, and socio-economic development. Nevertheless, we recognize that these challenges also present opportunities to make a positive impact, and we are committed to using our expertise, resources, and influence to support sustainable development in the region, in particular the Kingdom.

There is a global recognition that the insurance industry is the most vulnerable to the impact of climate change as it will affect both the liabilities and assets. In Tawuniya we are aware of the climate change risks that could potentially impact our long-term performance, and measures are being taken to address the physical and transitional risk of climate change.

We recognize that our responsibility also begins at home, and we are committed to reducing our internal environmental footprint, promoting sustainable practices within the organization. Embedding sustainability into our business is a challenging task, as it involves a dramatic change to our day-to-day operation, and requires collaboration between various stakeholders, but we can proudly state that we were able to move forward.

We believe in the 3 Ps:

1 Planet

As a first step in our climate mitigation journey, we have measured operational greenhouse gas (GHG) emissions and actively work to identify emissions across our value chain. Our goal is to align Tawuniya with global and national climate efforts, transitioning to a low-carbon economy. Despite our relatively low environmental impact as a service provider, we believe every action counts. We diligently measure GHG emissions and monitor our entire value chain, steering Tawuniya toward the global goal of achieving net zero emissions. Our commitment goes beyond reducing negative impact; we aim to create a positive impact whenever possible.

2 People

In 2022, we prioritized customer satisfaction and expanded our customer base while enhancing internal processes. Upholding high ethical standards, we have implemented policies for fair treatment of suppliers

and safeguarding sensitive data. Our significant investment in employee learning and development quadrupled, fostering professionalism and growth. A new division, 'Employee Experience and Engagement,' aims to boost satisfaction and retention. We encourage an open-door policy for all employees to voice their opinions, believing it is integral to achieving growth objectives.

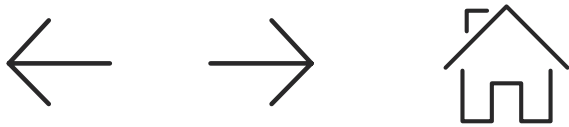
3 Profit

Tawuniya has experienced significant revenue growth and impressive share price performance. This remarkable growth is not a mere coincidence; it is the result of Tawuniya's unwavering commitment and long-term vision. Our goal is to become the largest insurance company in the MENA region by 2025. Our ongoing efforts in product development and the enhancement of our internal structure has empowered us to pursue this ambitious vision.

I wish to express my heartfelt gratitude to our dedicated employees and valued business partners for making this journey and these possibilities a reality.

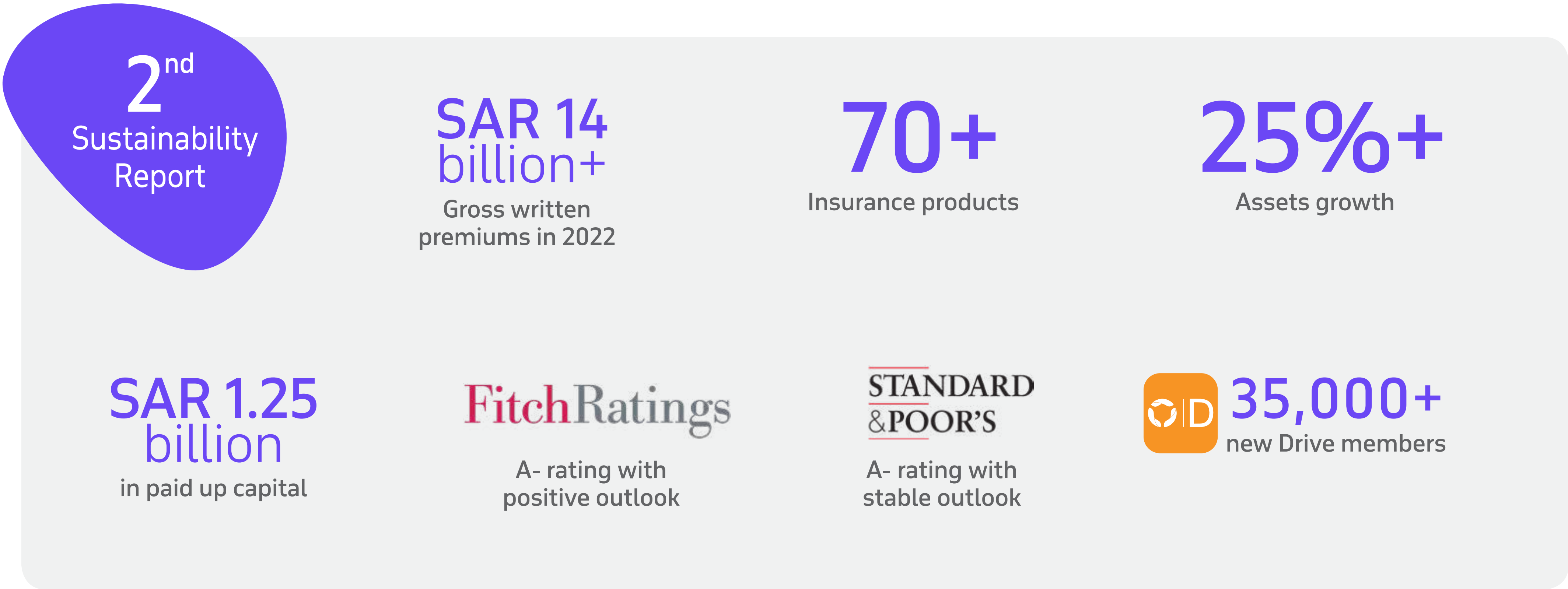
Othman Alkassabi
CEO

Tawuniya at a Glance



Tawuniya has played a key role in the Saudi Arabian insurance sector, consistently improving its service offering during 38 years of operation.

The principal lines of business for Tawuniya include medical, mobility, marine, fire, engineering, energy, aviation, Takaful, and liability insurance, with over 70 products in other insurance classes. Since its establishment, Tawuniya has played a key role in the Saudi Arabian insurance sector. Through its 38 years of operation, the company has consistently improved its service offering and financial performance to become the top insurance provider for Saudi Arabian consumers.



Health Insurance

Our health insurance products are meticulously designed to cater to the varied needs of our clients, ensuring they always feel secure and protected.

Tawuniya proudly stands as a significant player in the health insurance domain throughout Saudi Arabia. Our health insurance products are meticulously designed to cater to the varied needs of our clients, ensuring they always feel secure and protected. Here's a snapshot of our comprehensive insurance packages:



My Family: Tailored medical insurance for Saudi families.



Visit Visa Medical Insurance: For guests visiting Saudi Arabia.



Domestic Worker Health Insurance: Focused on ensuring the health of domestic workers.



Hajj and Umrah Insurance Programs: In collaboration with the ministry of Haj and Umrah, to provide travelers embarking on their spiritual journeys with general and health insurance.



About the Vitality Program

The program educates clients on their health status and motivates them toward healthier and more rewarding lifestyles. This initiative, born out of a collaboration with the Vitality Group—a global powerhouse in wellness-based insurance—creates a bespoke wellness program tailored to our clients' unique needs and rewards them for healthy choices.

Our clients can enjoy these rewards:



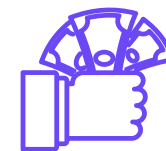
A delightful cup of coffee



Diet Center vouchers for nutritious choices



Movie Tickets for leisure



Cashback benefits for substantial savings



Exclusive Fitness Time offers



Health Insurance continued

Our team is fervently working to expand this electronic approach in the upcoming year.

In 2022, under the combined banner of health and the Vitality program, Tawuniya engaged in several activities aimed at enhancing our clients' overall well-being. Here are the key events:

- 1 Hosted 170+ vitality events at client premises.
- 2 Sponsored the Riyadh Marathon in March 2022.
- 3 Supported the Jeddah Half Marathon in December 2022.
- 4 Collaborated with Al Hilal in April 2022 for a walk campaign during Ramadan.
- 5 Organized various workshops on healthy eating, life coaching, and more.
- 6 Held health-focused events and sessions on breast cancer, diabetes checkups, CPR, and yoga.

Moreover, Tawuniya has been keen on enhancing awareness by organizing educational sessions for employees and clients on varied health insurance topics. This dual focus on financial performance and client health ensures a mutually beneficial relationship.

On the operational front, we've made significant improvements in claim processing. Our medical insurance division has boosted the efficiency and quality of its claims procedure, embracing electronic claims handling. Our team is fervently working to expand this electronic approach in the upcoming year. Detailed claim statistics are provided in the table below:

	Value for 2020	Value for 2021	Value for 2022
Number of claims requested to be settled during the year	9,626,067	12,425,394	15,137,083
Number of claims settled during the year	10,103,026	11,796,361	13,866,199
Percentage of settled claims during the year	104.95%	94.94%	91.60 %
Amount of claims paid (in SAR)	SAR 4,922 million	SAR 6,108 million	SAR 6,521 million



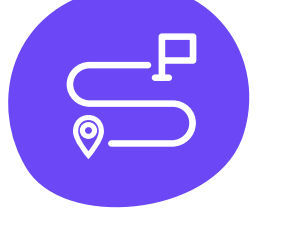
Mobility Insurance

Offering unique mobility insurance packages that provide a valuable range of benefits and features.

Tawuniya offers one of its kind mobility insurance packages that provide its customers with a lot of benefits and features:

- 1 **Al-Shamel** is a robust mobility insurance program that provides expansive coverage tailored to the vehicle's value at the time of an accident, while also addressing public liability for any third parties involved.
- 2 **Third-Party Insurance** offers an array of exclusive benefits, including discounts and special offers, and provides commercial vehicles with liability coverage up to a ceiling of 10 million riyals for damages to third parties in the event of an accident.
- 3 **Third-Party Plus Insurance** is a hybrid plan combining third-party liability protection with selective comprehensive coverage, offering limited insurance for damages to the insured private vehicle in addition to safeguarding against liability to third parties.

 **Drive** launched in March 2021 and designed for Al-Shamel insurance policyholders. Drive is a collaborative initiative with Discovery Insure and Vitality Group that rewards safe driving through a point-based system. Using a sensor and the Drive app, the program collects diverse driving data that are based on the following:

- | | |
|--|--|
|  Acceleration |  Speed and speed limit violations |
|  Braking |  Cornering |
|  Mobile phone usage |  Time of day |
|  Trip distance |  Night-time driving habits |

Drivers improved
their driving
behavior by
17%



Mobility Insurance continued

By promoting road safety and sustainable driving, the program is actively contributing to national goals.

The collected data is analyzed, and accordingly, the driving behavior is assessed. The safer you drive, the more points you accumulate, which can be easily redeemed for weekly rewards and discounts on your car insurance that can go up to 20%. Furthermore, the rewards program has been enriched to offer a wider variety of benefits, including fuel and car maintenance discounts, as well as food and drink vouchers from Drive’s success partners.

One of the most notable achievements is the improvement in driving behavior among participants. Drivers improved their driving behavior by 17% within the first two months of joining, a statistic measured by the increase in average weekly performance scores. In recognition of its impact and innovative approach, Drive was honored with the “Best Shared Value Insurance Concept” award by the International Finance Awards in 2022.



As of the end of 2022, Drive had **41,732 active participants**, with **35,412 new sign-ups** in that year alone including, renewals. This signifies a substantial rate of growth and acceptance of the program within KSA. The loss ratio for Drive members has been **reduced by 7%** in absolute points compared to non-Drive members. Furthermore, the retention ratio is higher by an absolute 20 points, indicating high levels of customer satisfaction and long-term commitment to Tawuniya’s services.

The continued success of Drive aligns well with the National Transformation Program (NTP) and the broader objectives outlined in Saudi Arabia’s Vision 2030. By promoting road safety and sustainable driving, the program is actively contributing to national goals.

	2022
Number of claims requested to be settled during the year	90,682
Number of claims settled during the year	76,135
Percentage of settled claims during the year	84%
Amount of claims paid	SAR 668,654,823
Percentage of claims settled within 7 working days	98.94%

35,412



New sign-ups for the award winning DRIVE initiative



Introduction

Our Sustainability Approach

Our Commitment to the Environment

Our Commitment to Society

Our Commitment to Corporate Governance

Appendix

General Insurance

Tawuniya provides General products for green transformation enablers such as NEOM green hydrogen company.

Tawuniya's General insurance business includes property, engineering, marine, aviation, energy, and general accidents insurance coverage. Tawuniya insures General clients in major industrial sectors in Saudi Arabia and has been actively promoting general products to small and medium-sized enterprises (SMEs) in the kingdom. Furthermore, Tawuniya provides General products for green transformation enablers such as NEOM green hydrogen company, National solar contracting and Saudi German factory for solar products and continues to support the green transformation in Saudi Arabia. In Marine, all ocean-going vessels insured by Tawuniya are required to comply with IMO 2020 Sulphur regulation. The regulation has been in force globally since 1 January 2020, under IMO's MARPOL treaty, marking a significant milestone in improving air quality, preserving the environment and protecting human health. Furthermore, the majority of General products for clients have been digitized including everything from the application process to the claims process.

During the underwriting process of general in which many factors are taken into consideration, the environmental risk, associated with the location, plays a significant role in the pricing of general. Additionally, the practice of pricing involves a risk management procedure that takes into consideration the hazards surrounding the insured products and provides enhancement solutions to reduce the risks. General risks are assessed in detail based on their potential impacts on Tawuniya. The Major driver for climate change risk in general is the physical risk, such as flooding and extreme heat, which are continually assessed. Tawuniya employs experienced engineers to perform comprehensive assessments of the potential risks of underwriting.

Risk inspection survey is conducted to ensure relevant protections are in place while underwriting the risks. Our work with our clients extends to providing them with recommendations about risk improvement measures, following up on the implementation of the recommendations, and conducting awareness seminars and client specific industry workshops about the risks clients may face. During 2022 we conducted on average one seminar/webinar per month on various topics such as warehouse hazards and controls and hotel industry risk management. Additionally, Tawuniya was actively sending weekly tips on risk management to its clients.



Geopolitical dynamics drive Tawuniya's innovative insurance solutions.

Tawuniya is watchful of climate change risks in liability writing and seeks forward insights for sectors that might face ESG related litigation in the future. For certain risks, Tawuniya examines account statements and reports to assess sustainability and any possibility of future losses/risks. Tawuniya has plans to introduce additional environmental assessment criteria in the coming years.

Geopolitical developments significantly influence this insurance division, prompting frequent reinsurance arrangements and investment adjustments. Tawuniya actively monitors these dynamics, implementing hedging policies for favorable outcomes. Premium pricing hinges on engagement with reinsurance companies, many of whom integrate ESG into underwriting. Tawuniya collaborates with numerous reinsurers adopting ESG underwriting.

In 2022, Tawuniya started developing innovative products based on emerging risks studies and analysis. Two of the most pioneering products that Tawuniya plans to have available in 2023 are, the partnership with amazon for extended product warranty, and the partnership with National Housing and IKEA for Revamped home insurance.

Claim Highlights	2021	2022
Number of claims requested to be settled during the year and outstanding claims	5,258	5,315
Number of claims settled during the year	2,544	2,139
Percentage of settled claims during the year	48.4%	40.2%
Amount of claims paid	291,814,455	781,863,014
Percentage of claims settled within 7 working days	59%	88%



Asset Management

The investment portfolio is diversified both locally and internationally.

Tawuniya's investment strategy is evaluated and adjusted annually to ensure that the company remains responsive to the market. The Investment Committee approves the investment strategy and oversees Tawuniya's investments. The Department of Investment at Tawuniya consists of four divisions:

- 1

Fixed Income and Money Market
- 2

Alternative Assets
- 3

Equity
- 4

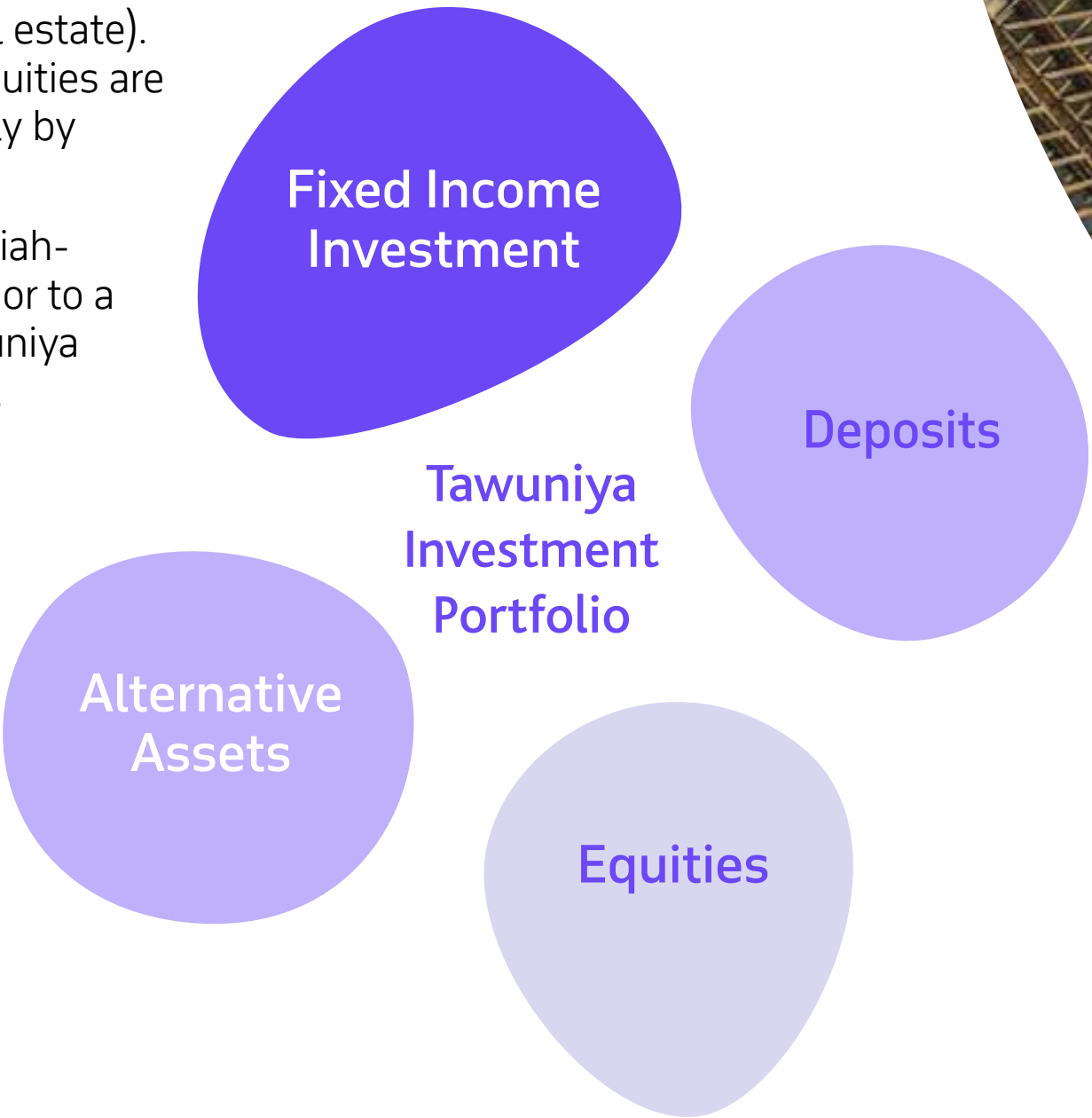
Operations Management

In addition to the oversight provided by the Investment Committee, the risk management team reviews and assesses the company's various investment risks quarterly. The observations and recommendations arising from these meetings are then presented to Tawuniya's investment committee for further action.

Tawuniya's investment portfolio comprises four classes: Deposits with banks, Fixed Income investments, Equities, and Alternative Assets (private credit, private equity, real estate). The investment portfolio is diversified both locally and internationally. Local equities are managed internally, while emerging and global equities are managed externally by accredited fund managers with a strong reputation in the market.

Tawuniya conducts all its operations and investment selections based on Shariah-compliant principles. All investments undergo a negative screening process prior to a comprehensive due diligence process. Being Shariah-compliant prohibits Tawuniya from investing in sectors such as tobacco, military industry and non-compliant industries.

The comprehensive due diligence process consists of multiple phases where a risk management team assesses the investment's potential impacts on governance and economic stability. Following this assessment, the operations of the company in question are evaluated for their stability and growth potential. Finally, legal due diligence is carried out, and the investment is sent to Tawuniya's Investment Committee for a final review.

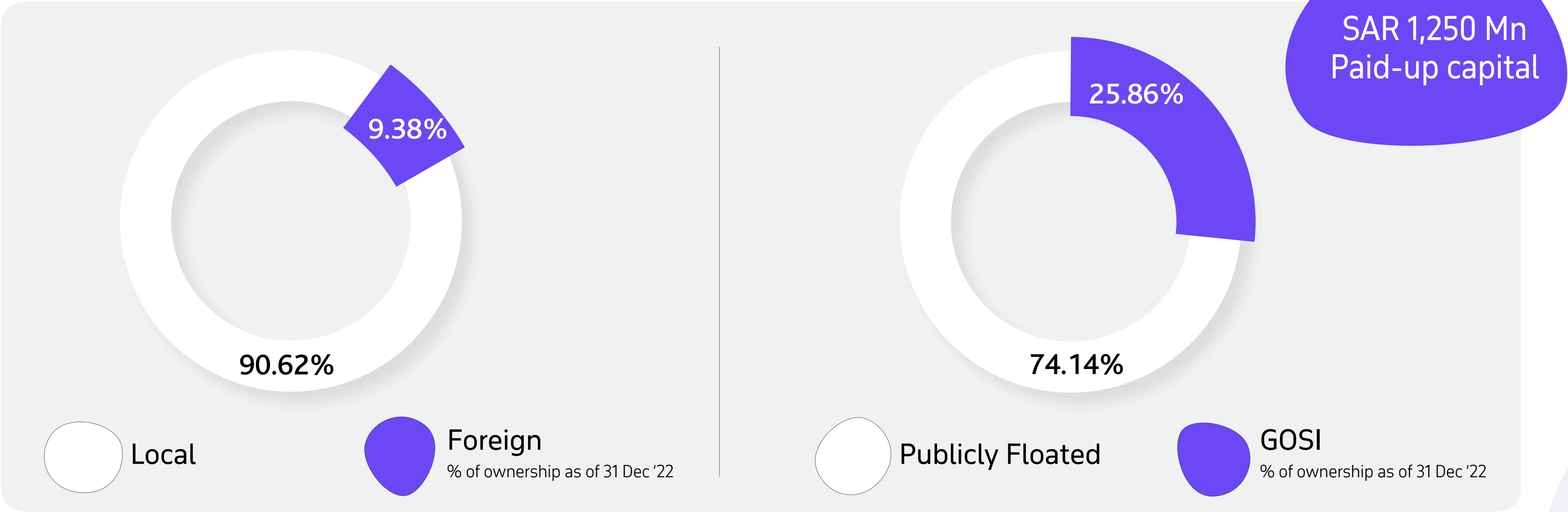


Shareholder Structure

Operating under the regulations of the insurance law (Royal Decree M/32) and supervised by the Saudi Central Bank.

The Company for Cooperative Insurance (Tawuniya) is a Saudi joint-stock company established in Riyadh, Kingdom of Saudi Arabia, under Decree Number M/5 and Commercial Registration No. 1010061695. The paid-up capital is 1,250 million SAR. The company operates under the regulations of the insurance law as stipulated in Royal Decree M/32 and is supervised by the Saudi Central Bank. The company's headquarters are located on Thumamah Road (Al Takhassusi), Ar Rabi District, P.O. Box 86959, Kingdom of Saudi Arabia. Tawuniya exclusively conducts its operations within the borders of Saudi Arabia.

The Department of Investor Relations manages shareholder concerns and inquiries. Every shareholder holds the right to participate in and discuss the agenda of the General Assembly, addressing questions to the directors and auditors. Shareholders representing over 5% of the paid capital possess the authority to convene the General Assembly.



Purpose and Strategy

To contribute to the financial, social, and environmental success of the Kingdom of Saudi Arabia in line with Vision 2030.

Tawuniya's Strategy for 2025 outlines several ambitious goals and targets for the coming years. Strategy 2025 is unified by the company's overarching goal — to be an advocate and example for positive change within the insurance industry and to contribute to the financial, social, and environmental success of the Kingdom of Saudi Arabia in line with Vision 2030.

Such change is achieved by the management commitment to this mission. This commitment is represented by the following hierarchy that links how four guiding promises to stakeholders are derived from an aspiring purpose:



While Tawuniya outperforms the market by delivering superior returns and sustainable earnings, it continues to engage with its clients and stakeholders to understand their needs and build up innovative solutions to cater to their needs. Tawuniya in 2022 continued to foster innovation and build on the promises made to the clients and stakeholders. Our clients trust us as their partner to serve all their needs, whether its protecting health and wellbeing, assisting in mobility, safeguarding economic growth from risks or providing them with financial independence.

Purpose and Strategy continued

Tawuniya provides a wide range of affordable, accessible, and high-quality solutions.

Tawuniya provides a wide range of affordable, accessible, and high-quality solutions. In 2022 Tawuniya continued the positive performance towards achieving 2025 strategy goals, some of our highlighted milestones in 2022 are:

- Launching the first insurance-tech company in the market (Tree). Tree provides a new digital experience and increases penetration and accessibility in the market.
- As part of the mobility ecosystem, Drive continues to grow with more than 50K clients benefiting from safe drive rewards and the program resulting in a positive impact on the driving behavior.
- The implementation of Artificial Intelligence (AI) models in mobility underwriting practices with a clear positive impact on the growth of our mobility line of business.
- As part of the wellness program, Vitality continues to grow with more than 88K registered clients. Our program helps our clients understand their health status allowing them to adopt a healthier, more active, and rewarding lifestyle.
- Development of new innovative product as Cybersecurity for individuals, Travel Covid, and Home Insurance.
- The growth of our distribution channels and offerings through new partnerships.
- The redesign of customer processes to improve customer experience.
- Implementation of our ESG strategy and assessment of the impact of GHG emissions (see chapter 2.3).

Our strategic ambition in becoming the largest insurance company in MENA by 2025 is centered around our people and their commitment towards the success of Tawuniya. This is also accompanied by Tawuniya's commitment to our employees in providing them with a safe and caring work environment along with a great potential for growth. In this regard, Tawuniya developed a new organizational structure, added a dedicated learning and development department and established a new employee engagement department.

All the above goes hand in hand with Tawuniya's determination towards higher commitment to ESG and sustainability. Last year's newly established ESG strategy is well adhered in 2022 and plays a pivotal role in supporting initiatives announced in Saudi Arabia's Vision 2030 (see later chapters).

These milestones are a proof that Tawuniya is living up to its purpose and is committing to the six key strategic objectives in Strategy 2025:

- 1 Lead the prevention, wellness and care agenda of Saudi Arabia
- 2 Be the integrated value add & innovative insurer for individual mobility
- 3 Protect and de-risk the growth of the Saudi economy
- 4 Pioneer financial independence for a better future
- 5 Be the digital-first partner of choice for priority segments across all their risks
- 6 Build scale and capabilities through inorganic expansion

Committed to the 6 key Strategy 2025 objectives

Financial Performance

This progress underscores the company's positive economic impact on the financial well-being of its stakeholders.

Over the past decade, Tawuniya has demonstrated a robust growth trajectory, as evidenced by its financial statements, balance sheets, and various key financial performance indicators. A marked surge in this growth is evident between 2021 and 2022, attributable to Tawuniya's resilient comeback post the COVID-19 pandemic. This progress underscores the company's positive economic impact on the financial well-being of its stakeholders.

SAR 14,350 Mn
gross written
premiums
in 2022

In terms of the direct economic value generated and distributed (GRI 201-1), Tawuniya has reported a steadily increasing income over the past few years. In 2022, Tawuniya achieved gross written premiums of SAR 14,350 million.

Extract from the Financial Statement 2022
in million SAR

KPI	2019	2020	2021	2022
Gross written premiums	8.376	9.062	10.219	14.350
Operating costs	577	628	746	901
Payments to providers of capital (financing costs)	-	2	104	-
Payments to government (governmental fees excluding claims)	75	121	84	89

Extract from the balance sheet 2022
In million SAR

KPI	2019	2020	2021	2022
Total assets	14.114	14.417	14.718*	18.915
Total equity	2.499	2.809	3.039*	3.365
Total liabilities	11.615	11.607	11.679*	15.550

However, looking on the balance sheet, Tawuniya has substantial increase in its assets, equity and liabilities. The increase in equity is much less than the increase in total debt which compared to last year, shows that the debt-equity ratio has increased.

***NB:** the changes in the figures for previous years is due to the change in financial reporting standard adopted by Tawuniya. Before 2022, Tawuniya used IFRS 4. In 2022, Tawuniya adopted IFRS 17.

Financial Performance continued

These figures indicate a good financial stand and performance.

The loss ratio decreased slightly in 2022 while the expense ratio, return on equity and return on assets have increased a little bit compared to previous years. These figures indicate a good financial stand and performance by Tawuniya proving that the revenues generated by the assets are profitable and hence increase shareholders trust in Tawuniya operations.

Additional Key performance indicators (%) 2022

KPI	2019	2020	2021	2022
Loss ratio	84.52%	77.93%	83.99%	80%
Expense ratio	8.28%	8.83%	9.30%	9.4%
Return on equity	16.1%	18.3%	11.5%	14.3%
Return on assets	2.8%	3.6%	2.4%	2.5%

		Rating	Outlook
	Solicited	(A-)	Stable
	Solicited	(A-)	Positive

The figures above show that Tawuniya is a success story that has managed to grow its gross written premiums which was expected especially since the COVID-19 pandemic was over. This success is highlighted by continually strong rating from rating agencies. S&P Global Ratings (formerly Standard & Poor's) and Fitch both assigned Tawuniya with an A- rating that denotes a strong credit rating for potential investors. Additionally, S&P Global Ratings and Fitch rated Tawuniya's business outlook as "stable" and "positive" respectively.

Strong credit rating for investors

Tawuniya does not currently measure the financial risks and opportunities of climate change (GRI 201-2). However, the company does examine environmental threats as a part of its standard business continuity management (see chapter 3). Going forward, Tawuniya will begin to assess the risks and opportunities posed by climate change that have the potential to impact its business model in terms of operations, revenue, and/or profit. The company aims to identify and describe these risks and opportunities in subsequent sustainability reports, along with estimates and targets regarding their business implications. The company will also outline the methods used to manage these risks and opportunities and estimate the costs of said methods.

Tawuniya operates an end-of-service benefits plan for its employees.

By end of 2022, Tawuniya had a present value of defined benefit obligation of 125.3 million SAR. This proves that Tawuniya maintains its good standing regarding the defined benefit plan obligations and other retirement plans. Regarding future developments, Tawuniya fully covers the scheme's liabilities with dedicated assets.

As per Saudi labor law, Tawuniya operates an end-of-service benefits plan for its employees. Accruals are made in accordance with the actuarial valuation using the projected unit credit method, while the benefits payments obligation is discharged as and when it is due. The amounts recognized in the consolidated statement of financial position and movement in the obligation during the year based on its present value are presented in above table.

Employee End of Service Benefits

Amounts recognized in statement of financial position	2020	2021	2022
	SAR'000	SAR'000	SAR'000
Present value of defined benefit obligation	134.990	142.110	125.297
Movement of defined benefit obligation	2020	2021	2022
	SAR'000	SAR'000	SAR'000
Opening balance	129.480	134.990	142.110
Charge to statement of income – insurance operations and accumulated surplus	14.255	20.333	18.884
Charge of statement of comprehensive income – insurance operations	5.721	(165)	(12.422)
Payment of benefits during the year	(14.466)	(13.048)	(23.275)
Closing balance	134.990	142.110	125.297

Financial Assistance Received from Government 2021

KPI	2019	2020	2020	2022
Tax reliefs and tax credits received from government	-	-	-	-
Subsidies received from government	-	-	-	-
Investment grants received from government	-	-	-	-
Other relevant types of grants received from government	-	-	-	-
Financial assistance from Export Credit Agencies (ECAs)	-	-	-	-
Financial incentives received from government	-	-	-	-
Other financial benefits received or receivable from any government for any operation	-	-	-	-

In 2022, as well as in previous years, Tawuniya has not received any governmental financial assistance. This includes tax relief, tax credits, subsidies, investment grants, awards, and all other financial assistance.

Awards

These awards stand as symbols of Tawuniya's strong dedication to industry excellence and innovation.

Tawuniya won numerous national and international awards and topped many insurances industry ranking in 2022, these awards reflect the recognition of Tawuniya within the kingdom and internationally.

The Health Insurance Company of the Year
CHI (Council of Cooperative Health Insurance)

Best Initiative of the Year Award
CHI (Council of Cooperative Health Insurance)

NPHIES Health Insurance Services Award
CHI (Council of Cooperative Health Insurance)

Domestic General Insurer of the Year – Saudi Arabia
Insurance Asia Awards

Digital Insurance Initiative of the Year – Saudi Arabia
Insurance Asia Awards

The Market Leadership Award 2022
Global Islamic Finance Awards (GIFA)

Best Customer Centric Insurance Products Provider Saudi Arabia 2022
International Business Magazine

Best Health Insurance Brand, Saudi Arabia – 2022
Global Brands Magazine

Best Shared Value Insurance Concept – Tawuniya Drive – Saudi Arabia 2022
International Finance Awards 2022

Most Innovative Insurance Solutions Provider – Saudi Arabia 2022
International Finance Awards 2022

Bronze Award of the Data Insights for National Day Campaign
The MMA SMARTIES Awards

Bronze Award of Consumer Promotion for National Day Campaign
The MMA SMARTIES Awards

Top 10 most valuable insurance brand in the Middle East
Brand Finance

GIFA Market Leadership Award (Takaful)
Global Islamic Finance Awards (GIFA)

These awards stand as symbols of Tawuniya's strong dedication to industry excellence and innovation. A signal of our dedication is the continuous awarding from the Global Islamic Finance Awards (GIFA) for the past four years.

They affirm the commitment to customer service, market leadership, and creativity in product offerings. Special thanks are extended to all those who have contributed to these accomplishments, including team members, partners, and customers. Tawuniya continues to pursue the path of excellence and innovation in the insurance industry.

Gratitude goes to the team, partners, and customers who have contributed to achieving these honors. Tawuniya continues to strive to be a leader in the industry, serve the community, and meet the needs of customers. These awards are a reminder that hard work is making a difference, and Tawuniya is on the right path. Trust in Tawuniya is deeply appreciated.

Tawuniya has won the GIFA Award for the past 4 years (2019-2022)

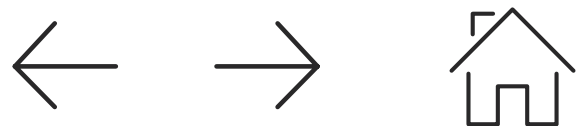




Our Sustainability Approach

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Message from the Director of Investor Relations



Providing a safety net for individuals and families, helping shield them from poverty and financial hardship.

I want to express my sincere appreciation to all of Tawuniya shareholders and investors. Thank you for your unwavering support.

In fiscal 2022, the second year of the 2025 strategy plan, our long-standing efforts resulted in high levels of revenue and profits. Furthermore, we were able to enhance shareholder returns through increasing dividends for the second consecutive year.

Besides enhancing shareholder returns, we also strive to increase employee wages and improve working conditions for our people. Tawuniya is working to reinforce its management base and contribute to greater sustainability in the insurance industry by delivering returns to each stakeholder.

We are currently facing global and rapid environmental changes such as climate change, geopolitical risks, and changing consumer behavior due to tremendous technological advancement. In addition, our stakeholders expect us to operate with a focus on Environmental, Social, and Governance (ESG) sustainability factors.

Continuous Integration of Sustainability Strategy

As we navigate these challenges, it is imperative that we continuously integrate sustainability strategies into our business operations. The integration of ESG principles helps us mitigate risks associated with environmental changes, and positions Tawuniya as a responsible corporate citizen. By aligning our operations

with sustainability, we fulfill our corporate social responsibilities and stay competitive in a market where sustainability is increasingly becoming a critical factor for stakeholders and consumers. This integration is central to our commitment to creating long-term value for both our shareholders and the broader community.

In 2023, we plan to form an ESG committee, chaired by the CFO, with a focus on advancing our ESG goals. The committee will include ESG champions from each business line and division, aiming to ensure that sustainability initiatives are integrated into various aspects of our organization. The committee will be convened quarterly throughout the year to oversee the progress of our ESG strategy and its effective implementation. My role as the Director of Investor Relations will be expanded to actively represent the sustainability committee, ensuring alignment with the implementation of the ESG strategy across our various business lines and divisions.

Measuring GHG Emissions and Aligning with Saudi Arabia 2060 Net Zero commitment

One key aspect of our sustainability efforts is the measurement of greenhouse gas (GHG) emissions. We have been diligently measuring our Scope 1 and Scope 2 emissions. Our efforts will enable positioning Tawuniya with the Kingdom 2060 Net Zero commitment, which sets ambitious targets for reducing emissions and transitioning to a low-carbon economy. By actively tracking

our emissions and working to reduce our carbon footprint, we contribute to the Kingdom's vision and exemplify our dedication to environmental stewardship.

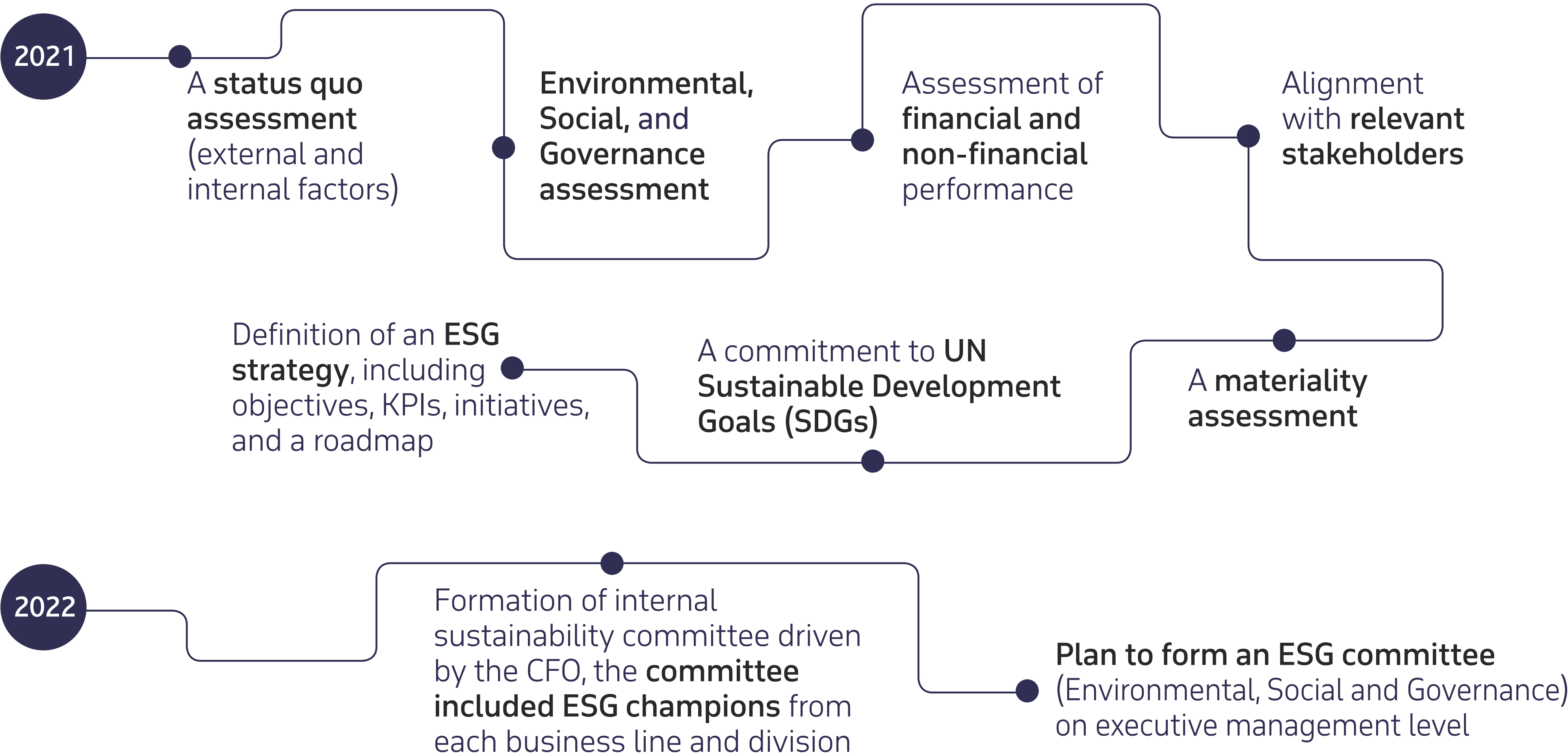
Safeguarding the Economy

As an insurance company, Tawuniya plays a crucial role in safeguarding the economy by protecting assets and businesses from unforeseen circumstances. By providing businesses with risk management solutions and insurance coverage, we ensure that they can recover and continue operations in the face of unexpected events; this supports economic stability and protects jobs and livelihoods. Additionally, our insurance offerings provide a safety net for individuals and families, helping shield them from poverty and financial hardship in times of crisis. Tawuniya's commitment to financial security and sustainability extends beyond business operations to safeguard the well-being of our community and the broader economy.

Seham Aljubayri
Investor Relations Director

Sustainability Approach Key Highlights 2022

Tawuniya's ongoing commitment to its dedicated ESG strategy.



Key Trends and Global Events

Integrating analysis and awareness of global affairs has become a crucial part of our corporate risk assessment strategy.

We live in a new era of globalization that was never seen before; it is nearly impossible for national borders to contain the impacts of events and decisions neatly. Integrating analysis and awareness of global affairs has become a crucial part of our corporate risk assessment strategy. Quantifying and interpreting risks is a fundamental part of Tawuniya's business. As an insurance company, our success depends on our ability to recognize international challenges, make accurate predictions about future developments, and understand our place in global business. Tawuniya continues to build on previously assessed trends and monitor rising trends and associated risks and opportunities.



Climate change

Climate change is the most pressing threat to human civilization and the planet's well-being. Over the past few years, there has been a dramatic increase in the frequency and severity of weather events, such as droughts, storms, heat waves, and floods. We are also beginning to see the effects of rising sea levels, melting glaciers, and warming oceans. These developments pose a threat to our livelihoods and our communities. Tawuniya is aware of the magnitude of the crisis and the potential physical and transitional risks associated with climate change. Tawuniya embarked on its journey as Tawuniya developed its ESG strategy as a first step in integrating ESG measures into business practices and operations. As a second step, Tawuniya is analyzing its climate impact and intends to align itself with global efforts and actions toward net zero in the coming year.



Artificial intelligence

Artificial intelligence (AI) has been around for decades. However, 2022 was a milestone for AI with more accessibility and ease of application. AI is transforming business across all industries, with a potentially significant impact, and companies that don't use AI are at a competitive disadvantage. Tawuniya pioneered AI in its fraud detection system, and it continues to assess other areas where it can implement AI solutions.

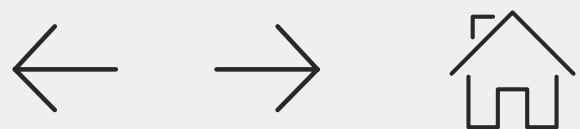


Changing regulation

Another major challenge we face is the rapidly shifting regulatory landscape. While regulatory changes bring uncertainty to our business, new regulations provide additional incentives for companies to achieve and expand on their ESG goals and objectives. When Tawuniya's ESG strategy was developed, we made sure to make all frameworks, processes, goals, and initiatives flexible enough to seamlessly adapt to changes in the regulatory landscape. The Recent Executive Regulations for the Personal Data Protection Law (PDPL) – announcement in 2022 and expected implementation in 2023 – is not going to have a significant impact on our business as our forward looking approach and resilient strategy enabled us to be proactive in simulating a policy similar to the European Union's General Data Protection Regulation (GDPR) prior to the announcement of PDPL and that positioned us to navigate through the recent regulatory change with minimum risk. With our current strategy we are putting Tawuniya in a position to succeed, regardless of what the future holds. Tawuniya monitors global regulations and initiatives closely. For example: Tawuniya is proactively working on introducing its net zero strategy to be ready in case of any regulatory enforcement on companies towards reducing their GHG emissions.

Tawuniya proactively monitors the international regulatory landscape and emerging best practices as an integral part of its proactive risk management approach, with the goal of forecasting potential distortions and minimizing their impact.

Tawuniya's Alignment with KSA Vision and Net Zero 2060



Tawuniya 2025 strategy was developed in alignment with the kingdom 2030 vision, reflecting our active pursuit of its objectives and Tawuniya's praise to the initiative shown by the Saudi government. Additionally, the kingdom commitment towards NetZero by 2060 has become a primary strategic objective of Tawuniya.

Sustainable development and environmental responsibility stand as a core element of Vision 2030, and at Tawuniya, sustainable development lies as a core business value and practice. Our business activities contribute directly and indirectly towards a vibrant society and a thriving economy, our actions contribute positively towards achieving the Vision 2030, as we work together to build a "strong, thriving, and stable Saudi Arabia that provides opportunity for all."

Tawuniya's support for the economic development, social well-being and ethical governance strategic objectives of Vision 2030, whether directly or indirectly, consists of but not limited to the following:



KSA Vision 2030 Targets	Our Contribution / Alignment	
 Support the SMEs growth	- By making insurance product more affordable and accessible - Our services to SMEs were expanded	
 Support nationalization in the workforce	- By focusing on attracting skilled Saudi employees - Having a high percentage of Saudi employees	
 Support women's active participation in the national economy	- Build up a safe and healthy work environment - Having a high percentage of female employees	
 Support disabled people active participation in national economy	Inclusive culture that supports people with disabilities	
 Drive and enable R&D and innovation in the kingdom	Leader in the insurance products innovation in the region and continuous commitment and spending on R&D	
 Support the growth of the industrial sector in the Kingdom	- Expand our insurance products - Enable economic growth by safeguarding industrial facilities	
 Support the kingdom in the transformation to a low carbon economy	Provide our services to green transformation enablers in the kingdom	
 Safeguard the environment	- Recycle our paper and electronic devices - Reduce our consumption - Implementing water and energy reduction measures - Rehabilitation projects - Developing our GHG reduction targets	
 Support in growing the kingdom GDP	Direct investment in the kingdom	

KSA Vision 2030 Targets	Our Contribution / Alignment	
 Human capital development	- Continuous learning and development for our employees - Fostering the talent and skills of our employees to allow them to thrive	
 Support the youth in the learning and development	Dedicated program to provide university student with real life experience and develop their skills	
 Support the kingdom during Hajj and Umrah	Our insurance services enable visitors from outside the kingdom from travelling safe to Hajj and Umrah	
 Support in fostering a fulfilling and Healthy life	Our innovative health programs (e.g. Vitality program) attract our clients in acquiring healthy life habits as exercising	
 Support in the digital transformation in the kingdom	Most of our services are digitalized easing accessibility to our financial products	
 Support in the development of housing sector in the kingdom	Our products safeguard homes	
 Support the development of tourism sector in the kingdom	Provide tourists with travel insurance	
 Effective governance and embracing transparency	- Transparent reporting - Ethical business practices - Effective governance structure	
 Effective engagement	Our communication channel with our stakeholder is open	

Tawuniya's Commitment to SDGs and GRI

Presented here sustainability performance of Tawuniya encompassing the effects of its operations and activities on the environment, society and economy. This report is prepared according to Global Reporting Standards 2021 covering the fiscal year starting from 1st of January 2022 to 31st of December 2022. This is the second sustainability report issued by Tawuniya as per its commitment to transparency and sharing its sustainability performance. Tawuniya will continue reporting its sustainability performance annually. This report doesn't cover the subsidiaries or affiliation of Tawuniya disclosed in the financial statement. The subsidiaries are managed independently and governed by different policies, however, Tawuniya is planning to incorporate the subsidiaries in its future sustainability reports.

The Board of directors initiated sustainability reporting process at Tawuniya after the development of Tawuniya ESG strategy as per their commitment to transparency to disclose the impact of Tawuniya. A newly formed sustainability committee is formed to oversee the ESG strategy implementation and assess the Board of Directors in managing the impacts of the organization.

This report is intended to all of our stakeholders, investors, government, employees, clients, suppliers, business partners anyone interested in our sustainability performance. For any inquiries, feedback, or comments regarding this report, we welcome to reach out to us via email at info@tawuniya.com.sa. Your engagement is invaluable to us as we continue our commitment to transparency and sustainability.

Supporting the SDGs – Towards a more sustainable world

The United Nations' 2030 Agenda for Sustainable Development provides an accessible and effective framework for combating many of the world's most pressing environmental, political, and economic challenges. The Sustainable Development Goals (SDGs) outlined in the 2030 Agenda support dignity, peace, and prosperity for all people, and the planet, and Tawuniya is committed to aligning our internal ESG strategy with them.

The value of insurance stems from the human need for protection—protection of self, of family, of livelihood, and of our environment. We consider the protection of people and their assets a critical component to a more sustainable, resilient, and inclusive world.

Tawuniya's approach to addressing Environmental, Social, and Governance impacts supports several of the United Nations Sustainable Development Goals (SDGs). We have strategically selected the SDGs which will allow us to make the most positive impact on our stakeholders and the environment through our business operations, underwriting activities, investments, and community programs.



Introduction

Our Sustainability Approach

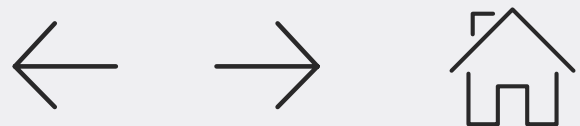
Our Commitment to the Environment

Our Commitment to Society

Our Commitment to Corporate Governance

Appendix

Tawuniya's Commitment to SDGs and GRI continued



Supporting the SDGs – Towards a more sustainable world continued

In Tawuniya's ESG strategy, we prioritize the following eight United Nations Sustainable Development Goals (SDGs)



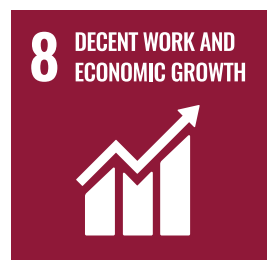
No Poverty (SDG 1): Our aim is to promote economic development through digital innovation to advance financial inclusion by expanding our insurance products, and enabling SMEs to grow, thus creating economic opportunities. Additionally, our health insurance products can provide important financial benefits to low-income families and alleviate poverty caused by diseases. Additionally, our corporate social responsibility program has a positive socio-economic impact.



Good Health and Well Being (SDG 3): Our aim is to promote health and well-being for all — regardless of age, background, or socio-economic status. Tawuniya has launched many initiatives to care for our customers, employees, and local communities. Our leading programs — Drive and Vitality — both support the health and well-being of our clients by incentivizing healthier lifestyles and safer driving.



Gender Equality (SDG 5): At Tawuniya, we make a conscious effort to ensure gender equality in the workplace. We strive to establish an environment where employees are not judged by their gender, but rather by their skills, behaviors, and work ethics. Tawuniya has significantly increased the number of female employees in its workforce and is committed to promoting gender equality at all organizational levels.



Decent Work and Economic Growth (SDG 8): Decent work and economic growth are ideals that align with Tawuniya's goal of being a trusted partner known for protecting our stakeholders' most valuable assets. We aim to empower our clients through educational campaigns and our employees through a variety of professional courses under our newly introduced Learning and Development strategy. Using digital innovation to help advance financial inclusion by expanding our financial services and enabling SMEs to grow, thus creating decent jobs that result in positive socio-economic value.



Industry, Innovation and Infrastructure (SDG 9): As a risk manager, risk carrier, and investor, and an insurance pioneer, we aim to empower our customers, partners, and employees to innovate continuously. By insuring our clients against risks, we give them freedom to pursue innovative projects with the potential to benefit society. Our dedication to social inclusivity, particularly in supporting SMEs, plays a crucial role in job creation, economic development, and technological advancement. Additionally, our underwriting and financing activities support the infrastructure projects, sustainable industrialization, and reliable transportation.



Sustainable Cities and Communities (SDG 11): Insurance makes human settlements more resilient. Our goal is to make cities inclusive, safe, and sustainable. Our Drive program helps make cities and communities safer by offering financial incentives that reduce the likelihood of accidents. Additionally, the public park that Tawuniya plans to construct will help improve the quality of life for all people in the area. Through our insurance activities, we help protect properties against damage from floods, fires, and burglaries. We also help to protect the investments of individuals, businesses, and government bodies through our insurance policies. We try to educate our clients about ways to prevent accidents with the goal of building a safer society. Finally, our CSR initiatives support local communities, helping to reduce economic disparities and eliminate poverty.



Climate Action (SDG 13): Over the past few years, we have significantly reduced Tawuniya's consumption and waste production as well as its water and energy consumption. We are currently developing our GHG reduction targets to reduce the environmental impact of Tawuniya, furthermore, we will continue to integrate climate considerations in decision making processes, and investment policies. As an insurer, we also play a vital role in mitigating the effects of natural disasters resulting from climate change on economic growth and personal finances as we also provide our insurance products to green transformation enablers.



Partnerships (SDG 17): Building new partnerships and establishing the environments necessary to provide high-quality solutions to our clients is a key pillar in Tawuniya's ESG strategy. For instance, we partner with industry-leading hospitals and repair shops to give customers the best experience possible. We aim to lead by example through our multi-stakeholder partnerships, helping our partners to integrate ESG into their business operations. We also try to further the ESG agenda in our discussions with international development organizations, governments, regulators, non-governmental organizations, other insurers, and local communities.

Stakeholder Engagement

Effectively responding to the needs and expectations of our internal and external stakeholders is essential to Tawuniya’s success in achieving the goals we have set for the company.

To achieve this, we constantly engage with different stakeholders throughout various events and communication channels; and actively welcome their feedback, ensuring alignment with their evolving priorities, interests, and expectations. This is why we included stakeholder relevance as a rating dimension in our materiality matrix.

For developing the materiality matrix in 2021, our engagement with the stakeholders focused on the shortlisted material issues. Tawuniya used surveys and direct dialogue with a diverse range of stakeholders, including employees, customers, regulators, suppliers, and investors, to better understand the relevance of various issues.

We routinely map our key stakeholder groups, evaluate our engagement techniques, and receive regular feedback. The following is our routine engagement method and how we create value for each of our stakeholders.

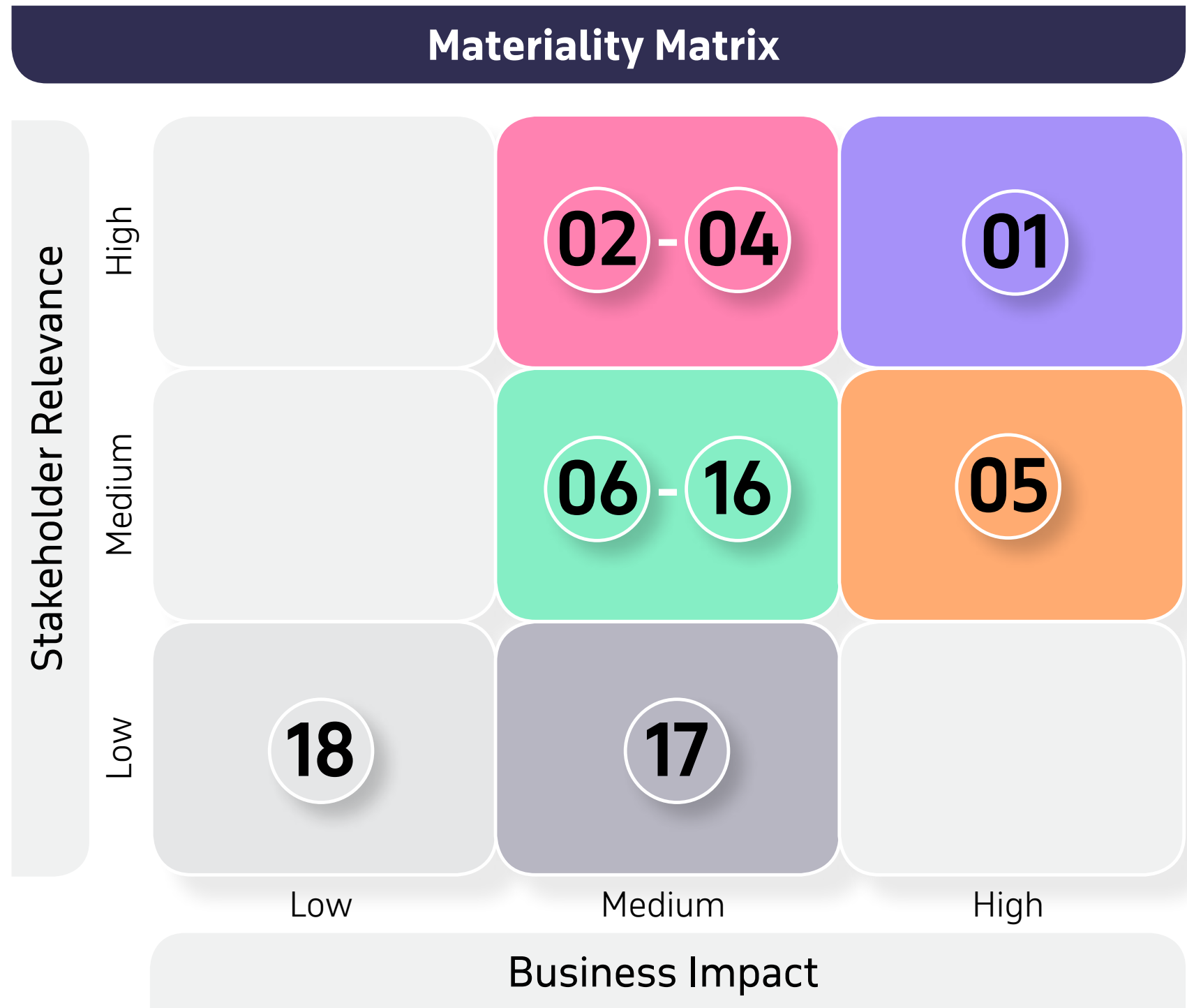
	How we deliver	How we engage	
 Government	Maintaining business ethics and good governance practices, adhere to regulations, and transparent reporting	• Regulations • Reporting • Audit and compliance report • Regulatory review	
 Suppliers	Ethical business practices, sourcing goods and services responsibly, providing suppliers with stability and fairness	• Vendor relationship team • Meetings • Invitation to bid	
 Investors	Providing an adequate return on investment over the long-term, in an ethical and well-governed manner	• Investor webpage • Dedicated investor relations communication channels (phone and email) • Annual General Assembly meeting	• Annual, semi-annual and quarterly earnings conference call • Online and physical one on one investors meetings • Investors roadshow • Annual report
 Clients	Addressing the needs and expectations of clients, companies and institutions by offering innovative, sound insurance products	• Tawuniya website • Conferences and events • Branches • Tawuniya online services	• Social media • Annual reports • Feedback tools and survey
 Employees	Creating an inclusive work environment where the best talent can thrive	• Regular meetings • Training and workshops • Internal newsletters	• Annual performance review • Employee engagement and experience department
 Business Partners	Providing our business partners with financial stability and fairness	• Meetings • Conferences and events	
 Society	Supporting local communities to address local social and economic issues	• Social media • Tawuniya website • Sustainability and annual reports • Sponsorship, donations, and events	

Continuous stakeholder engagement drives Tawuniya’s strategic success

Materiality

In 2021, Tawuniya conducted a comprehensive materiality assessment identifying the material issues. The process consisted of gathering insights from interviews with management, the Board, industry analyses, international standards, and stakeholder feedback. The shortlisted material issues were ranked based on business impact and stakeholder relevance. The assessment guided Tawuniya in building its ESG strategy and the implementation along the value chain and business processes. It also established the external reporting and internal ESG management procedures at Tawuniya. The company's is building on forward-thinking approach, aligned with GRI Standards, in considering the emerging risks and engaged internal and external stakeholders in order to receive insights. For more information about our comprehensive materiality analysis please refer to the sustainability report 2021 page 31-32

In 2022 we modified our material issues based on feedback received from our stakeholder throughout the year using the communication channel and to enable us to focus more on our most significant material issues.



Graphic: Tawuniya's approach to rating the individual issues in terms of materiality



Graphic: Tawuniya's Materiality Matrix

For more information about our comprehensive materiality analysis please refer to the sustainability report 2021 page 31-32.

ESG Strategy

"We aim to be an inspiring ESG leader addressing climate action, practicing fair business ethics, ensure a decent work environment, build compassionate and long-lasting relationships with our partners and act as a role model for the society."

In the final quarter of 2022, a decision was made to establish an ESG committee. This committee will become a formal component of the Board of Directors' committees, and its primary responsibility will be to integrate and implement a sustainability strategy across Tawuniya's business lines.



Insurance and Investment						
Develop sustainable products	Integrate ESG into investment policies	Evaluate and integrate ESG into operations		Digitize operations and ecosystems	Expand market reach and partnerships	
Environmental		Social		Governance		
Measure emissions and carbon footprint	Set a net zero target for scope 1 and 2 emissions	Establish a decent workplace	Improve data privacy and security	Secure ethical behaviour	Maintain high-level of corporate governance	
			Improve customer satisfaction and loyalty			
Reduce Waste, Water and Energy Consumption			Promote diversity and equal opportunity	Further expand community engagement	Further strengthen local content	Foster the relationship with governmental bodies
			Enhance human capital development	Assure health and safety of clients		
Sustainability Enablement						
Evaluate membership of the UN PSI		Establish ESG Integration Framework		Engage with relevant stakeholders		



Our Commitment to the Environment

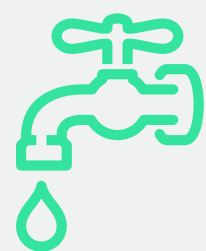
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Fayfa (Fifa) Mountains, Eastern Jazan Region, Saudi Arabia

Environmental Management at a Glance



85%+
Virtualization of
servers



6.57 cubic
meter
water consumption
per employee



161.8 kg
of waste per
employee



5,880 ton
CO₂e total
emissions



65% less than
2021
Paper waste per
employee



10% wastewater
captured
for plants and cleaning



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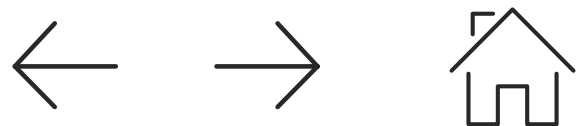
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Environmental Management at a Glance continued



Tawuniya's goal is to establish itself as a global leader in sustainable insurance practices and to serve as a role model for the Saudi Arabian economy.

As an insurance company, providing security is a fundamental aspect of Tawuniya's identity. In today's modern world, this security must extend not only to our immediate surroundings but also to the people who inhabit it. As a pioneer in the Saudi Arabian insurance market, Tawuniya recognizes its responsibility in securing the future of our planet. We work to uphold environmental regulation at our location and have never been involved in any environmental issues, conflicts, or disputes. Moreover, there are no financial provisions connecting the company to environmental liabilities.

Tawuniya's goal is crystal clear - to establish itself as a global leader in sustainable insurance practices and to serve as a role model for the Saudi Arabian economy as a whole. Indeed, a central pillar of Tawuniya's ESG (Environmental, Social, and Governance) strategy is focused on environmental protection, underscoring our commitment to sustainable business practices that benefit our community, stakeholders, and the planet at large. This commitment is exemplified through our introduction of a dedicated environmental education campaign aimed at raising awareness among our employees regarding environmental concerns, such as energy and water consumption.

Furthermore, Tawuniya has invested SAR 40 million in an extensive renovation of its headquarters, offices, and facilities. This renovation includes the implementation of an advanced IT system that automatically measures the energy and water consumption of individual departments. The data on consumption is analyzed, and departments are promptly notified of irregularities, such as excessive consumption. Additionally, the system adjusts air conditioning and lighting automatically based on the actual need, further contributing to our sustainability efforts.

In addition to monitoring, analyzing, and adjusting its systems and processes, Tawuniya is deeply committed to inspiring people to drive sustainable innovation and development. This commitment led us to collaborate with our architects to create an office space that fosters open-mindedness, well-being, and collaboration. We doubled the number of office plants and meticulously designed the layout to maximize natural light.

Tawuniya is resolute in its determination to set an example with its dedication to ESG initiatives and sustainable business practices. In pursuit of this objective, Tawuniya has unveiled plans to construct a park adjacent to its headquarters, aiming to serve as an inspirational and sustainable retreat for both employees and the local community. This park will be open to the public, benefiting our neighbors and the community at large.

Tawuniya's park will be entirely handicap-friendly and will feature a children's playground. The project encompasses the planting of over 600 bushes and more than 200 trees. The trees' maturity will vary, but they will all reach full growth within three years of the project's completion. All materials and vegetation used in the project will be locally sourced. Tawuniya has allocated a budget of approximately SAR 3 million for this project, underscoring the company's commitment to giving back to the community. The park's construction will be completed no later than the third quarter of 2023.

Tawuniya actively supports charities and charitable projects in the region, working closely with the Saudi Arabian government and other stakeholders in Saudi society to identify and engage in meaningful initiatives. Currently, our management team is assessing various sustainable initiatives to identify potential partnerships. The construction of the park aligns perfectly with the Saudi Green and the Green Riyadh Initiative, motivating Tawuniya to continue supporting environmental initiatives with further measures in the years to come.

Nature holds a range of potential risks - from flooding to extreme heat. Tawuniya's Business Continuity Management (BCM) assessment works to plan for these environmental risks to ensure that the company can continue to serve its clients. In fact, our business performance depends on the presence of an effective risk management strategy.

The company is constantly expanding the list of environmental factors it considers as a part of this strategy to keep pace with changes to the environment. As such, Tawuniya's risk radar already incorporates many key environmental risk factors, including:

- sandstorms
- windstorms
- heatwaves
- fires
- floods and flash floods
- heavy rains
- epidemics and pandemics
- earthquakes

The company is also working to incorporate these environmental risk factors into its financial and operational risk management strategies, with updates on these efforts planned for the coming years.

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Climate

Tawuniya has started to track and evaluate the energy consumption of its Strategic Business Units to identify areas for improvement.

Tawuniya is firmly committed to the transition towards a low-carbon economy and the active participation in the climate change mitigation efforts in the Kingdom. As the initial step in our journey towards achieving net-zero emissions, Tawuniya has undertaken the measurement of greenhouse gas (GHG) emissions resulting from our day-to-day operations. In this report, we provide our stakeholders with a comprehensive overview of GHG emissions, encompassing scope 1 and 2. Simultaneously, for the year 2023, we have initiated the process of identifying and measuring emissions throughout our value chain.

At Tawuniya, energy consumption within our facilities is primarily derived from purchased electricity from the local electricity provider, gasoline consumption for our fleet vehicles, and diesel consumption for our backup electricity generators. Our main sources of GHG emissions are the electricity used in our operations and fugitive emissions resulting from the use of air conditioners.

Tawuniya recognizes the increasing importance of sustainable energy consumption, driven both by a heightened understanding of the ecological impacts of excessive energy usage and the escalating volatility of global energy markets. The prevalence of price fluctuations and supply shortages on a global scale serves as a clear indicator that companies, governments, and consumers must establish more sustainable resource management practices. At Tawuniya, we acknowledge this urgency and have implemented several initiatives in response.

Tawuniya has initiated the process of continually tracking and evaluating the energy consumption of its Strategic Business Units (SBUs) with the goal of identifying areas for improvement. This has been made possible, in part, by the company's implementation of an intelligent IT system – a network of sensors that monitors energy consumption and detects abnormal consumption patterns.

Backup electricity generators

Tawuniya maintains emergency diesel generators, crucial for safeguarding the integrity of office operations and ensuring the continual functionality of various equipment within the premises. The intermittent operation of these generators is imperative, serving as a fail-safe during emergencies and ensuring no disruptions transpire. All of our backup electricity generators utilize diesel fuel, while our usage of the generators remain minimum.

Electricity

Our electricity consumption represents the major source of GHG emissions in our operations, our newly introduced building management system will play a significant role in the reduction of our energy consumption within our facilities, alongside the reduction of using excessive cooling.

Cooling

Cooling systems are indispensable in Saudi Arabia, given the predominantly elevated temperatures, particularly during the summertime. The necessity for air conditioning becomes even more pronounced in office environments, where the presence of heat-generating devices such as IT equipment, combined with staff occupancy, amplifies thermal loads. Tawuniya employs high-efficiency chilled water-cooling systems in conjunction with conventional split air conditioning units to mitigate this. Our fugitive GHG emission represent a challenge to us, as we are working on utilizing more environmentally friendly material across our facilities.



We are currently advancing on our journey of transformation, diligently working out the necessary steps to attain our objectives to protect the environment.

Tawuniya is currently in the process of identifying and quantifying greenhouse gas (GHG) emissions throughout its entire value chain. The next phase involves establishing reduction targets for scope 1 and 2 emissions. We recognize the importance of transitioning to a low-carbon economy to help limit global temperature increases to 2°C by the end of this century. As a prominent leader in the insurance industry within our region, we acknowledge the pivotal role we must play in facilitating and propelling this transformative process. At present, we are diligently advancing on our journey of transformation, diligently working out the necessary steps to attain our objectives and protect the environment.

Direct Energy use	2021	2022
Vehicle fleet fuel consumption		
Gasoline consumption (liters)	-	26,000
Gasoline Consumption (GJ)	-	936
Standby electricity generator		
Standby electricity generator diesel consumption (liters)	-	1,107
Standby electricity generator (GJ)	-	36.54
Total Direct Energy Use (GJ)	-	972.54
Indirect Energy Use		
Total Electricity consumption from conventional hydrocarbons resources (kWh)	-	7,100,000
Total consumption in gigajoules (GJ)	-	25,560
Consumption per employee (kWh/ employee)	-	4,018
Area occupied (M²)	-	34,546
Consumption per square meter (kWh/m²)	-	208.8

GHG emissions (Ton CO2e)	2021	2022
Scope 1		
GHG emissions from electricity generators	-	3
GHG emissions from fleet vehicles	-	56
GHG emissions from fugitive emissions	-	1,476
Scope 1 total emissions	-	1,535
Scope 2 location-based		
GHG emissions from electricity consumption	-	4,345
Total scope 1 & 2 GHG emissions	-	5,880
Total GHG emissions per FTE (CO2e/FTE)	-	3.33
Total GHG emissions per Area (CO2e/m²)	-	0.173

Scope 1: All direct GHG emissions resulting from the company's own business activities
Scope 2: Indirect GHG emissions resulting from the production of the purchased energy

We acknowledge the pivotal role we must play

Water

Water scarcity is an especially pressing issue for the MENA region and the GCC specifically.

Acting today to secure the future

Over the past 10 years, the importance of sustainable water consumption has become increasingly apparent. As global temperatures rise, so too will water scarcity. This is an especially pressing issue for the MENA region and the GCC specifically, which already home to 12 of the world’s most water-scarce countries.

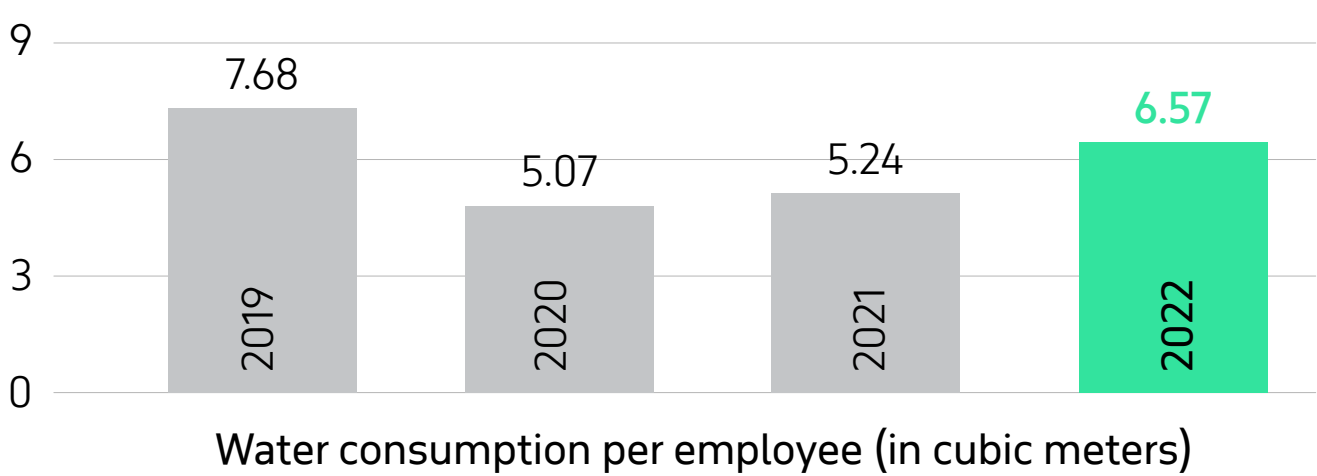
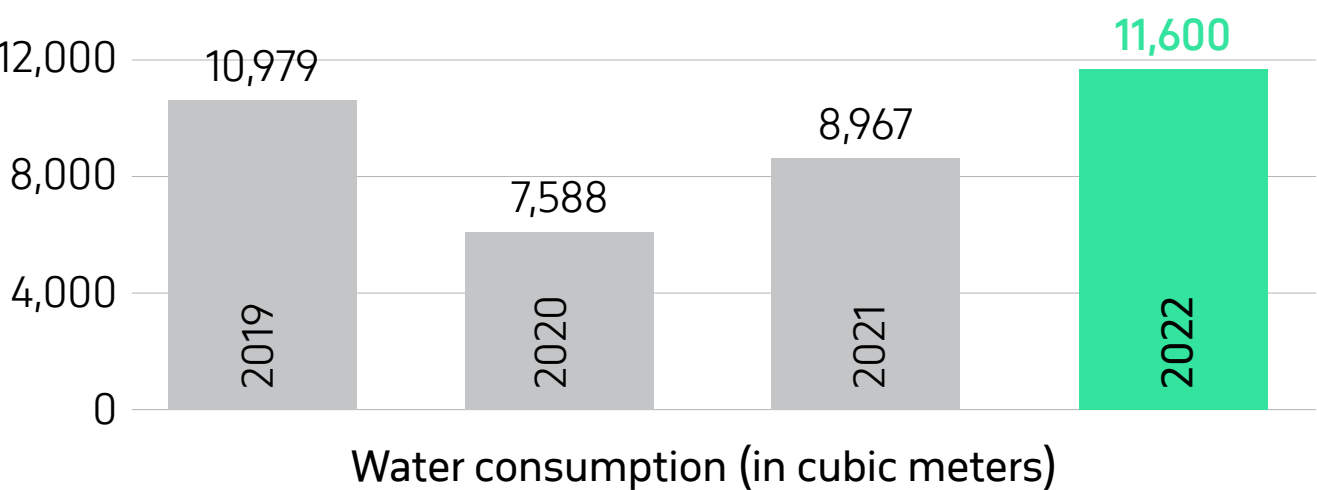
As we value the importance of water and the efforts of water desalination in the Kingdom, we believe that responsible water usage goes hand in hand with awareness and water efficiency solutions. Tawuniya has launched several initiatives with the aim of conserving water. Additionally, During the most recent renovation to the company’s headquarters, all water taps were replaced with sensor-based systems to limit wasteful water usage. Tawuniya has also reduced the frequency of car washes for its fleet of company vehicles.

Tawuniya primarily operates as a service provider, utilizing water predominantly for cleaning, hygiene, and washing purposes. We procure our water supply from a local water utility and subsequently discharge it into the community’s wastewater collection system. The wastewater generated by Tawuniya is devoid of any hazardous waste.

Approximately 90% of this water is discharged while the remaining 10% is used for a variety of purposes such as watering plants, cleaning buildings, and washing the company’s fleet of cars. This ratio has remained constant over the last three years.

We want to be measured by our results

In 2022, Tawuniya used a total of 11,600 cubic meter of water. This is 6.57 cubic meters of water per employee. The water consumption ratios are more relevant to the 2019 figures, as the changes to the way of living during corona times has reversed to the natural way.



6.57 cubic meter per employees

Material and Waste

As we focus on reducing material consumption, we also pay close attention to responsible waste management practices.



While the insurance industry may not involve resource consumption on the same scale as manufacturing or petrochemical sectors, Tawuniya recognizes that our operations entail the use of resources such as water, electricity, paper, plastic and carton. Consequently, we hold a strong commitment to responsible consumption and production, by reducing waste generation and adopting sustainable practices with digital customer communication.

Our commitment extends beyond mere compliance with governmental regulations; we set ambitious targets for resource consumption reduction and work diligently to achieve them. We believe in the two Rs, reduce and recycle, while our ability to reduce is high, our ability to recycle faces many challenges.

Tawuniya initiated this journey by identifying optimal practices and areas for improvement within the organization. We launched a dedicated educational program aimed at raising awareness among our employees. This initiative involved the distribution of informative materials, including letters, notices, and pamphlets, addressing key sustainability issues.

Tawuniya's ongoing virtualization initiatives play a crucial role in advancing our environmental agenda. Virtualization has significantly reduced resource consumption within the company. Currently, over 85% of Tawuniya's servers have been virtualized, resulting in a notable reduction in electricity usage. Additionally, our shift to digital communication has enabled us to reduce our paper consumption across our facilities and in our internal processes.

Tawuniya has launched several initiatives aimed at reducing its material consumption. One such initiative involves replacing employees' desktop computers with laptops to encourage a reduction in paper usage. Employees can use their laptops for both internal and external meetings. The company has also centralized its printing system to monitor individual printer usage and incentivize responsible use.

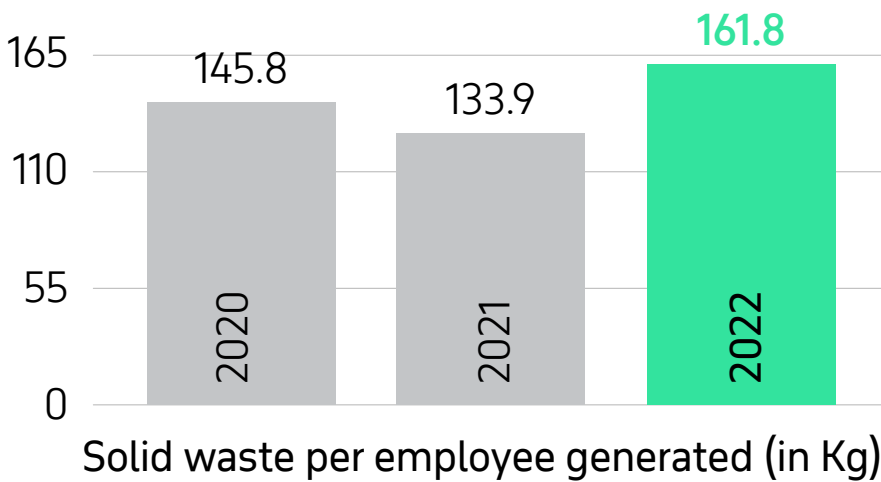
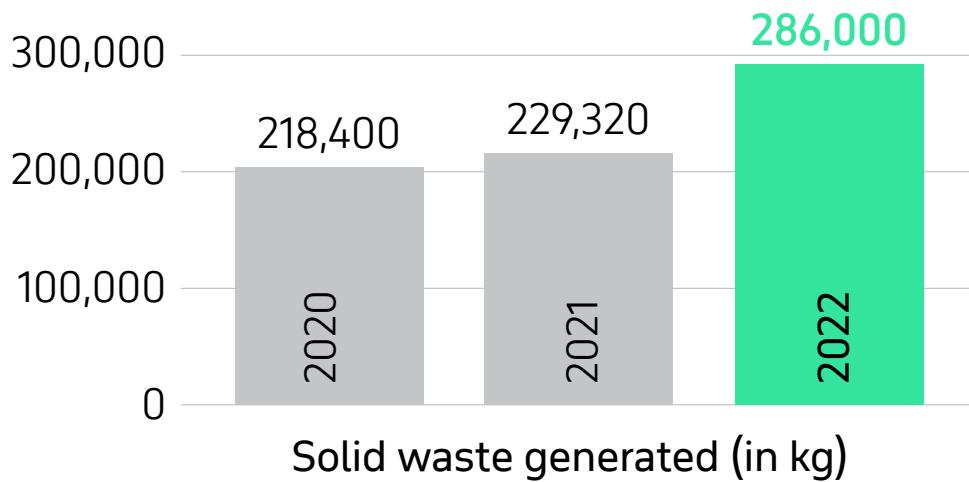
Tawuniya has taken steps to minimize paper consumption throughout its value chain. In our sales activities, we have replaced traditionally printed insurance brochures with digital versions, preventing the consumption of over 2 million brochures. This aligns with our broader digitalization efforts. Furthermore, we have closed all physical mobility insurance claims centers across the kingdom, thanks to the end-to-end digitalization of the claims process. This significant achievement has substantially reduced paper-based transactions in the mobility insurance division. Tawuniya plans to introduce additional measures in the coming years to further reduce material consumption across its value chain.

In a commitment to sustainability, Tawuniya is actively collecting old IT equipment to donate to charities, ensuring the reuse of these devices.

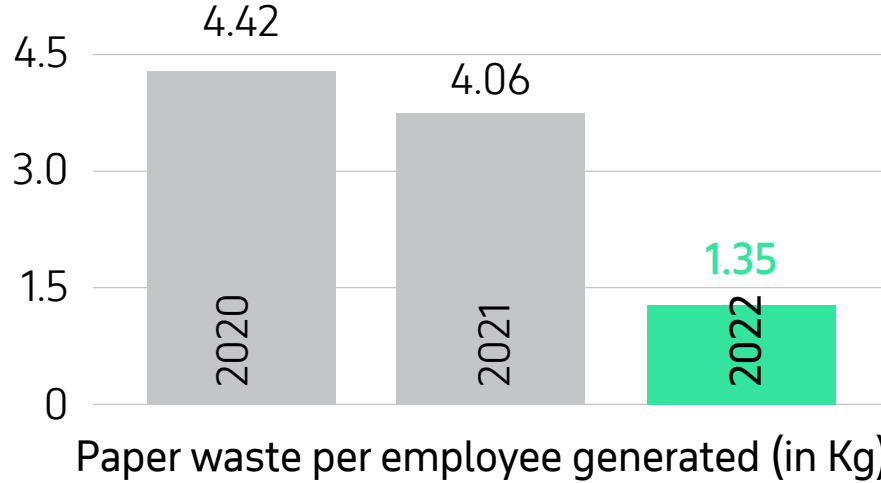
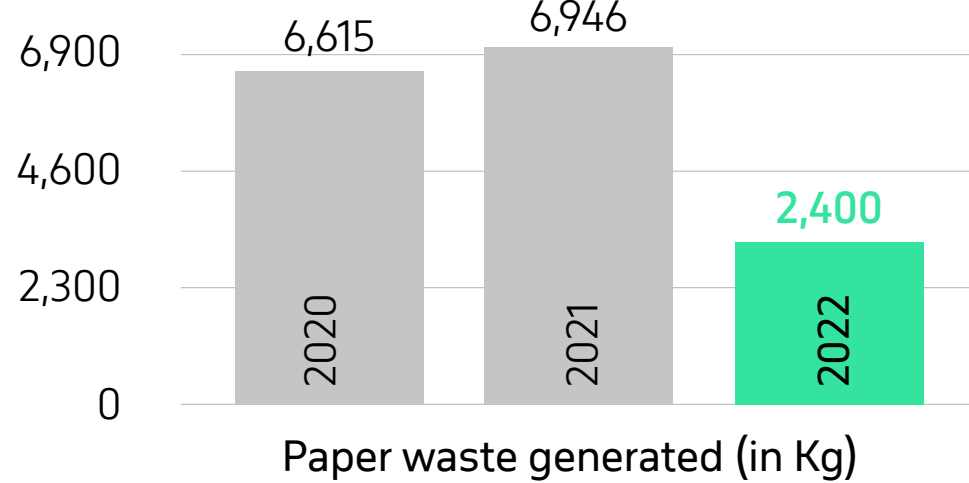
As we focus on reducing material consumption, we also pay close attention to responsible waste management practices. Tawuniya's waste stream primarily consists of non-hazardous domestic waste, with local municipalities at our various locations being responsible for waste management in compliance with local laws and regulations. Our recycling efforts face challenges due to limited availability of recycling service providers within the ecosystem. While we have established an internal paper collection system, safety concerns have restricted our ability to store paper waste for recycling, making it difficult to provide a precise estimation of our paper recycling efforts. In the years ahead, Tawuniya plans to work on waste separation to expand its recycling efforts to include plastic waste.

The growth in the waste generated is associated to our growth in operation, and the return to the normal way of living after the end of corona. However, we were able to reduce our paper waste significantly due to our previously mentioned initiatives.

Solid waste



Paper waste





Our Commitment to Society

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Giving Back to Society	61

Rijal Almaa Heritage Village, Saudi Arabia

Commitment to the Society at a Glance



41%

Female employees



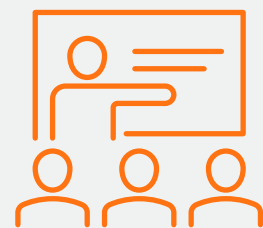
1,767

Total employees



21

Nationalities represented



14.8 hours

of training per employee



>SAR 125 m

Value of defined benefit plan



>400%

Growth in spending on employee development

Our People – Employer by Choice

Our priority lies in empowering our employees through comprehensive training, robust support, and an enriching work environment, fostering individual growth and collective success.

Tawuniya is committed to fostering a diverse, dynamic, and motivated workforce representing Saudi Arabia’s exceptional talents. We do this because we understand that the success of our employees is a prerequisite for our success as a business. Our priority lies in empowering our employees through comprehensive training, robust support, and an enriching work environment, fostering individual growth and collective success. Complemented by our strategic workforce planning, and creating a diverse, equitable, inclusive, and healthy work environment. We aim to build synergy within the organization and an environment where our 1,767 employees excel, enabling collaborative delivery of innovative, customer centric solutions that enrich communities and safeguard their future.

Tawuniya outsources several services, such as cleaning, food catering, and security staff. Tawuniya is not the legal employer for the workers performing their work at Tawuniya facilities. However, Tawuniya ensures effective implementation of the contractual relationship with the service provider and compliance with the kingdom’s applicable laws and regulations, including human and labor rights. Tawuniya incorporates risk assessment and control measures to ensure compliance with applicable laws and regulations in its relationship with service providers.

Tawuniya complies with Saudi Arabia’s labor law, which manages employer and employee relationships. Additionally, our human capital department has established more than 70 policies to provide employees with a framework to understand the processes and procedures. Our policies support trust, fairness, and inclusion by outlining the responsibilities of both employer and employee and ensuring that every employee within the company is taken care of and his needs are respected.

An environment
where our
1,767
employees excel



Introduction

Our Sustainability
Approach

Our Commitment to
the Environment

Our Commitment to
Society

Our Commitment to
Corporate Governance

Appendix

Our People – Employer by Choice continued

These programs are built on the principle of fairness and are designed to attract, retain, and engage employees.

Our employees are our anchor and our foundation for success; we believe in investing in our employees by providing them with competitive rewards and remuneration that reflect their knowledge, competencies, and performance. These programs are built on the principle of fairness and are designed to attract, retain, and improve employee satisfaction and motivation.

Maternity leave is subjected to Saudi labor law provisions of leaves, additionally all of our employees receive additional three days on their annual leave.

Looking forward, with the Board of Directors planning to introduce a long-term incentive plan, inclusive of an employee stock ownership plan (ESOP). Currently in development, this plan is set for implementation in 2023, serving to further align employee interests with the organization's long-term success.

This commitment finds its manifestation in an array of benefits that is covering all of Tauwniya employees:



Health and life insurances provisions offer comprehensive coverage to safeguard our employee's well-being and the future of their loved ones



Child assistance for education and support for day care needs



Disability and invalidity coverage; in unforeseen circumstances we offer a lump sum equivalent to three years of salary



The long service award recognize and celebrates our enduring partnerships with employees, highlighting their dedicated service to the company



Our employees can receive competitive pricing on mobility insurance



Employee saving plan; enable employees to secure their future



Access to Ithra prime; our employees can partake in our loyalty program, an incentive program delivering discounts on a wide range of goods and services, enriching their daily lives

Our employees

Tawuniya hires an employee for a specific role, and in the event of an internal transfer between roles, the employee should discuss the transfer with their respective line manager. The effective transfer date should be mutually agreed upon by the current line manager of the employee to be transferred and the prospective line manager. The transfer date should not extend beyond two months from the date when the transfer agreement is reached.

Our People – Employee Experience and Engagement

The newly formed department will ensure the implementation of effective measures to improve employee's well-being, creating a positive culture, design programs and provide employees with recognition and rewards.

Building on our efforts in creating an inclusive, motivating and fulfilling workplace, Tawuniya formed a dedicated employee experience and engagement department in 2022. The newly formed department will ensure the implementation of effective measures to improve employee's well-being, creating a positive culture, design programs and provide employees with recognition and rewards.

Tawuniya conduct engagement surveys to monitor employee satisfaction. The survey has been conducted on an annual basis since 2015 by a third party to ensure confidentiality and encourage our employees to express their thoughts and feelings. The feedback collected from the engagement survey allow us to develop internal action plan on company/division levels to improve employee's satisfaction and resolve any issues.

During 2022 Tawuniya conducted pulse survey to collect measure the progress in the engagement in specific area, the areas that was covered in the 2022 pulse survey is: sustainable engagement, communication, culture and values, directions, efficiency, empowerment, learning and growth, line management, performance management, retention, senior leadership and team spirit.

Tawuniya has an "open door" policy, meaning employees are free to speak to managers and executives whenever they have constructive feedback or concerns, for 2023, the employee experience and engagement department will initiate new initiatives to enhance the engagement between management and employees, one of the new initiatives will be "Hayakom" where the employees can share their concerns and opinion with the CEO one-to-one enjoying a cup of coffee.

'Hayakom'
One to One with
the CEO



Our People – Learning and Development

One of Tawuniya's primary goals as an employer is to help our employees expand their skill sets.

In a changing world, it is important for companies to invest in the training and professional development of their employees. This is especially true in the highly competitive financial service sector, where skilled employees are a key differentiating factor.

One of Tawuniya's primary goals as an employer is to help our employees expand their skill sets. In areas like digitization, environmental impact, and social change, employee training is an integral part of achieving this. We offer our employees a wide range of practical and theoretical training opportunities to develop their skills.

Tawuniya focuses on designing customized programs that align with their 2025 strategy. The programs follow a six-pillar framework:

- 1



Organizational Programs
- 2



Specialized Development Programs
- 3



Regulatory Programs
- 4



Personal Effectiveness Programs
- 5



Functional Capabilities Programs
- 6



Leadership Programs

Tawuniya makes use of a variety of learning and development approaches to make professional development accessible to all employees, regardless of their situations. We give all employees access to several Skillsoft e-learning programs via the Tawuniya portal. We also regularly run a range of classroom training sessions, including Management Foundations and Sales Academy. Finally, we use coaching to provide more in-depth training to individual employees who show promise or express interest.

Additionally, we believe that investment in the development program requires the use of external expert knowledge, therefore, we partnered with specialized educational institutions to support us in the development of our people throughout our 6 strategic pillars. The specialized educational institutions assisted us in delivering programs in the areas of personal effectiveness, functional capabilities, organization, and regulation during 2022.

Tawuniya shapes
a competitive,
adaptable
workforce



Our People – Learning and Development continued

Continuous training and professional development are core values at Tawuniya.

Continuous training and professional development are core values at Tawuniya. That is why we ensure that each employee gets access to high-quality training opportunities, and that a substantial amount of time is allocated for personal and professional development. Additionally, every year our employees receive regular performance and appraisal feedback from regular workforce to senior management.

Employees are encouraged to foster a culture of continuous learning, ensuring they stay up to date on function-specific advancements. This commitment not only elevates their effectiveness in the workplace but also paves the way for accelerated career growth. In alignment with regulatory and functional basics, the company extends financial support to employees in their pursuit of personal development, subject to the following criteria: successful completion of the probationary period, a performance rating of 3 or above in the yearly performance appraisal, prior approval from both the respective line manager and Human Resources, and avoidance of program scheduling conflicts with working hours.

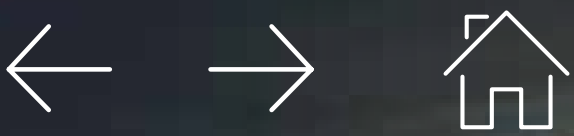
Reimbursement conditions include covering 50% of the cost, with full reimbursement contingent upon successful program or certification completion. Additionally, material costs are eligible for reimbursement solely when they are an integral part of the program, certification, or examination expenses.

Our contribution extends beyond our employees, as we support the development of youth in Saudi Arabia through two programs:

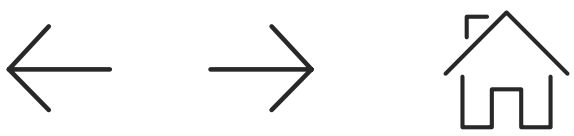
- 1 **CO-OP training**, where we provide internships for university students to gain practical experience. In 2022 we trained 17 university students at Tawuniya, and we hired six for a full time employment upon completion
- 2 **Tamheer Graduate program**, a governmental program aiming at providing fresh graduates with training opportunities and skills needed to join the workforce. In 2022 we offered twenty-three Saudi nationals the opportunity of training at Tawuniya and we hired six for full-time employment.

Our work with Saudi youth is integral to us as it forms the foundation for our talent development program and hiring strategy.

40 nationals participated in Tawuniya co-op internship and Tamheer Graduate Programs



Our People – Learning and Development continued



Tawuniya's Improved Learning and Development Framework: Taking Tawuniya to the next level.

Tawuniya aims to empower its employees to reach their full potential in line with our strategic promise: **"Passionate about people"**. Therefore, Tawuniya's Learning and Development strategy is focused on addressing:

- 1 Short-, medium- and long-term business needs
- 2 Capability gaps that may hinder the execution of our strategy
- 3 Career development
- 4 Individual needs and preferences

Our Learning and Development framework defines the training and development approach that Tawuniya has adopted. It includes several programs linked to business, team, and individual needs. The programs in Tawuniya's Learning and Development framework include:

Organizational Programs

These are programs designed to onboard and train employees for their roles at Tawuniya and are split as follows:

- **Company Induction:** Mandatory for all employees
- **Functional Induction:** Mandatory for all employees
- **Tawuniya Foundation:** Mandatory for all staff-level employees
- **Manager's Foundation:** Mandatory for all managers

Additionally, the organizational program contains two unique trainings: the Tawuniya accelerator and manager's accelerator. During the induction training, our employees receive training on our code of conduct where it outlines our ethical guideline and values.

Specialized Development Programs

Highly specialized programs designed to develop targeted groups.

Regulatory Programs

Mandatory programs for all Tawuniya employees, during the year our employees receive training on various topics as anti-money laundering for insurance, Fraud prevention, risk management and cybersecurity awareness.

Personal Effectiveness Programs

Programs designed to improve employee effectiveness by enhancing the soft skills, technical skills, communication skills and more, this program is for all Tawuniya employees, during the year our employees can choose to enroll in a variety of training on various topics as Excel, Power Bi, Emotional intelligence, business writing, data analytics using Excel and personal effectiveness.

Functional Capabilities Programs

Programs designed to develop junior to mid-level employees based on function-specific requirements (e.g., the Sales Academy targets employees in sales roles).

Leadership Programs

Professional development programs designed to develop and advance managers leadership skills, the leadership programs are delivered by educational institution as INSEAD, MIT and London business school. This program is part of our succession and planning strategy to prepare our employees with the skills needed.

Our employees use internal platform (M3aarf) to receive online courses.

Empowering employees to reach their full potential

Introduction

Our Sustainability Approach

Our Commitment to the Environment

Our Commitment to Society

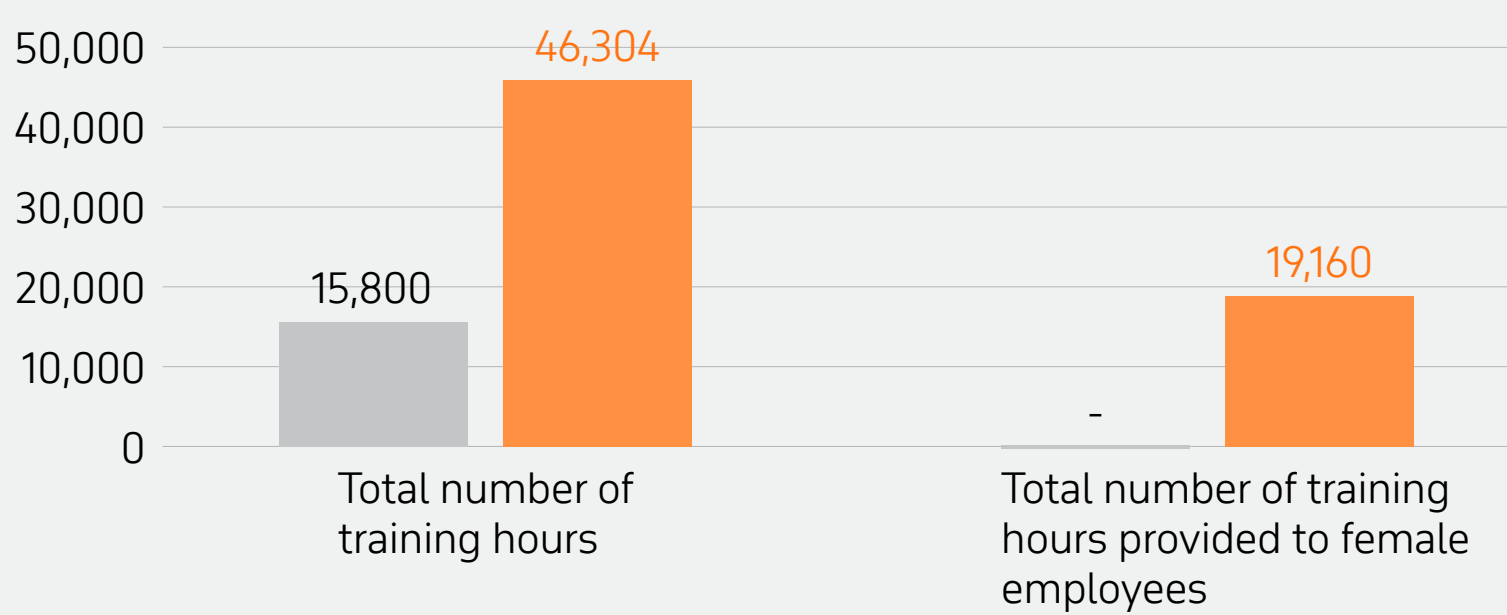
Our Commitment to Corporate Governance

Appendix

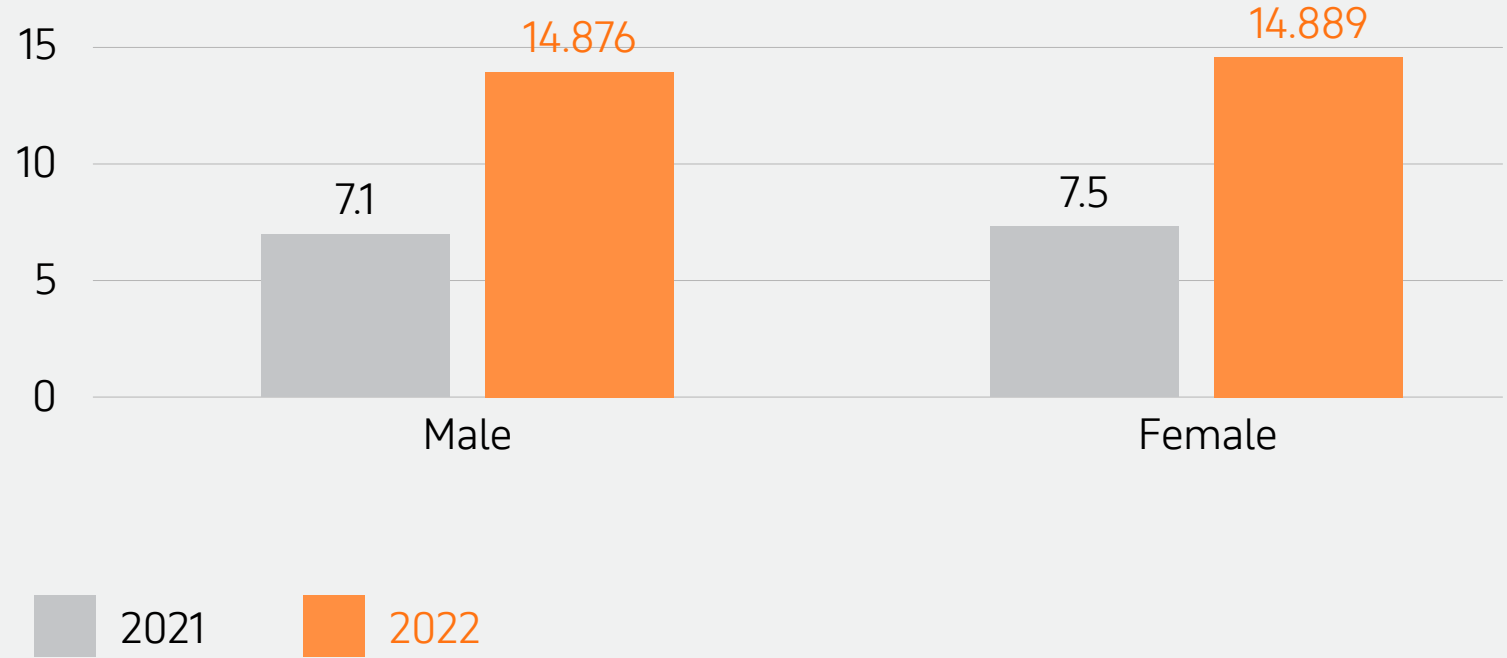
Our People – Learning and Development continued

The total number of training hours increased by almost 3 times from 2021 to 2022.

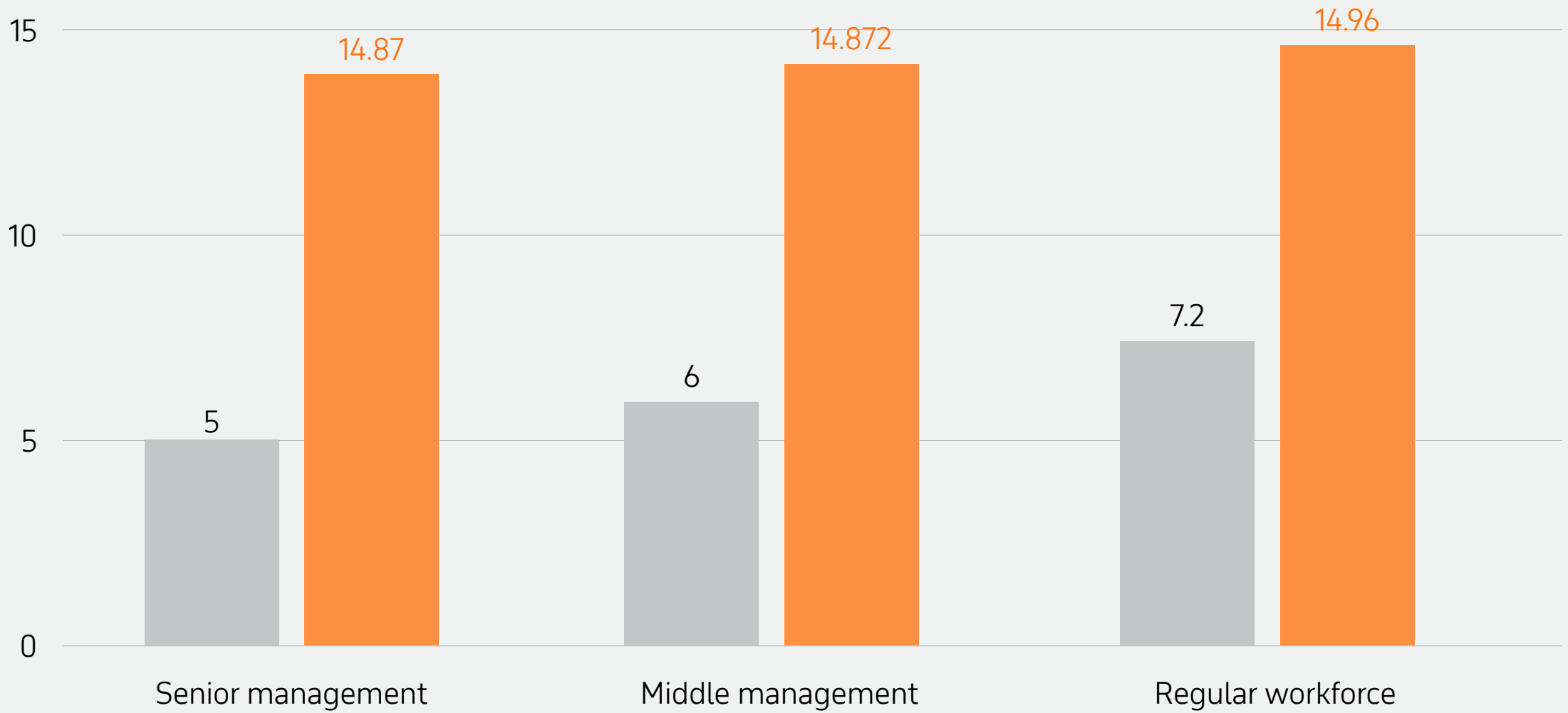
Training information



Average number of training hours received by employees by gender



Average number of training hours received by employees by level



*Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment: not applicable for 2021, and at least 6 months' notice / exit package / reduce working hours gradually for 2022.

Our People – Learning and Development continued

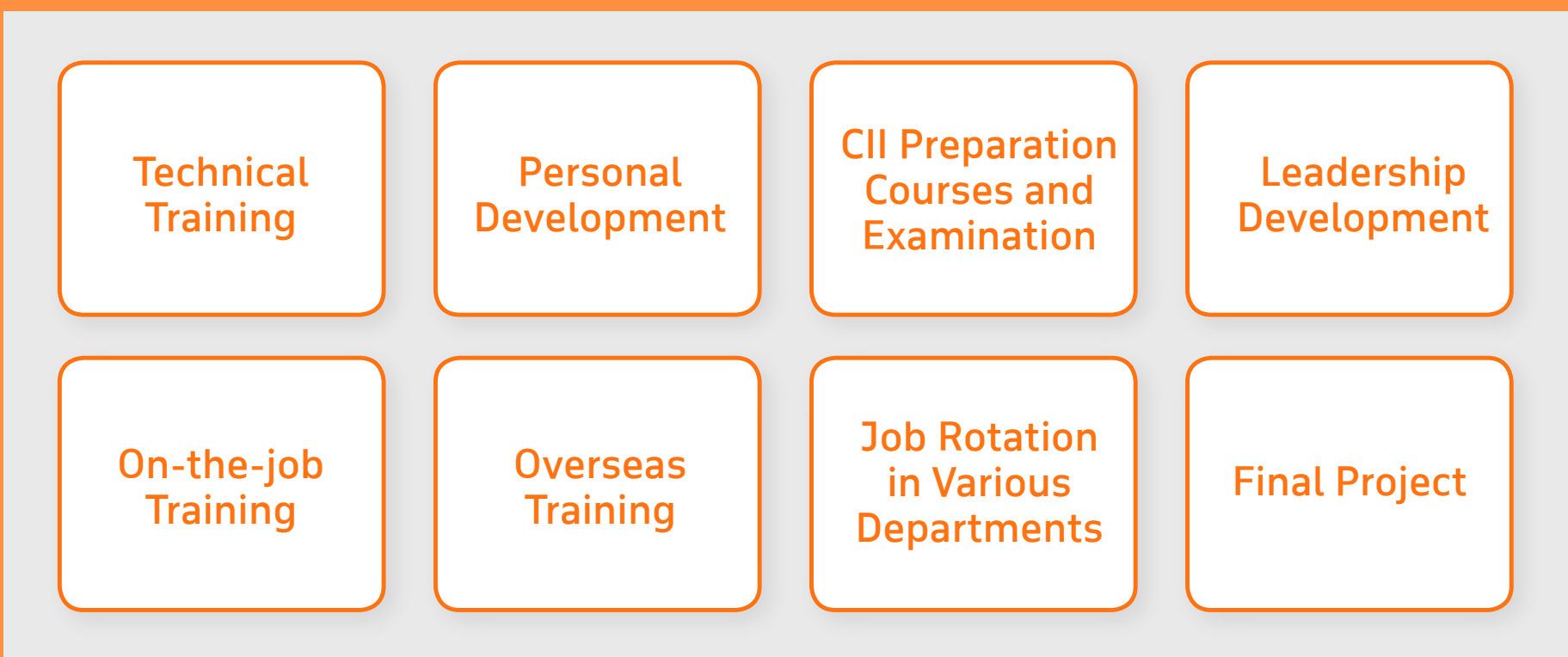
General Special Development Program.

The General Special Development Program expands on programs originally launched in 2012 and 2016 respectively. It aims to develop insurance industry leaders who exhibit a high level of technical skill and personal efficacy. The selection process for participants is rigorous. It includes psychometric tests covering cognitive capabilities and personality, as well as interviews with Tawuniya's executives. Once selected, participants are evaluated on a continuous basis via coursework, exams, and performance reviews with faculty. In addition to enrolling Tawuniya employees who show great potential, admission to the program has been extended to Tawuniya's valued clients and partners.

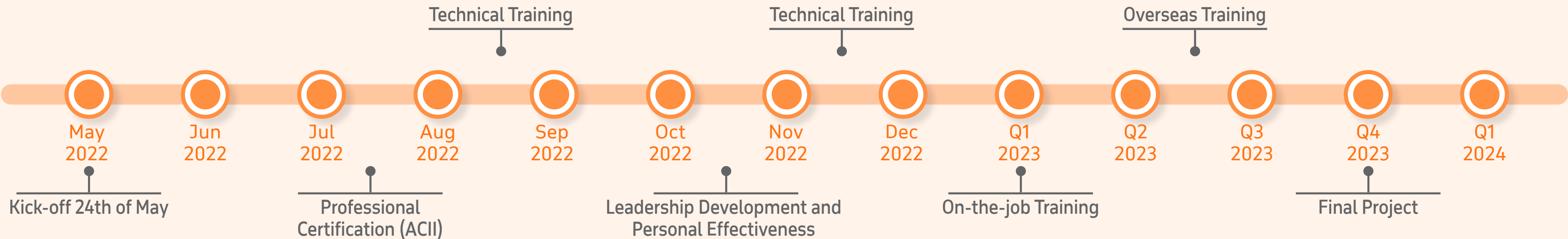
Overview



Topics



Journey sample



Our People – Learning and Development continued

Tawuniya stands proud of the General Special Development Program as industry-leading, delivering a range of benefits to participants.

Tawuniya stands very proud of the General Special Development Program. It is an industry-leading program that delivers a range of benefits to participants, Tawuniya, and the insurance sector in general, including:

- **Developing a world-class cadre** of insurance leaders at Tawuniya
- **Spreading insurance expertise** to Tawuniya's clients and partners
- **Educating participants** about General insurance best practices
- **Improving the technical skills** and expanding the knowledge of General professionals
- **Building stronger relationships** with clients and partners via employee development partnerships
- **Providing professional certification** to participants with the aim of improving their prospects at Tawuniya and in the insurance sector at large

Building stronger relationships with clients and partners



Our People – Diversity and Inclusion

Tawuniya’s full-time workforce is divided into two distinct groups; individuals hired directly, and employees hired through outsourced services.

Tawuniya’s full-time workforce is divided into two distinct groups based on their employment arrangements. The first group comprises individuals directly hired by Tawuniya, while the second group includes employees who have been brought on board through outsourced services. It’s important to note that both groups fall under the category of full-time employees at Tawuniya.

One of Tawuniya’s strategic pillars is to maintain an equitable work environment in which people are not defined or limited by their characteristics. This means Tawuniya has zero-tolerance policies regarding discrimination, bullying and harassment. In addition, Tawuniya has an anonymous complaint system for employees to use when they feel that they have been subjected to unfair or harmful treatment. All complaints are investigated thoroughly. We have received three complaints during 2022 and they have been investigated and handled as per article 80 of Saudi Labor Law.

ESG Data

Full time employees by contract and gender	2021	2022
Total numbers of employees with direct employment	1,706	1,592
Number of female employees with direct employment	677	655
Number of male employees with direct employment	1,029	937
Percentage of women in workforce (%)	39.5%	41%
Total number of employees with outsourced employment	193	175
Number of female employees with outsourced employment	20	3
Number of male employees with outsourced employment	173	172

Our Workers	2021	2022
Total numbers of workers who are not employees	-	105

ZERO
tolerance policies
on discrimination
bullying and
harassment



Our People – Diversity and Inclusion continued

One of Tawuniya strategic pillars is to maintain an equitable work environment in which people are not defined or limited by their characteristics.

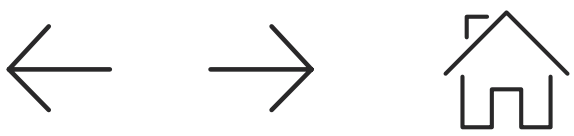
Employees by level and gender	2021	2022
Number of senior management employees	45	36
Percentage of senior management employees	2.6%	2.2%
Number of female employees in senior management	0	1
Number of male employees in senior management	45	35
Percentage of female employees in senior management	0	2.7
Percentage of male employees in senior management	100	97.3
Number of middle management employees	298	451
Percentage of middle management employees	17.4%	28.3%
Number of female employees in middle management	106	92
Number of male employees in middle management	192	359
Percentage of female employees in middle management	35.6	20.4
Percentage of male employees in middle management	64.4	79.6
Number of regular workforce employees	1,372	1,105
Percentage of regular workforce employees	80.0%	69.5%
Number of female employees in regular workforce	571	562
Number of male employees in regular workforce	801	543
Percentage of female employees in regular workforce	41.6	50.9
Percentage of male employees in regular workforce	58.4	49.1

Senior management: “senior” is defined as the Tawuniya’s Board of Directors, plus the general managers directly subordinated to the Board



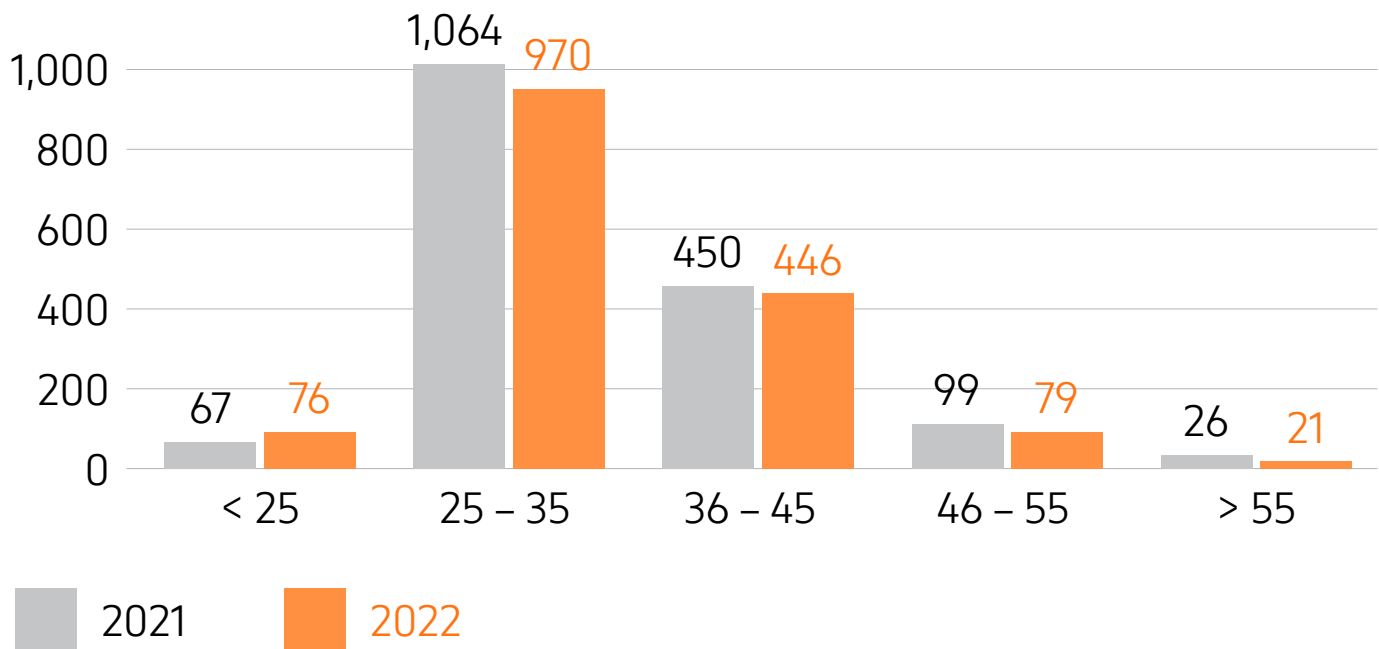
41%
of female
employees are in
the workforce

Our People – Diversity and Inclusion continued

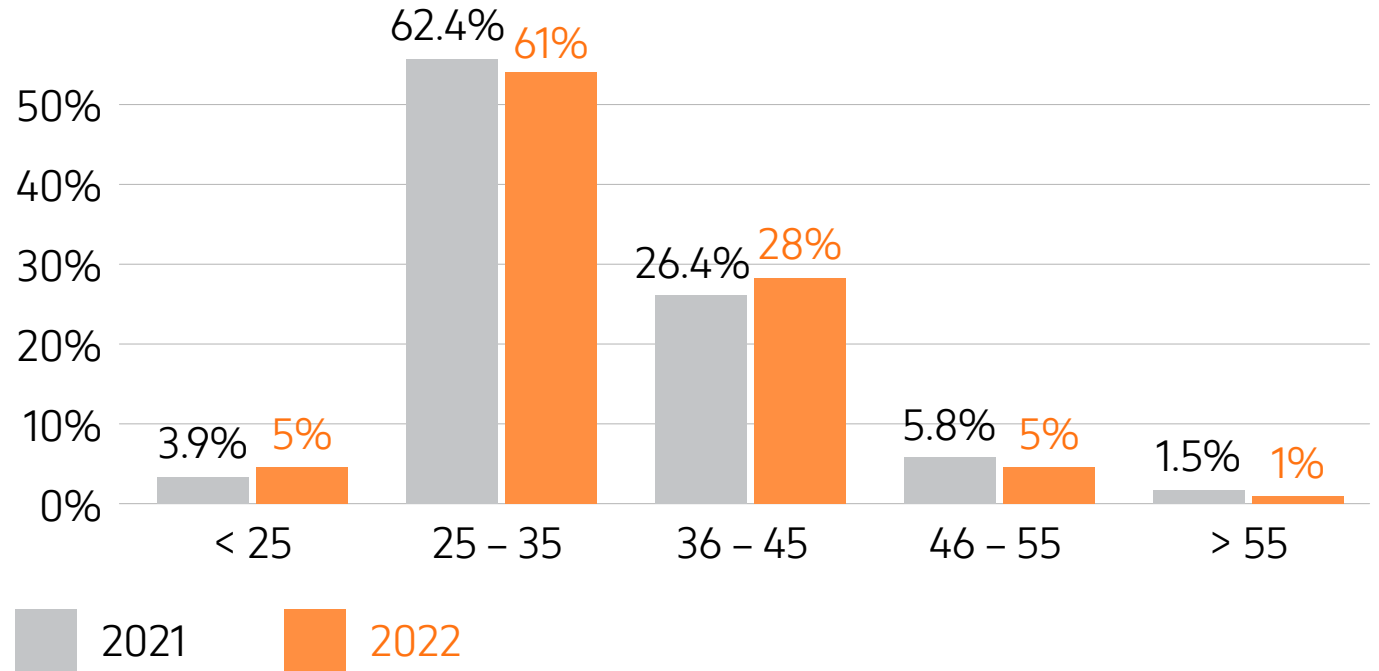


The following data is related to the direct employees of Tawuniya unless stated otherwise:

Workforce by Age group – Numbers



Workforce by age group – Percentage



Workforce by Region - Numbers	2022
Central Regional Office	1,274
Western Regional Office	191
Eastern Regional Office	127

Workforce by Region - Percentages	2022
Central Regional Office	80%
Western Regional Office	12%
Eastern Regional Office	8%

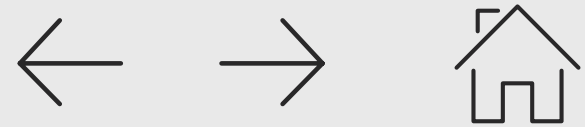
Employees with disabilities	2021	2022
Number of employees with physical disabilities	12	9

Ratio of standard entry level wage by gender compared to local minimum wage	2021	2022
Ratio of entry level wage to minimum wage for full time employees	133%	133%

Ratio of basic salary and remuneration of women to men	2021	2022
Senior management employees	0.84*	0.85*
Middle management employees	0.93*	0.85*
Regular employees	0.88*	0.99*

*The ratios indicate differences in average salary between women and men within each employee category irrespective of the specific role or seniority. If within one category one gender predominates in the senior positions, this will be reflected in the genders' remuneration averages, resulting in ratios below or above one in the tables. This has no bearing on Equal Pay for women and men performing the same or similar work in comparable roles.

Our People – Diversity and Inclusion continued

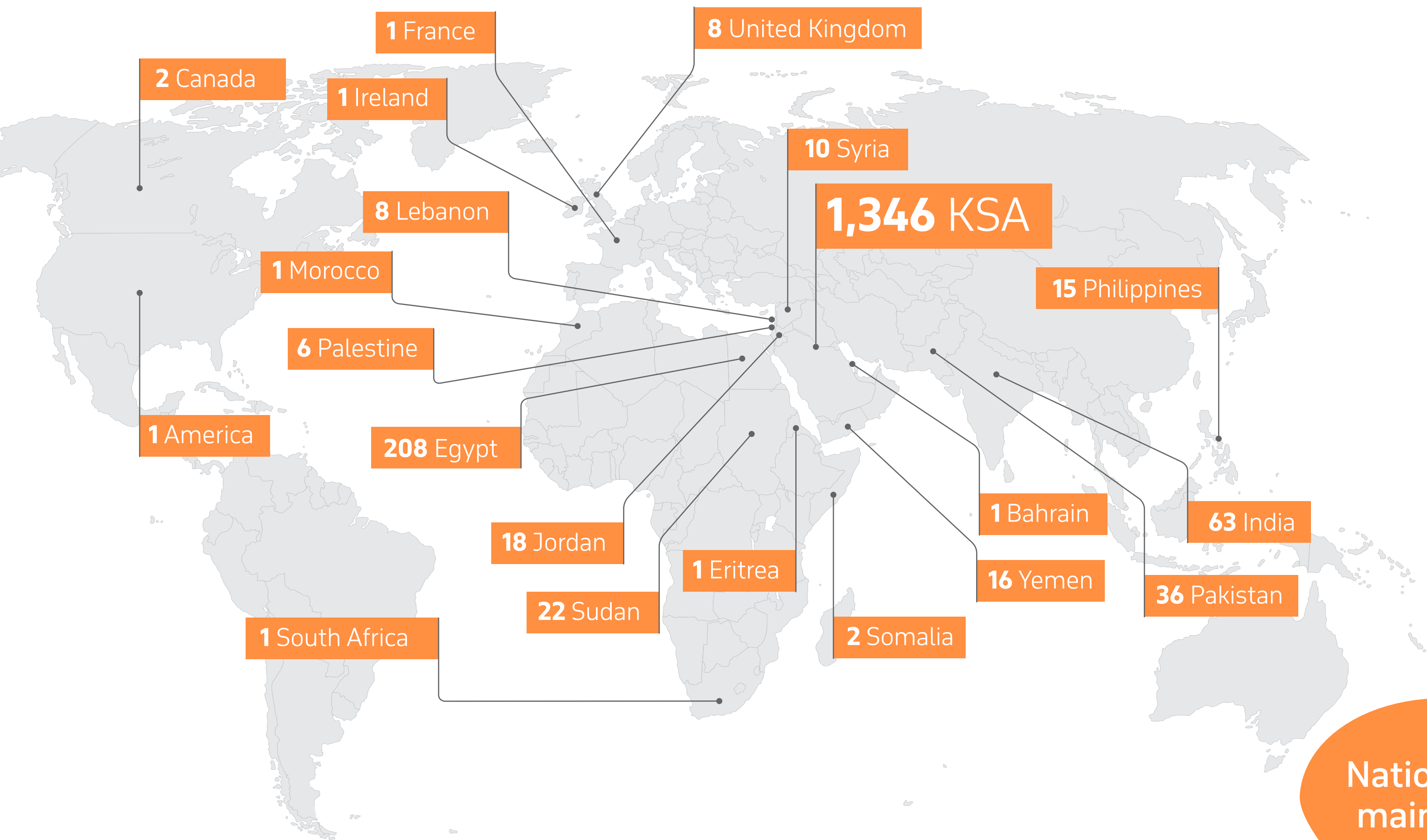


New Hires	2021	2022
Total new hires – Numbers	521	299
Hires by gender – Numbers		
Female new hires	234	149
Male new hires	287	150
Hires by gender – Percentage		
Female new hires	45%	50%
Male new hires	55%	50%
Hires by Age Group – Numbers		
< 25	16	46
25 – 35	400	188
36 – 45	90	55
46 – 55	15	7
> 55	0	3
Hires by Region – Numbers		
Central Regional Office	359	263
Western Regional Office	121	23
Eastern Regional Office	41	13

One of Tawuniya strategic pillars is to maintain an equitable work environment in which people are not defined or limited by their characteristics.

Our People – Diversity and Inclusion continued

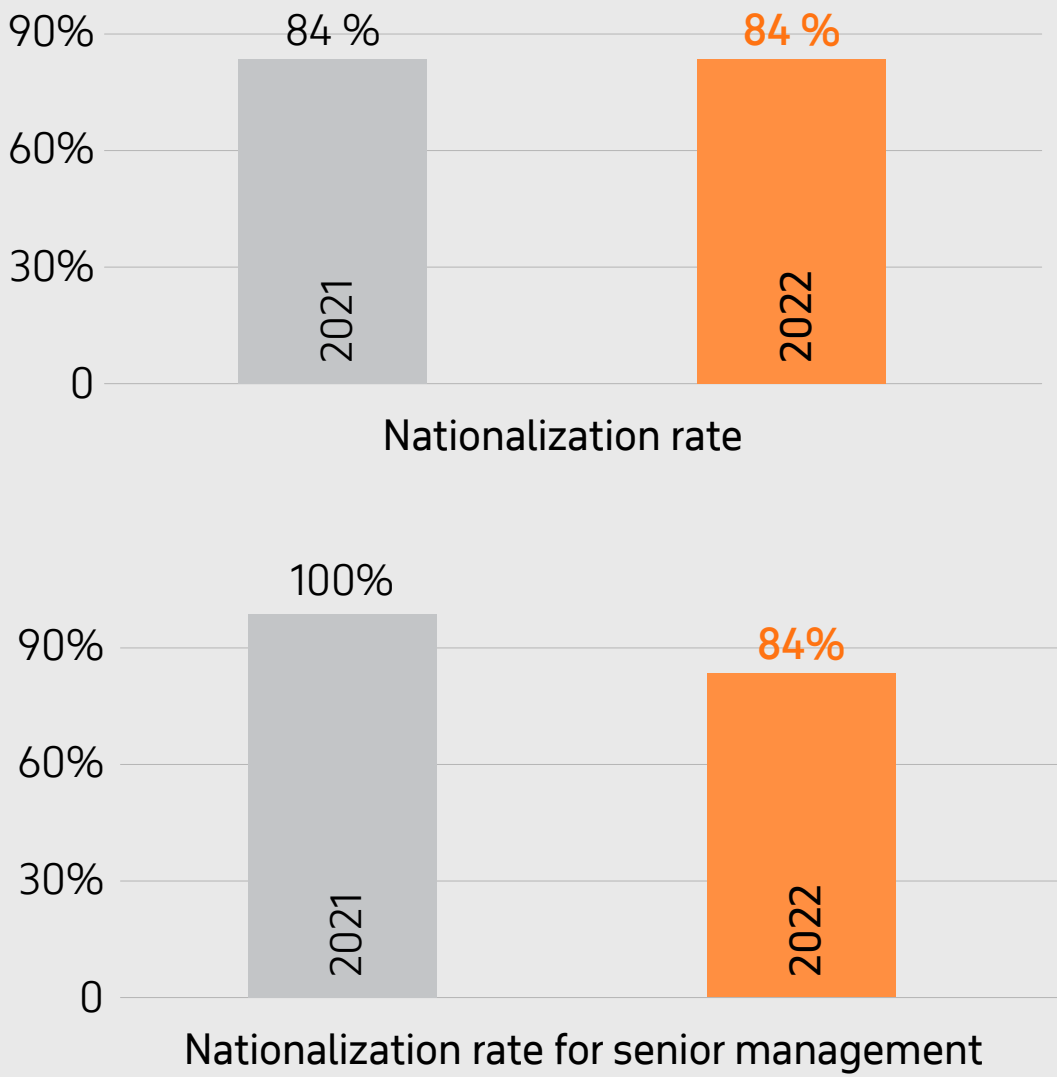
Full-time employees were a total of 1,767 in 2022.



The total number of 1,767 full-time employees is a combined total of direct and outsourced employees. In 2022, 90.1% of the total full-time employees were employed on direct contracts, and 9.9% were outsourced.

Nationalisation maintained at 84%

Nationalization



Notes:
Senior management: "senior" is defined as the Tawuniya's Board of Directors, plus the general managers directly subordinated to the Board
Local: if the individual was either born or has the legal right to reside indefinitely in Saudi Arabia

Customer Satisfaction

Providing excellent customer experience, we can improve customer satisfaction and loyalty, expand our customer base, and retain current customers.

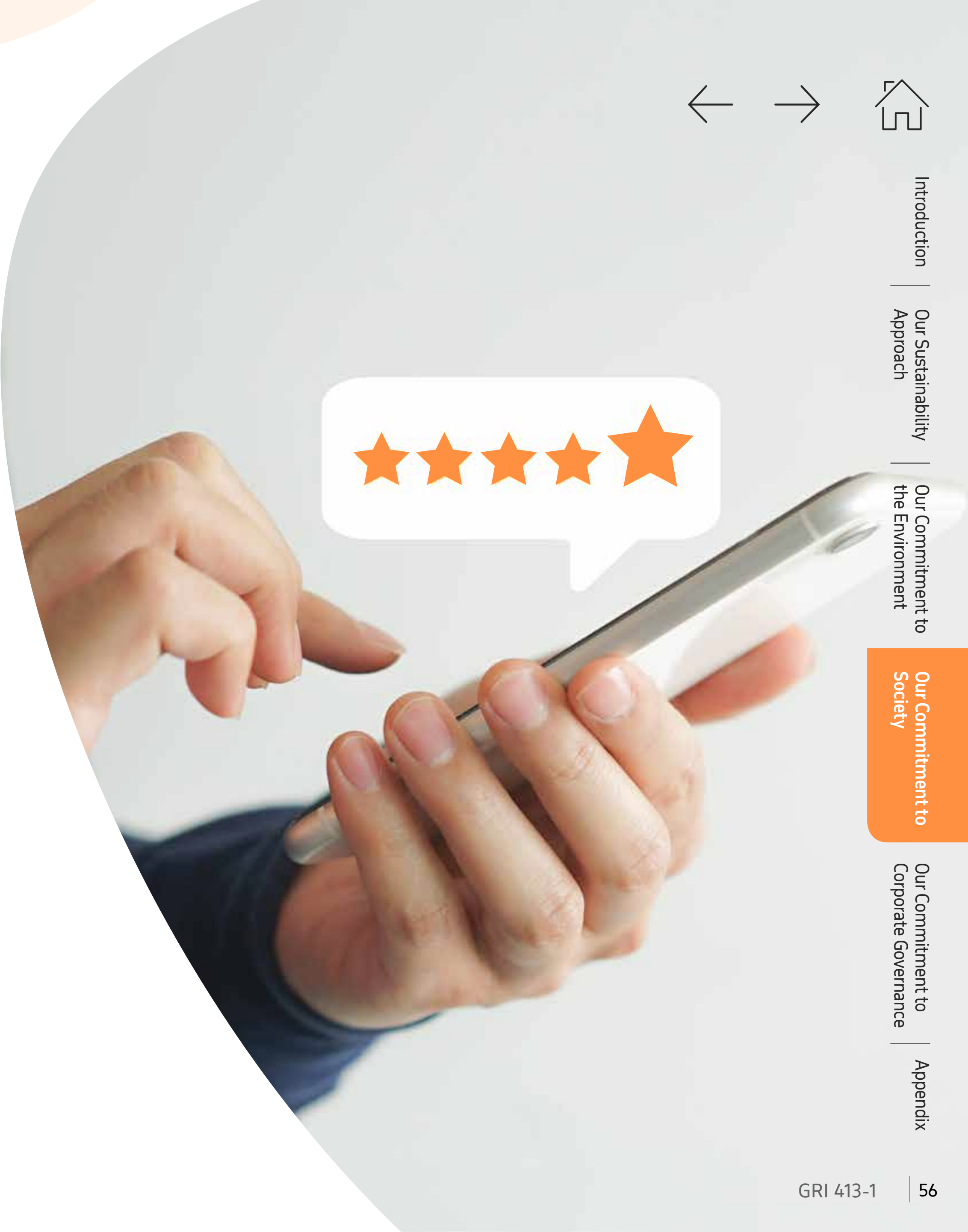
Customer satisfaction is at the core of Tawuniya's business model. It is the key to achieving our mission of exceeding expectations with superior customer experiences and commitment to service.

One of the key promises made in Tawuniya's Strategy 2025 is to be customer-centric. We have challenged ourselves to listen to our customers and stakeholders to understand their needs better and to meet those needs through innovation and by offering affordable, accessible, high-quality insurance solutions and providing value-added service to our clients in our various business lines.

By providing excellent customer experience, we can improve customer satisfaction and loyalty, expand our customer base, and retain current customers. These elements are crucial to our growth. Our day-to-day operation relies on three divisions: customer experience, marketing, and channel management which are aligned to ensure our customers are satisfied with our service.

Tawuniya regularly assesses customer satisfaction using two measures:

- 1 the Net Promoter Score (NPS) and
- 2 the Customer Satisfaction Score (CSAT).



Introduction

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Appendix

We aim to make the claim resolution process as quick and simple as possible for our clients.

Our strategic approach is to build on the feedback received from our customers through our various communication channels (Call center, online, messages) and develop action plans across our business line to improve the quality of service.

We used the feedback collected in 2021 to design a set of initiatives to build on our continuous efforts to serve our clients. The initiatives were designed for the various business lines to ensure customized solutions.



New mobility initiatives

In our mobility business line, we implemented four initiatives in 2022:

- Three initiatives were implemented to improve the mobility claim processes.
- One initiative was implemented to enhance the sales of mobility insurance products.



Health initiatives

For the health business line, we implemented five initiatives:

- Three initiatives were implemented to improve the approval process of claims.
- One initiative was implemented to improve the reimbursement time.
- One initiative was implemented to redesign the various communication channels to reduce customer efforts and improve their experience quality.



General insurance initiatives

For the General business line, we implemented six initiatives:

- Three initiatives were implemented to improve the claim process by improving automation of process, tracking, and payments to reduce claim process time.
- Two initiatives were implemented to improve client engagement.
- One initiative was implemented to enhance the awareness and experience of our General clients.

Tawuniya understands that the most effective route to customer satisfaction in the insurance industry is being there when our customers need us most—when they need to make a claim. Customers purchase policies to guarantee security in the event of some unforeseen circumstance. Therefore, processing and paying out claims faster is essential to upholding our promise to policyholders.

We aim to make the claim resolution process as quick and simple as possible for our clients. We do this by automating and digitizing as much of the claims process as possible. We have already reduced the average settlement time for claims significantly and will continue experimenting with further ways to reduce it in the coming years.

Our Suppliers

Tawuniya implemented policies and reviewed them annually, ensuring objectivity and fairness at every stage of the procurement process.

The procurement department is responsible for the management of the suppliers at Tawuniya. Tawuniya implemented policies and reviewed them annually, ensuring objectivity and fairness at every stage of the procurement process. The contract and vendor management process at Tawuniya defines the rules for the selection of vendors and contractors. Additionally, all the engaged suppliers must undergo a prequalification process which when approved, will be added to Tawuniya's authorized vendors database. The prequalification process takes place via submitting a questionnaire that considers the following: relevant international and local experience, quality and performance, financials and resources, health safety and environment performance, client references and fast track project delivery experience.

Tawuniya's purchasing policy governs the selection of the awarded vendor. Tawuniya is not bound to the lowest price of the proposals/bids/quotation but also to the quality of the materials/ services/ and their fitness for the intended purpose as well as payment terms offered, and time taken for delivery for meeting Tawuniya requirements.

The supplier management system manages Tawuniya's engagement with the suppliers. The suppliers can engage with Tawuniya through the vendor relationship teams, where they can provide us with their feedback and complaints. In 2022, the vendor relationship team received 14 issues from our suppliers, and all issues were investigated to ensure fairness in our procurement policies.

As part of Tawuniya's commitment to reduce its environmental impact, the procurement department conducts all supplier engagement virtually to minimize business travel to a minimum; currently, more than 90% of our engagement is conducted using virtual technology. The competitive bidding also sealed commercial envelopes into digital, and the tendering committee conducted its meeting virtually. Additionally, a green procurement footprint initiative was established to donate unused electronic devices to a recycling charity in Saudi Arabia.

More than **90%**
of our engagement
is conducted
virtually



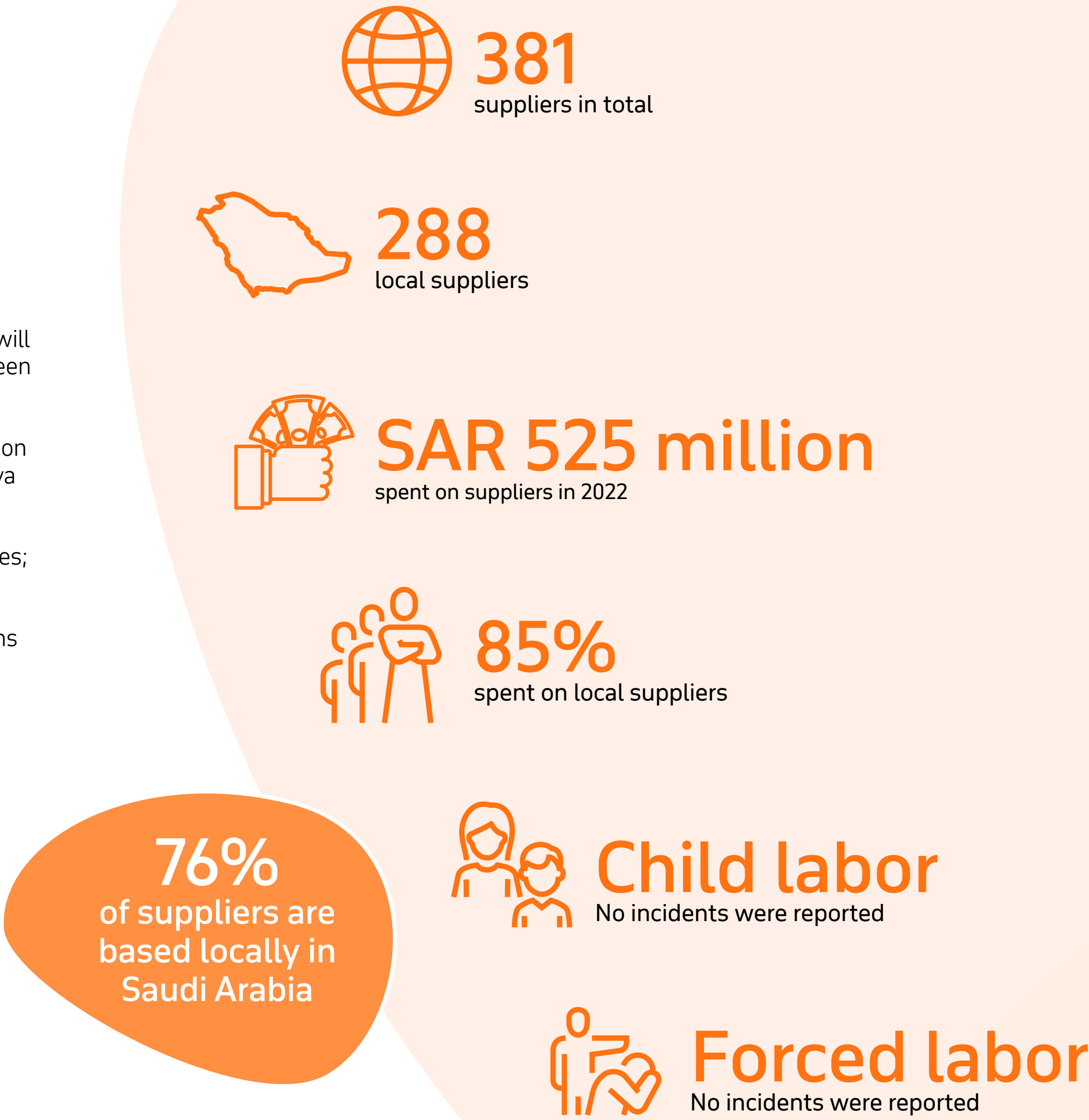
Our Suppliers continued

As part of our ESG strategy, Tawuniya align with Visions 2030 and Saudi Arabia Net Zero commitments.

Under development:

- **Third-party and vendor management standard:** to ensure proper and efficient protection from cybersecurity risks, it will cover the third-party and vendor management process in terms of selection, contracting, and execution. Tawuniya is keen to ensure the protection of data and extend its data and privacy policies to cover its third-party and vendors.
- **Cloud Computing and Hosting Standard:** ensure proper and efficient remediation of cyber risks and the implementation of cybersecurity requirements; Tawuniya will implement the new standard in 2023 to extend the protection of Tawuniya data and our client privacy handled by third-party hosting and cloud computing.
- **Code of conduct:** will promote Tawuniya standards and expectations of vendors and reinforce core organizational values; a code of conduct is under development and will be implemented in 2023.
- **Integration of sustainability in the procurement policies:** as part of our ESG strategy, Tawuniya alignment with Visions 2030 and Saudi Arabia Net Zero commitment; Tawuniya procurement department is working on the integration of sustainability in its relationship with vendors and suppliers.

Suppliers	
Total number of suppliers	381
Total number of local suppliers	288
Amount of spending on suppliers 2022	SAR 524,919,197
Amount of spending on local suppliers %	85
Environmental assessment	None
Social Assessment	None
Child labor	No incidents of child labor were reported
Forced labor	No incidents of forced labor were reported



Financial Inclusion

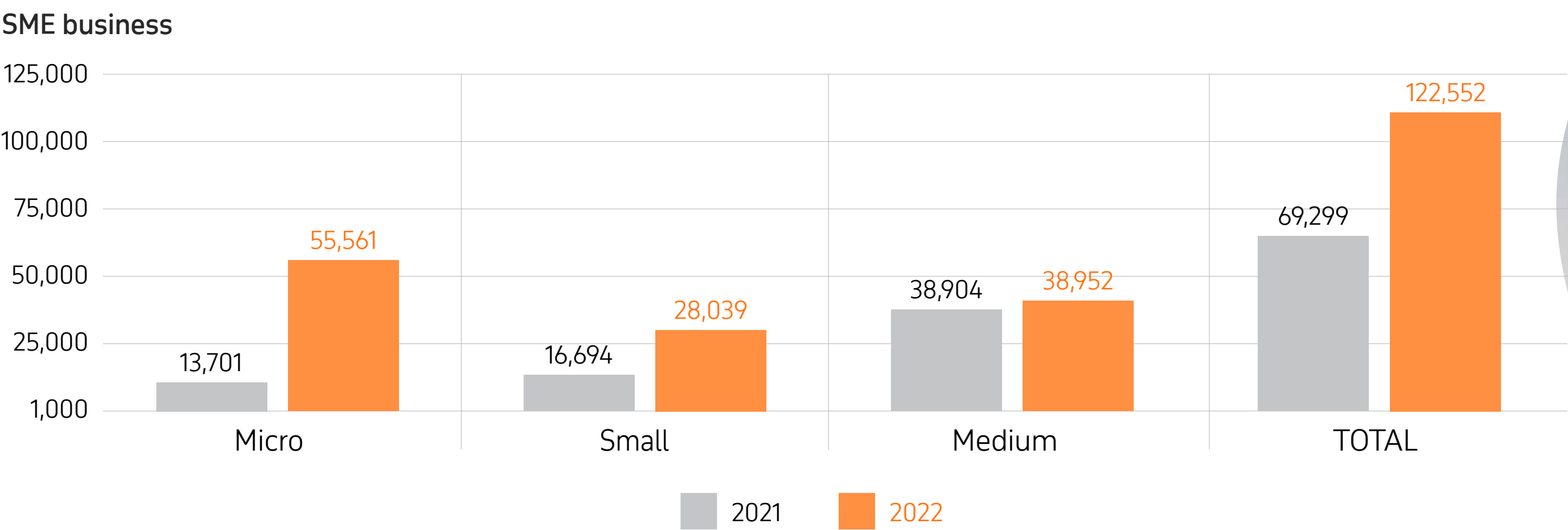
Tawuniya not only shields its clients from unforeseen circumstances but also promotes financial stability.

Tawuniya is a pioneer in financial inclusion and continues to demonstrate its unwavering dedication to providing services to all communities in Saudi Arabia. Tawuniya aims to improve its clientele’s financial literacy by fostering a commitment to financial education through continuous workshops and training for clients. Additionally, our innovative online service allows individuals to obtain insurance quickly and efficiently.

The comprehensive support offered by Tawuniya not only shields its clients from unforeseen circumstances but also promotes financial stability and alleviates poverty. The company’s consistent dedication to small and medium-sized enterprises (SMEs) manifests in safeguarding their investments by property insurance and furnishing comprehensive employee health insurance packages. This strategic approach is demonstrated in the continual growth of SME customers.

Tawuniya’s involvement in microinsurance and its innovative strategies in mobile and online distribution channels exemplify its commitment to expanding insurance accessibility. Additionally, Tawuniya engages in alternative branchless distribution channels through strategic partnerships with third-party entities, including agencies and brokers. Providing our products through channels other than Tawuniya directly has elevated access to our products, enabling us to serve a broader spectrum of customers. This multifaceted approach plays a pivotal role in facilitating SME expansion, ultimately strengthening regional economic growth.

Size of SMEs in General business line



SAR122Mn
spent in 2022
compared with
SAR 69 Mn
in 2021



Giving Back to Society

Tawuniya underwent a transformative journey, shifting from traditional CSR to a more comprehensive integration of sustainability and CSR in the development of its products and services.

Tawuniya's Corporate Social Responsibility (CSR) Strategy is built upon four key pillars:

- 1 Health
- 2 Safety
- 3 Productivity
- 4 Environment

In 2022, Tawuniya underwent a transformative journey, shifting from traditional Corporate Social Responsibility to a more comprehensive integration of sustainability and CSR in the development of its products and services. This new approach allows the various business lines within Tawuniya to have a more substantial and positive social impact.

Social media plays a pivotal role in Tawuniya's communication strategy. The company primarily utilizes social media platforms to inform the public about various issues, developments, and topics related to Tawuniya's services.

Our previous social media posts have been rich with valuable advice for getting ready for extreme weather conditions, educational resources specifically crafted for female drivers, and guides that advocate for a healthy eating lifestyle.

Additionally, Tawuniya actively contributes to society through various initiatives. We offer free flu vaccinations and breast cancer screenings to support the well-being of our community. We are also committed to assisting the nonprofit sector in Saudi Arabia by extending free medical claims to selected nonprofit organizations. Moreover, Tawuniya has launched a dedicated campaign to promote financial literacy.

In 2022, Tawuniya actively connected with the community through a diverse range of initiatives and events. This multifaceted engagement encompassed product and service campaigns as well as the sponsorship of various events and initiatives. These efforts underscored the company's unwavering commitment to making a positive impact on society in numerous ways.



Tawuniya actively contributes to society through various initiatives

Tawuniya launched a number of campaigns and initiatives in support of international awareness days and months with the goal of improving the health of Saudi society.

Product and service activation campaigns

- Drive Awareness
- General Development Program
- Hajj Insurance Awareness
- SME installment service
- Tawuniya Values services
- Yalla clinic
- Taj Service awareness
- Vitality Anniversary Celebrations

Sponsorships

- HR TECH 2021
- Al Hilal Champions of Asia
- Arabian Horse Sponsorship
- Abdulmajeed Abdullah concert
- Riyadh Marathon Sponsorship
- Hajj and Umrah Conference

Awareness campaigns and activities



Cybersecurity awareness campaign



Global money week



Whistle blowing



World food day event



Breast cancer campaign



Smoking awareness campaign



World cancer day



Blood donation



Ramadan charity campaign

The customer engagement is very crucial to us as one of the key promises made in Tawuniya's strategy 2025 is to be customer centric. During 2022 we held more than 390 events, workshops and sessions.

Vitality	198 Events	15,980 registered
Taj	4 events	380 participants
Tawuniya health zone	123 events	11,070 participants
Health eating workshops	36 workshops	870 participants
Life coaching session	13 workshops	260 participants
Yoga sessions	10 sessions	200 participants
CRP first aid training	6 sessions	170 participants
Blood donation	3 events	345 participants

Tawuniya launched a number of campaigns and initiatives in support of international awareness days and months including Breast Cancer Awareness Month, International Day of People with Disabilities, World Heart Day, and World Diabetes Day with the goal of improving the health of various groups within Saudi society.

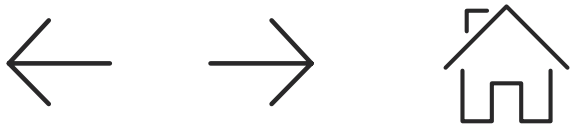
During 2022, Tawuniya held more than 390 events, workshops and sessions



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Corporate Governance at a Glance



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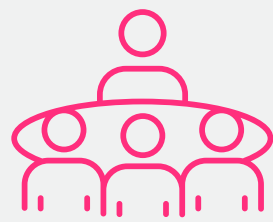
Our Commitment to the Environment

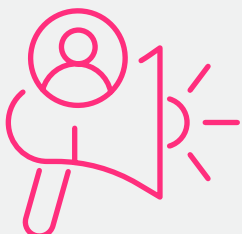
Our Commitment to Society

Our Commitment to Corporate Governance

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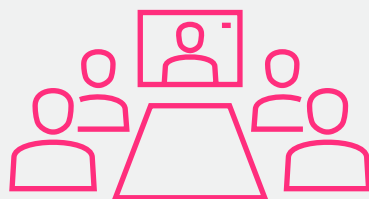

ISO 27001
Certified for information security

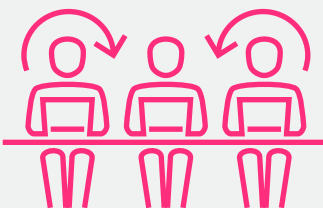

100%
Employees have been covered within the last 3 years training plan


Whistleblower policy protect from retaliation


Audit committee oversight over the ethical guidelines at Tawuniya


Effective implementation of Bribery, anti corruption and anti money laundering policies and employee training


Shareholder right to call on a meeting for shareholders

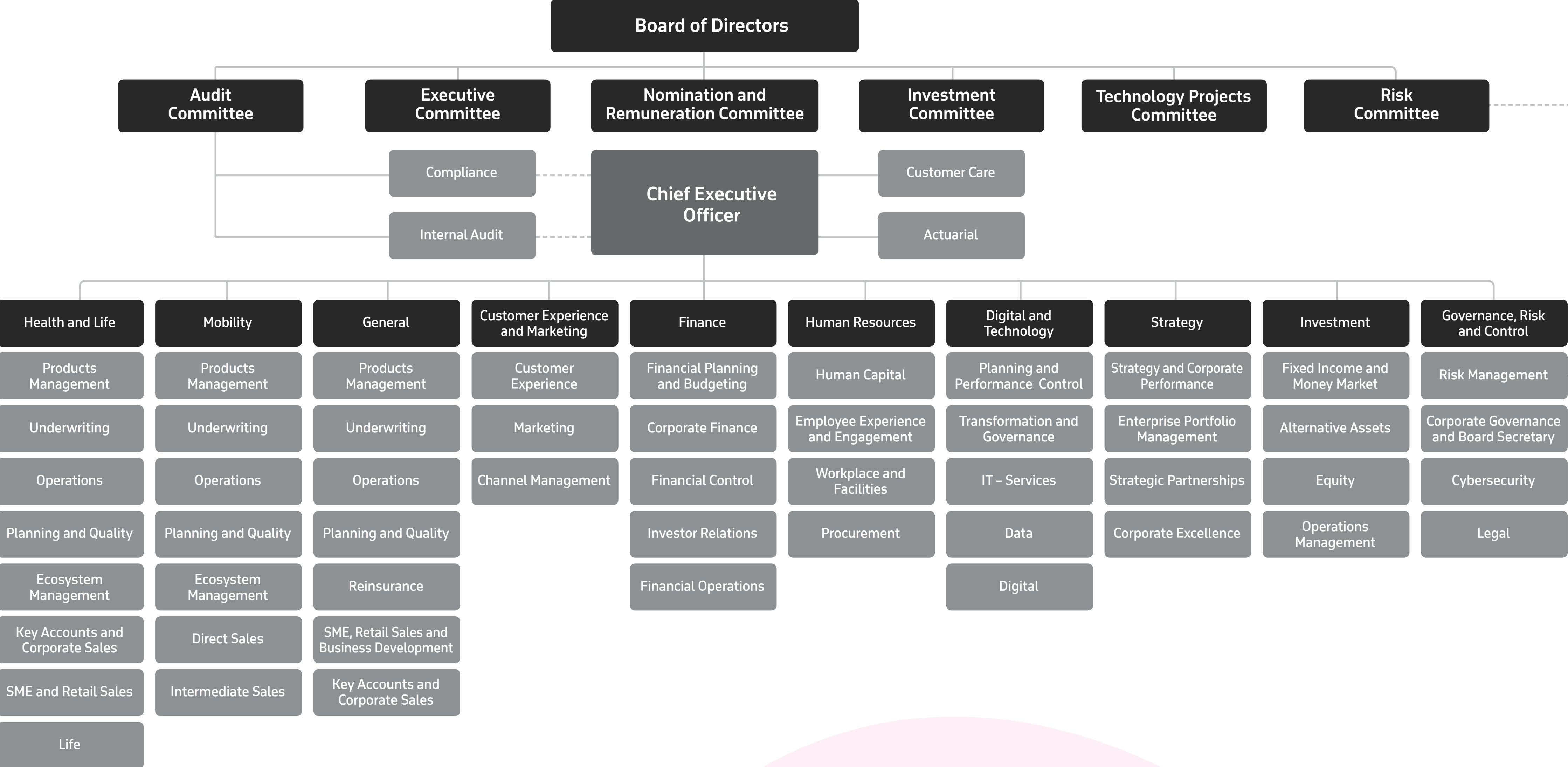

Technical project committee responsible for the privacy and data security



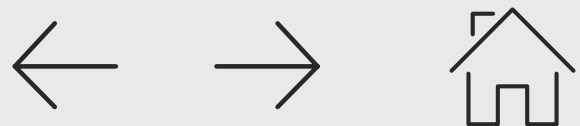
Agricultural Development Fund Building, Riyadh, Saudi Arabia

Organizational Structure

BoD, Committees, Executive Team and Regulated Functions



Organizational Structure continued



Mr. Abdulaziz I. Alnowaiser
Chairman



Mr. Abdulaziz A. Al-Khamis
Vice-Chairman



Mr. Waleed A. Aleisa
Director



Mr. Homood A. Altuwaijri
Director



Mr. Ehab M. Al Dabbagh
Director



Mr. Ghassan A. Al-Malki
Director



Mr. Jaser A. Al Jaser
Director



Mr. Abdulrahman M. Al Odan
Director



Dr. Khaled A. AlGoneim
Director

The appointment of the Board of Directors is the responsibility of the Ordinary General Assembly; the BoD consists of 9 members appointed by the Ordinary General Assembly through election for a period not exceeding three years. At any time, the number of independent members on the Board can't be less than three. Members of the BoD must receive a no objection decision from the Saudi Central Bank to accept their appointment in the BoD. The last election of the BoD was on 26 March 2020, and the next election shall take place in 2023.

The current BoD consists of 3 independent members, and none of the members of the BoD is part of the executive management. A diverse range of financial, legal expertise formulates the BoD to steer Tawuniya toward achieving its strategic objective, creating long-term value for shareholders and providing broader prosperity to all stakeholders.

Composition of Board of Directors	Classification
Mr. Abdulaziz I. Alnowaiser	Independent
Mr. Abdulaziz A. Al-Khamis	Non-Executive
Mr. Waleed A. Aleisa	Non-Executive
Mr. Homood A. Altuwaijri	Independent
Mr. Ehab M. Al Dabbagh	Independent
Mr. Ghassan A. Al-Malki	Non-Executive
Mr. Jaser A. Al Jaser	Non-Executive
Mr. Abdulrahman M. Al Odan	Non-Executive
Dr. Khaled A. AlGoneim	Non-Executive

Organizational Structure continued

A diverse range of financial, legal expertise formulates the BoD to steer Tawuniya toward achieving its strategic objective.

Executive Committee

The committee advises the Board of Directors on strategic and operational plans, including budgets and business initiatives, and recommends necessary actions for implementation. It also takes decisive steps on matters that fall outside the CEO's jurisdiction, particularly those concerning capital expenditures and purchases, within the boundaries set by the Board.

Executive Committee Members

1. Mr. Abdulaziz I. Alnowaiser – Chairman (Independent – Board Chairman)
2. Mr. Waleed A. Aleisa – Member (Non Executive)
3. Mr. Abdulrahman M. Al Odan – Member (Non Executive)
4. Mr. Abdulaziz H. Al Boug – Member (Executive – CEO)

Audit Committee

The committee serves as a multi-faceted oversight body that manages various aspects of governance and compliance, from financial auditing to ethical conduct. It is tasked with recommending external auditors, overseeing the hiring and dismissal of key compliance and audit officers, and ensuring their independence from the company's management and Board. It also reviews both internal and external audit plans, financial statements, and compliance reports, issuing recommendations to the Board of Directors. Additionally, the committee assesses the efficiency of audit and compliance departments, monitors legal issues, and ensures optimal use of information technology.

Audit Committee Members

1. Mr. Homood A. Altuwaijri – Chairman (Independent)
2. Mr. Khalid S. Al Ruwais – Member (External)
3. Mr. Khalid S. Al Sulaiman – Member (External)
4. Mr. Ihsan A. Makhdoom – Member (External)

The next election BoD will take place in 2023

The Risk Committee oversees the effectiveness of risk management systems, formulates comprehensive strategies, and reassesses the company's risk profile.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee at Tawuniya plays a critical role in governance and talent management. It recommends candidates for the Board of Directors and its sub-committees, ensuring alignment with regulatory and company standards. The committee also evaluates the Board's composition and performance, identifies vulnerabilities, and ensures member independence to prevent conflicts of interest. It is responsible for setting compensation policies for both Board members and senior management, overseeing succession planning, and providing recommendations on various matters including nominations, dismissals, and remuneration.

Nomination and Remuneration Committee Members

- 1. Mr. Ehab M. Al Dabbagh – Committee Chairman (Independent)
- 2. Mr. Jaser A. Al Jaser – Member (Non Executive)
- 3. Dr. Khaled A. AlGhoneim – Member (Non Executive)
- 4. Mr. Abdulaziz H. Al Boug – Member (Executive – CEO)

Investment Committee

The Investment Committee at Tawuniya is responsible for overseeing the company's investment strategy and ensuring its execution aligns with approved policies. It reviews and approves investment proposals, sets limits in accordance with SAMA's regulations, and supervises compliance across various investment pools. Additionally, the committee hires and evaluates external investment managers, keeping the Board of Directors updated on its activities and the performance of existing investments.

Investment Committee Members

- 1. Mr. Abdulaziz A. Al-Khamis – Committee Chairman (Non Executive)
- 2. Mr. Homood A. Altuwaijri – Member (Independent)
- 3. Mr. Ehab M. Al Dabbagh – Member (Independent)
- 4. Mr. Ghassan A. Al-Malki – Member (Non Executive)

Risk Committee

The Risk Committee at Tawuniya is charged with identifying potential risks and ensuring they align with the company's approved risk appetite framework. It oversees the effectiveness of risk management systems, formulates comprehensive strategies, and regularly reassesses the company's risk profile. The committee also keeps the Board of Directors informed through detailed reports and recommendations, serving as an advisory body on all matters related to risk management.

Risk Committee Members

- 1. Mr. Waleed A. Aleisa – Committee Chairman (Non Executive)
- 2. Mr. Abdulrahman M. Al Odan (Non Executive)
- 3. Mr. Jaser A. Al Jaser – Member (Non Executive)
- 4. Mr. Ghassan A. Al-Malki – Member (Non Executive)

Technical Projects Committee

The Technical Projects Committee at Tawuniya focuses on overseeing the implementation and completion of the Core System Program Project. It has the authority to make decisions within certain limits to ensure the project progresses according to plan, and it can intervene directly or indirectly to mitigate any risks or issues that could affect performance. The committee regularly reviews project progress through periodic reports, updates the Board of Directors on the project's status, and can expand its scope to include additional projects related to the Core System Program. The Technical project committee is responsible for the privacy and data security at Tawuniya, as it serve to ensure adhere to the information policies at Tawuniya and compliance with data privacy procedure and rights.

Technical Projects Committee Members

- 1. Dr. Khaled A. AlGhoneim – Committee Chairman (Non Executive)
- 2. Mr. Abdulrahman M. Al Odan – Member (Executive)
- 3. Mr. Ghassan A. Al-Malki – Member (Non Executive)
- 4. Mr. Abdulaziz H. Al Boug – Member (CEO)
- 5. Dr. Mohammad AlShaibi (Advisor) – Member (External)



Organizational Structure continued

The Board of Directors has comprehensive authority in managing the Company to meet its objectives, except for areas specifically governed by the Companies Law or the General Assembly.

The Board of Directors has comprehensive authority in managing the Company to meet its objectives, except for areas specifically governed by the Companies Law or the General Assembly. The Board chairman is empowered to represent the company in all legal, financial, and administrative matters, from entering into contracts and agreements to engaging in litigation and arbitration. This extensive purview allows the chairman to transact with various governmental, semi-governmental, and private entities across multiple sectors and legal frameworks.

Within its jurisdiction, the Board has the flexibility to delegate responsibilities to either its members or third parties for specific tasks, provided such delegation does not conflict with relevant laws and regulations. Furthermore, the Board has the authority to take on loans, sell or mortgage company assets, and discharge company debtors, unless such actions are explicitly restricted by the Ordinary General Assembly.

The Board of Directors is responsible for appointing its Chairman, Vice Chairman, Chief Executive Officer, and potentially a Managing Director. No single member can serve as both the Chairman and hold any executive position within the company. The Chairman is empowered to sign on behalf of the company and enforce Board decisions, with the authority to delegate some responsibilities to other Board members or third parties for specific tasks. Remuneration for the Chairman and the Managing Director is decided by the Board, in line with the company's bylaws. Additionally, the Board is obligated to appoint a Board Secretary and may engage consultants, defining their remuneration.

Regarding Board meetings, they are convened by the Chairman or upon request by at least two Board members. Meetings are to be held periodically, with a minimum of four meetings in a fiscal year, at intervals not exceeding three months. The convocation procedures are determined by the Board. The tenure of key roles such as the Chairman, Vice Chairman, Managing Director, and Board Secretary cannot exceed their respective Board membership terms, though re-appointment is possible. Any or all can be removed by the Board, although unjustified or untimely removal may lead to damage claims.

**A minimum
of 4 Board
meetings in a
fiscal year are
held**



The Board of Directors recognizes the critical issues of climate change and its growing importance and impact on business and society.

The Board of Directors has undertaken significant steps to educate themselves on the critical issue of climate change, recognizing its growing importance and impact on business and society. In line with this, Board members have participated in specialized seminars focused on climate change. These educational sessions aim to deepen their understanding of the subject, equipping them to make more informed decisions that take into account the environmental ramifications and opportunities. Topics in these seminars likely range from the basic science of climate change to its economic implications, potential regulatory changes, and the specific risks and opportunities it presents for the company.

Additionally, the Board has sought the expertise of an external advisor specialized in climate issues. This advisor brings a third-party perspective and targeted expertise to help the Board navigate the complexities of climate-related decisions. The advice may cover a range of issues, from sustainability initiatives and carbon footprint reduction to governance frameworks that integrate climate considerations. The external advisor can also offer insights into emerging trends, regulatory expectations, and best practices in climate governance, potentially identifying strategic initiatives or partnerships that could benefit the company.

This proactive approach shows a commitment not just to compliance but to leadership in an area of increasing concern for stakeholders, from shareholders and employees to customers and the communities in which the company operates. By investing in education and expert advice, the Board is better positioned to integrate climate considerations into the company's long-term strategy, risk management, and operational decision-making, thereby aligning the company's objectives with broader environmental sustainability goals.

Board members' remuneration can be a mix of specified salary, meeting fees, material benefits, or a percentage of net profits, with the latter capped at 10%. This percentage is calculated after accounting for reserves, legal obligations, and a minimum 5% profit distribution to shareholders. Moreover, the remuneration should be proportional to meeting attendance. The total annual financial benefits for a Board member should not exceed 500,000 Riyals, as per the controls placed by the Capital Markets Authority (CMA). The Chairman's special remuneration for additional responsibilities is not subject to this cap, but exceeding it requires prior approval from SAMA.

Board members and their associated committee members are entitled to medical insurance for themselves and their dependent family members, unless the latter are already covered through other means. The Company also offers professional liability insurance to these individuals. In addition, Tawuniya provides coverage for any government taxes or fees, such as value-added tax, related to their Board or committee roles. This specific compensation exists outside the previously set upper limits for Boards remuneration and other financial benefits.

A comprehensive report outlining all types of remuneration and benefits received by Board members must be included in the Board's annual report to the Ordinary General Assembly. This also extends to other roles Board members may hold in the company, such as employee or director positions, and technical or consulting tasks performed. Furthermore, the report must detail the number of Board meetings held and individual member attendance for the fiscal year.

The remuneration and compensation policy for the current Board members and their sub-committees was approved. The Board of Directors suggested compensation amounts for its members, as well as for the Chairman was approved only after obtaining SAMA's NOC for the Chairman's remuneration, in compliance with relevant laws, regulations, and guidelines, as well as the conditions and standards set by the General Assembly.

In line with Tawuniya's Corporate Governance Policy, the Nominations and Remunerations Committee is responsible for establishing the yearly evaluation criteria for the Board of Directors (BoD), its sub-committees, and the Executive Management. For the 2022 fiscal year, these criteria have been formally accepted, focusing on skill sets, prior experience, and the effectiveness of fulfilling roles and responsibilities. Additionally, key performance indicators have been aligned with the Company's strategic goals to enhance the quality and precision of these evaluations. An external, qualified organization was engaged to facilitate the process.

Non-Executive Directors also undertake a regular review of the Board Chairman's performance. These discussions occur in the Chairman's absence, and any identified shortcomings are addressed with proposed solutions that serve the Company's best interests.

The Board sought the expertise of an external advisor specialized in climate issues

Risk Management

Ensuring the regulatory solvency margin is essential not only for SAMA compliance but also for sustainable business growth and liquidity.

Tawuniya is advancing beyond mere compliance with the risk management regulations set by the Saudi Central Bank (SAMA). Tawuniya is meticulously reassessing its risk management strategy, which has existed since 2010. The Risk Committee is driven by a strategic ambition to position itself as a leading second line of defense within the MENA insurance industry.

To achieve this strategic objective, the committee diligently outlines key functions and activities surpassing the basic regulatory requirements. Rather than simply adhering to the prescribed guidelines, Tawuniya is dedicated to crafting a robust risk management framework that aligns with industry best practices. By proactively addressing financial and operational risks, the company aims to distinguish itself as a pioneer in risk management within the MENA insurance landscape.

Financial Risk

Risk Appetite Framework and Key Risk Indicators

The Risk Appetite Framework (RAF) is in effect since January 2017. Through RAF, risk appetite indicators are reported to the Risk Management Committee (RMC) which are split over different categories. In 2022, 32 risk appetite statements and tolerance limits covering qualitative and quantitative measures and categorized as follows:

- Strategic Risk
- Insurance Risk
- Market Risk
- Liquidity Risk
- Cybersecurity
- IT Risk
- Reputational Risk
- Human Capital Risk
- Compliance Risk
- Credit Risk
- Investment Risk
- Re-Insurance Risk

Solvency and Capital Adequacy

Regulatory Solvency:

- Continuous monitoring
- Reporting the solvency position to the RMC quarterly

Ensuring the regulatory solvency margin is essential not only for SAMA compliance but also for sustaining business growth and liquidity. A breach of solvency criteria could result in SAMA's regulatory intervention. Solvency is gauged quarterly through SAMA Financial Reporting forms, readied by the Finance department. Additionally, the Risk Management Department undertakes the duty of analyzing Tawuniya's solvency status.

Tawuniya follows Saudi Central Bank's (SAMA) risk management regulation



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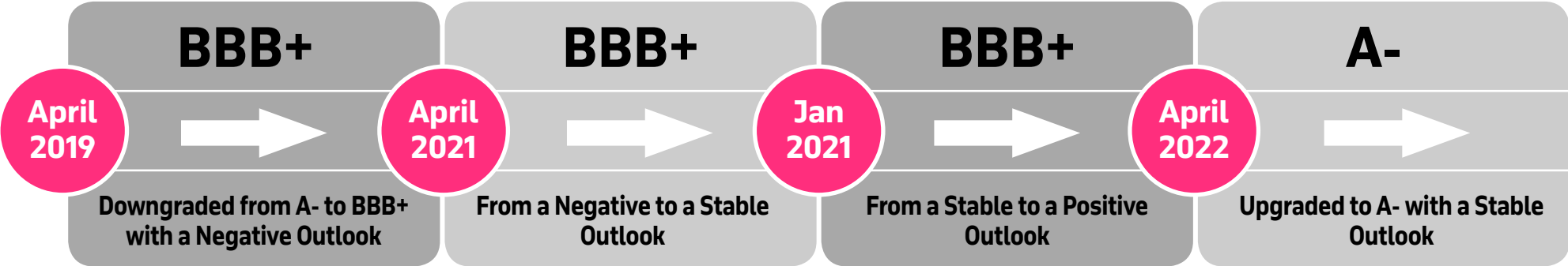
Appendix

Tawuniya consistently met and exceeded the regulatory solvency benchmark of 100% throughout all quarters.

In 2022, Tawuniya consistently met and exceeded the regulatory solvency benchmark of 100% throughout all quarters. By year-end, specifically in Q4, the solvency was at 111.6%, with an excess of SAR 268.2 million above the mandated margin. Meanwhile, Risk Management actively provided analytical insights and counsel regarding elements like assets, portfolio balance, and business performance that impact solvency, offering strategies to ensure it remains above the set requirements.

- Capital Adequacy:
- Quarterly monitor the S&P Capital model
 - Report observations to RMC quarterly

S&P Rating: Beyond solvency, Tawuniya aims to sustain a capital position that guarantees a minimum "A" rating from S&P, enhancing its industry stature. On April 20th, 2022, due to consistent financial improvement and a robust future strategy, S&P elevated Tawuniya's rating from "BBB+" to "A-" with a stable outlook. Yet, a capital shortfall of SAR 632.8 million remains to reach the "A" rating, driven by a 41.3% growth in Net Written Premium in 2022. Tawuniya is actively devising strategies to address this deficit, with quarterly updates presented by the Risk Management Department.



Fitch Rating: In 2022, Tawuniya engaged the esteemed rating agency, Fitch, for its rating evaluation. After a thorough assessment, Fitch assigned Tawuniya an "A-" rating with a Stable Outlook, which the company successfully maintained throughout the year.

Investment Portfolio Risk Exposures
Starting in 2017, Risk Management began presenting risk reports concerning the Investment Division to the Board's Investment Committee (IC), following SAMA regulations that mandate regular review and reporting of investment activity risks. The Risk Management Department (RMD) generates a quarterly report detailing both qualitative and quantitative investment risks. In 2022, four such reports were produced. These analyses not only monitor investment exposures against set limits but also delve into asset class exposures, risk-adjusted return metrics, global macro-economic trends, liquidity levels, aggregate credit ratings, Value at Risk (VaR) assessments, and reviews of the Investment Policy, recommending changes aligned with SAMA's guidelines and improved risk management.

Anti-Fraud Related
In line with SAMA's Anti-Fraud Regulation, Tawuniya established the Anti-Fraud Review Committee (aFRC) to oversee the Corporate Fraud Management strategy. Risk Management, which facilitated meetings in April and September 2022, also actively documented decisions and monitored their implementation. The Board renewed both the anti-Fraud Management Strategy and the aFRC charter in November 2022. Additionally, Tawuniya introduced an Anti-Fraud Unit (AFU) that same month under Risk Management, bolstering anti-fraud activities and ensuring adherence to internal and external guidelines.

Under financial risk management, the 2022 risk register included more than 160 identified risks and more than 300 mitigated controls which are as below:

- Incorrect financial reporting and potential fraud
- Policies issued fraudulently
- Excessive, invalid, duplicate or fraudulent claims risk
- Fraud perpetrated on customers
- Processing of unauthorized / incorrect and fraudulent transactions

After a thorough assessment, Fitch assigned Tawuniya an A- rating with a Stable Outlook

RCSA offers assurance about control effectiveness and risk mitigation measures, and has evolved to align with the company's growth and changing regulations.

Operational Risk

Risk and Control Self Assessment

The Risk and Control Self-Assessment (RCSA) at Tawuniya offers assurance about control effectiveness and risk mitigation measures. This framework strengthens the 1st Line of defense in managing risks and has evolved to align with the company's growth and changing regulations.

- 1 RCSA covers 23 business entities, each having its own set of Risks and Controls assessed quarterly, semi-annually, or annually after official adoption from RCSA workshops.
- 2 Currently, there are 700 identified risks and 1,025 mitigating controls across these entities.
- 3 RCSA champions, pivotal department focal points, facilitate the process and undergo regular training and awareness sessions.
- 4 RMD aims to expand RCSA coverage. In 2022, CyberSecurity and Workplace and Facilities were added as Phase 1.

Risk Registers

The Risk Register is a dynamic record of all risks potentially impacting an organization's objectives. In 2022, its effectiveness was improved for better monitoring. Risk management regularly reviews Tawuniya's corporate risk registers, assessing the risks and their mitigation plans. Each risk in the register is accompanied by mitigation plans, actions, and statuses. The register is updated and monitored regularly. It is also regularly communicated to the relevant stakeholders. For each risk in the register, the following information is included:

- Description of risk
- Likelihood and impact of risk
- Assessed grade of risk (i.e., low, medium, high or extreme)
- Current control(s) / control(s) to be implemented
- Early warning indicator(s)
- Risk owner(s)
- Time frame(s)

Business Continuity Management

The Risk Management team launched the BCM program in September 2021 to align with the SAMA BCM Framework. Achievements include the formation of a dedicated BCM unit with a designated manager, development of BCM policies and procedures, endorsement of risk assessment and business impact analysis reports, and a review of all BCM governance documents. Six of seven internal audit findings were addressed, three Disaster Recovery tests were conducted in 2022 with corrective actions, and an ongoing BCM awareness campaign began in November 2022, targeting all employees.

The diversity of our business model requires that the company identifies, assesses, measures, aggregates, and manages risks effectively. Our aim is to help reinforce a holistic approach to risk management, as well as the effective management of our capital and brand.

The following principles underpin our risk management framework:

- Risks should be within a pre-defined risk appetite
- Risks need to be approved through the risk management framework
- Risks need to be adequately compensated
- Risks should be continuously monitored and managed

In terms of SAMA guidelines, the insurance industry is required to implement a risk appetite framework based on the guidelines issued by Financial Stability Board (FSB). Tawuniya has also implemented a robust risk appetite framework, which has been in effect since January 2017. Under the framework, risk appetite statements and threshold limits are carefully designed and implemented every year keeping in view of the strategic business planning and objectives, industry and peer analysis along with future outlook and challenges etc.

Our aim is to reinforce a holistic approach to risk management, as well as the effective management of our capital and brand

SAS has enhanced operational risk management, increased efficiency, strengthened risk oversight, facilitated decision-making, and saved time and effort.

Implementation of SAS Risk System

The introduction of our new SAS Risk Management System in December 2021 aligns with our proactive risk management process and commitment to addressing Environmental, Social, and Governance (ESG) risks. This proactive approach to governing risk management processes serves to achieve both business and regulatory goals, contributing to the broader ESG framework.

By automating RCSA assessment tools and transitioning from manual to a comprehensive workflow within SAS, we ensure a systematic evaluation of controls during specific periods. This integration enables functions to respond to queries and tests, rate controls, and submit workflows for validation, fostering a more sustainable risk management process.

The implementation of SAS has not only enhanced operational risk management but has also increased efficiency and effectiveness. It strengthens risk oversight, thereby contributing to the reduction of firm-wide risks. The system's capabilities facilitate better decision-making, ultimately saving time and effort, aligning with ESG principles that emphasize efficiency, risk reduction, and responsible governance. The system's features further support these goals, including:

- Alerts/Notifications
- Compliance Management
- Dashboard
- Data Visualization
- Operational Risk Management
- Reporting/Analytics
- Risk Alerts
- Risk Analysis

The new SAS Risk Management System proactively governs risk management processes to achieve business and regulatory goals



Business Ethics

Trust is a privilege, and we make it our utmost priority to ensure that every decision we make is rooted in ethical principles.

Ethics and underlying policies

At Tawuniya, our commitment to upholding the highest standards of business ethics is unwavering. As Saudi Arabia's leading insurance company, our stakeholders trust us to act with integrity, fairness, and transparency in all our undertakings. This trust is a privilege, and we make it our utmost priority to ensure that every decision we make is rooted in ethical principles. To keep up with such high ethical standards, codes and policies are developed and are always updated and audited to ensure the ethical integrity of our activities. Below is a list of those documents:

- | | |
|---|--|
|  Anti-money laundering policy |  General code of conduct |
|  Gift policy |  Conflict of Interest Policy |
|  Whistleblower policy |  Corporate governance manual |
|  Bribery and anti-corruption policy |  Code of ethics |
|  Grievance policy |  Professional conduct policy |

Without employee awareness and buy-in, it is impossible to successfully implement workplace ethics policies. That is why we have introduced several policies to raise the awareness about specific ethical issues among employees. For instance, all employees must sign and acknowledge the code of ethics before commencing their job with Tawuniya. Ethical standards are communicated to the employees by three means which are:

- 1 Website:** employees can surf through the intranet and take self-paced online courses as well get access to ethical related policies.
- 2 Awareness sessions:** online sessions are conducted which can be accessed by the employees using their electronic devices.
- 3 Induction period and orientation program:** all employees upon joining go through an induction period during which they learn about the different Tawuniya policies covering the ethical ones.

Members of Tawuniya's Board, Executive Management, and broader team are committed to upholding the company's best interests, prioritizing it over personal gains. Every Board member acts in the interest of all shareholders, balancing their responsibilities to ensure company-wide benefits. Compliance with all applicable laws is a cornerstone of our governance, and there's zero tolerance for misuse of positions or company assets for personal advantage. Clear guidelines are in place to manage access to, and use of, internal company information, safeguarding against unauthorized disclosures.

Our commitment to the highest ethical standards is unwavering

Tawuniya employ an advanced compliance system to track, understand, and act upon regulatory updates, ensuring full compliance.

Compliance

The Compliance Department plays a pivotal role in safeguarding Tawuniya's alignment with regulatory standards. Key duties include:

- 1 **Monitoring** adherence to regulations from bodies like SAMA.
- 2 **Enhancing** statutory compliance levels.
- 3 **Responding** promptly to requirements from various regulatory authorities.
- 4 **Submitting** regular compliance reports.
- 5 **Educating** management on non-compliance risks and evaluating control efficacy.
- 6 **Fostering** a culture of high commitment to efficiency.
- 7 **Accessing** all company resources for comprehensive oversight.
- 8 **Ensuring** departmental processes align with compliance standards.

Tawuniya's compliance program fully adheres to regulations set by bodies including SAMA, CMA, CHI, and other regulatory entities. To ensure alignment, the company employs an advanced compliance system to track, understand, and act upon regulatory updates, ensuring timely and full compliance. This system also offers insights into potential areas for enhancement, streamlining adherence to sector-specific mandates.

Internally, the compliance department undertakes rigorous evaluations against SAMA guidelines, ensuring our operations are synchronized with prevailing regulatory standards. This department is integral in setting and monitoring compliance benchmarks across various units. Through collaborative interactions with stakeholders, the compliance team devises and communicates action plans, ensuring a comprehensive understanding of and adherence to set ethical and regulatory parameters.

To further improve our compliance efforts, the company conducts regular assessments and communicates any discrepancies through quarterly reports to the Audit Committee. Beyond mere identification, the compliance team plays an advisory role, offering departments robust guidance on compliance matters, thereby bracing risk mitigation. Constant reviews of internal policies, product releases, and contract screening underline our commitment to ensuring every business facet aligns with the most up-to-date regulations.

Tawuniya's compliance program fully adheres to regulations set by local authorities and regulatory entities

The Company has a dedicated team in place to observe and track Company finances, while performing checks on all potential clients and partners.

Anti-Money Laundering and Combating of Terrorism Financing Practices

As a Company with high ethical standards, Tawuniya remains committed to preventing money laundering in all its forms, introducing the anti-money laundering risk charter for the prevention of criminal activities. The Company has a dedicated team in place to observe and track Company finances, while performing checks on all potential clients and partners to assess potential money laundering risks. In addition, a corrective plan to address and comply with all requirements related to anti-money laundering regulation in the Kingdom of Saudi Arabia has also been developed and implemented by Tawuniya.

In addition, we have developed a corrective plan to address and comply with all requirements related to anti-money laundering regulation in the Kingdom of Saudi Arabia. The anti-money laundering team has developed "know your customer" forms and has worked with business teams to include them in our internal systems. We have also contracted Thomson Reuters to validate the company's customer and sanction lists to make sure it is in line with national and international standards.

Tawuniya has robust control mechanisms in place to minimize the risk of criminal money laundering. However, we also understand that raising awareness about money laundering risks among employees is equally important in preventing it. Therefore, we continuously educate our employees about risks of money laundering and other financial crimes. The percentage of employees that have attended this training has been steadily increasing over the past few years.

Tawuniya's anti-money laundering policy is comprehensive and far-reaching, reflecting our commitment to maintaining the highest standards of business ethics. While we ensure rigorous adherence internally, we also require our suppliers, business partners, and third-party agencies to be in alignment with these standards. During the tendering process, a thorough due diligence is conducted by our specialized team to ascertain that these entities have not only adopted a comparable anti-money laundering policy but also actively enforce it within their operations. This approach reinforces Tawuniya's position as a leader in promoting transparency and accountability across the business spectrum.

100% of employees trained on risks related to money laundering.

100%
of employees
trained on risks
related to money
laundering



While we champion transparency and encourage our employees to share their identity for a more direct dialogue, we also appreciate that certain situations warrant discretion.

Grievance Mechanism

Tawuniya holds its employees in high regard, understanding that their welfare directly impacts the health of our organization. With this perspective, we've instituted a robust grievance mechanism designed not only to address concerns but to also foster open communication within our workforce. This mechanism is instrumental in ensuring that grievances are approached proactively, leading to resolutions that are timely, balanced, and sensitive to all involved.

Primarily, we endeavor for immediate resolution at the managerial or operational level, believing that issues handled closest to their origin can be settled most effectively. Nevertheless, we recognize that some grievances might require a more structured review. Enter our specialized grievance committee: a dedicated team that dives deep into concerns, conducting detailed investigations encompassing interviews, evidence reviews, and other forms of inquiry. Their thorough analysis ensures that resolutions are not only fair but also aligned with Tawuniya's core values and objectives.

Moreover, while we champion transparency and encourage our employees to share their identity for a more direct dialogue, we also appreciate that certain situations might warrant discretion. To this end, our mechanism supports anonymous submissions, underscoring our commitment to creating a safe environment where every voice feels valued and heard. This iterative and inclusive process emphasizes Tawuniya's dedication to employee well-being, ensuring that our workforce remains cohesive, motivated, and engaged.

Tawuniya holds its employees in high regard

Whistleblower Mechanism

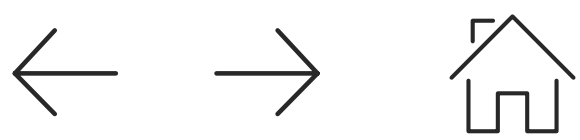
At the heart of Tawuniya's operations lies our Whistleblowing Policy, an essential tool designed to uphold the company's integrity. The policy mandates active support from all our stakeholders and personnel who are obligated to report any suspicious activities or violations they come across – both internal policy violations and regulatory or legal violations. Further, it is imperative that all associated with Tawuniya cooperate during any investigative procedures concerning these reported incidents.

More specifically, our whistleblower policy aims to safely connect the party reporting a violation to the unit responsible for investigating and addressing the violation. This unit receives and processes all violation notification reports in areas involving embezzlement, corruption, and illegal, immoral, or unprofessional conduct. The policy's primary objective is to establish clear guidelines for receiving and addressing these reports, ensuring that it's straightforward for stakeholders and employees to highlight violations without fearing any negative repercussions.

We emphasize our commitment to treating every report with utmost seriousness. All submitted concerns are managed with complete confidentiality, and the reporting individual is safeguarded from any form of harm or retaliation. This mechanism not only bolsters a culture of accountability and integrity within Tawuniya but also instills a sense of responsibility among all associated individuals. To further facilitate this, we've put forth clear procedures for reporting and handling violations, coupled with a confidential channel, allowing both employees and stakeholders to come forward with any concerns securely.

All concerns are managed with complete confidentiality

Internal Audit



The internal audit division aids the organization in achieving its objectives.

Internal audits are conducted to uphold the efficiency and effectiveness of Tawuniya's corporate governance policies and procedures. The internal audit Division serves as an independent, objective assurance and consulting service to support Tawuniya's Board of Directors, Audit Committee, and Executive Management in safeguarding the organization's assets, reputation, and continuity. In 2022, an annual audit plan was executed that encompassed both quarterly and annual regulatory requirements, along with risk-based audits. Internal Audit Division executed many multiple audits/assignments during 2022, which was undertaken by following four internal audit units, named as:

- 1 Operational Audit
- 2 Financial Audit
- 3 IT and Cybersecurity Audit
- 4 Audit Planning and Quality Assurance



Tawuniya Internal Audit Division is an independent division. Per International standards, the Head of Audit's direct reporting is to the Board Audit Committee, and administrative reporting is to the CEO.

The internal audit division prepares and implements annual and three-year strategic Internal Audit plans. The formation of an internal audit plan is driven by an approved methodology, which primarily encompasses the audit universe, risk assessment, discussions and input from senior management, and regulatory requirements.

Positioned at the third line of defense, the Internal Audit Division plays a critical role. Internal Audit Division provides independent and reasonable assurance on the effectiveness of Tawuniya Governance, Risk Management, and Control processes, ensuring that Operational Management as the first line and Governance, Risk Management, and Control (GRC) and Compliance Division as the second line function effectively.

The internal audit division aids the organization in achieving its objectives by implementing a systematic and disciplined approach in the evaluation of the effectiveness of Governance, Risk Management and Control processes and ensuring that:

- **Risks and controls** are appropriately identified and managed.
- **Interactions** with various governance groups occur as needed.
- **Relevant financial, managerial, and operating information** is communicated accurately, reliably, and promptly.
- **Processes** comply with policies, standards, procedures, and applicable regulations.
- **Resources** are acquired economically, used efficiently, and adequately protected.
- **Quality** and continuous improvement are integrated into organizational control processes.
- **Legislative or regulatory** issues, if any, are identified and addressed efficiently and effectively.

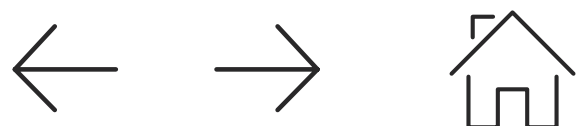
Internal audit Division activities are aligned with all relevant regulatory frameworks within the Kingdom of Saudi Arabia and comply with relevant professional standards, including the Institute of Internal Auditors' (IIA) International Standards.

To uphold the highest ethical standards, the audit department team undergoes dedicated training in multiple areas, including but not limited to Internal Audit, emerging trends, ethics, data privacy, Environmental, Social, and Governance (ESG) matters, etc. In line with Tawuniya's unwavering commitment to protecting sensitive information, the internal audit division places a paramount emphasis on ensuring the confidentiality and integrity of data.

The International Standards for the Professional Practice of Internal Auditing (Standards) require an external quality assurance review (EQAR) of internal audit activity to be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization.

In 2022, Tawuniya's internal audit Division had its External Quality Assurance Review (EQAR) from an independent consulting firm and received conformance on all of the Institute of Internal Audit (IIA) Standards, including the Internal Audit Code of Ethics.

Data Privacy and Information Security



Tawuniya has enhanced its customer data protection to align with the Kingdom of Saudi Arabia's Personal Data Protection Law (PDPL).

The digital landscape continues to evolve, prompting industries and organizations to transform. As Tawuniya increasingly harnesses digital tools, we remain conscious of the challenges that come with digitization, particularly the regulatory and security implications.

Cyber Incident Response Plan: Protecting the personal data and privacy of our stakeholders remains paramount. Tawuniya has put into place a Cyber incident response plan, and while the data privacy requirements have been aligned with our Cyber Team, we acknowledge that this system has not been tested yet. This proactive measure further reinforces our commitment to shielding our data from potential breaches.

Individual Data Control Rights: At Tawuniya, we respect and champion the rights of individuals over their personal data. Every individual has the right to access and view the data we hold about them, correct any inaccuracies, and, if they choose, request the removal of their data from our systems. We remain steadfast in our commitment to honoring these rights with utmost transparency and efficiency.

Data Protection and Privacy Programs: Protecting the personal data and privacy of our employees, customers, and partners has become one of our main corporate governance priorities. The company constantly seeks to strengthen its security measures to keep pace with evolving risks. We are convinced that preventative measures are the best defense against future threats. That is why we recently implemented a data classifier program across all web, email, and network traffic. With its identity and access management system, we introduced an authentication and authorization process that enables the IT department to work hand-in-hand with functional and business teams. Our data governance framework defines access to data with a rule-based protocol consisting of four different classifications:

- 1 Internal
- 2 Confidential
- 3 Public
- 4 Restricted

We are very engaged when it comes to the privacy of personal data

We are also very engaged when it comes to the privacy of personal data. The company has enhanced its customer data protection in alignment with the Kingdom of Saudi Arabia's Personal Data Protection Law (PDPL). Tawuniya has also prepared itself for the introduction of the more comprehensive data protection policy similar to the EU's GDPR, should such legislation be introduced in the Kingdom.

Data leak prevention (DLP) program: The program includes a software that actively analyses our IT systems to find weaknesses and potential data deficiencies. In doing this, we can be transparent with our data security compliance measures and are able to establish KPIs to measure the process. Our current system for data privacy and information security includes more than 190 controls and procedures and is fully aligned with current Saudi National Disaster Management Office (NDMO) and Saudi Data and Artificial Intelligence Authority (SDAIA) standards.

Information Security Policies and System Audits: To ensure the highest standards of data protection and regulatory compliance, Tawuniya has instituted robust information security policies. These policies not only guide our internal operations but also serve as a beacon for maintaining trust with our stakeholders. Recognizing the importance of external validation and oversight, Tawuniya has committed to biannual system audits, conducted by independent third-party auditors. This rigorous external audit mechanism ensures that our systems, protocols, and practices undergo unbiased scrutiny, reinforcing our commitment to safeguarding the data we manage. It also enables us to identify and rectify potential vulnerabilities proactively, ensuring our preparedness in an ever-evolving digital landscape.

Employee Training on Data Privacy: While there's a plan in place to train all employees and contractors on data security and privacy-related risks and procedures, this initiative has not been fully implemented. The rollout of this training program is on our agenda.

Introduction

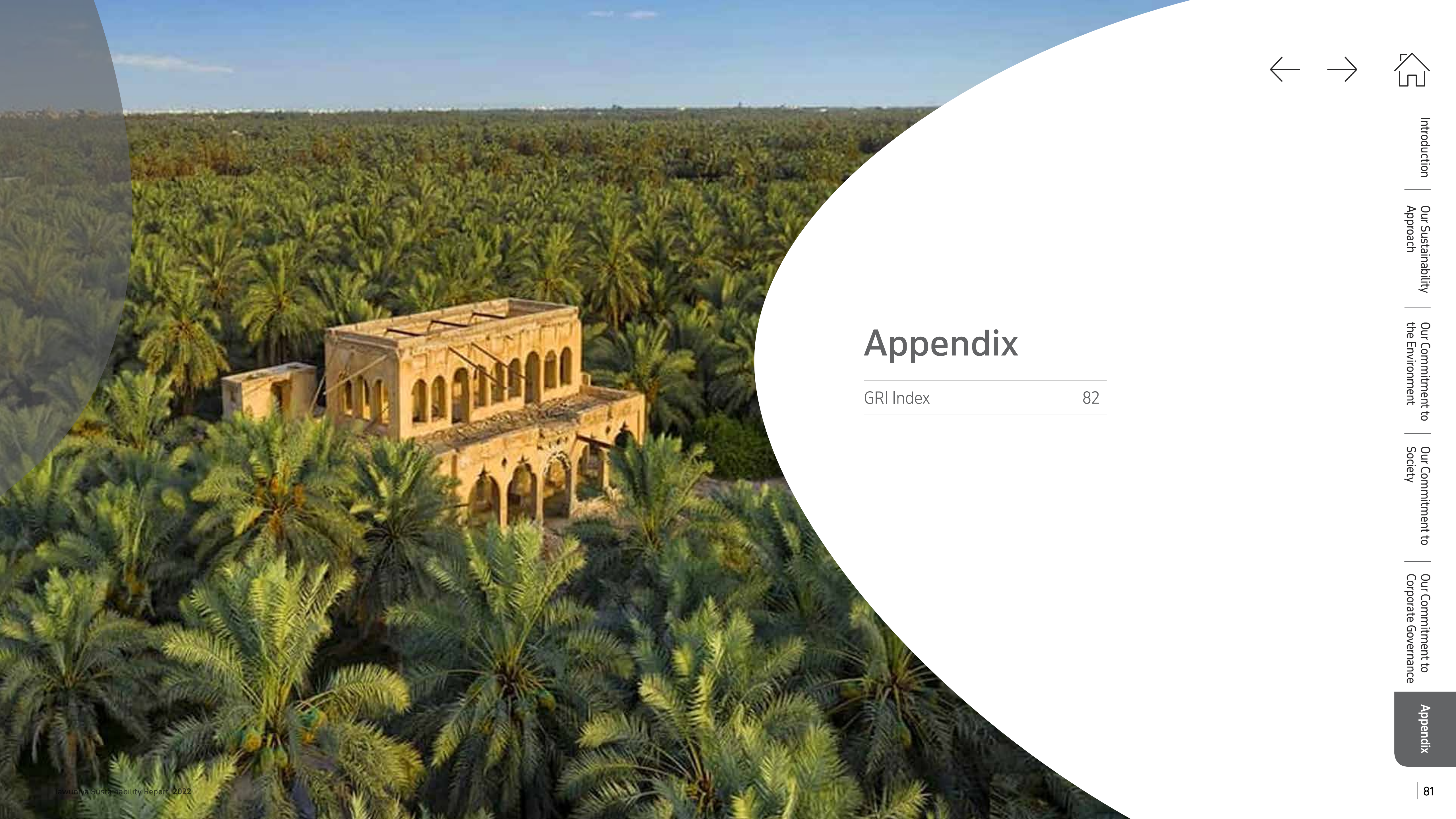
Our Sustainability Approach

Our Commitment to the Environment

Our Commitment to Society

Our Commitment to Corporate Governance

Appendix

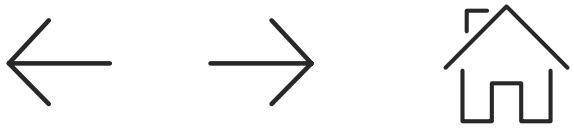


Appendix

GRI Index	82
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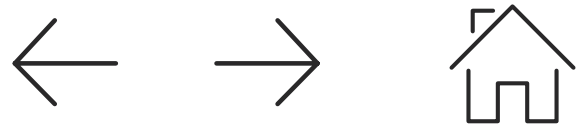
GRI 1 used	GRI 1: Foundation 2021	
GRI STANDARD	DISCLOSURE	PAGE NUMBER(S), DIRECT ANSWERS, AND REASONS FOR OMISSIONS, IF APPLICABLE
THE ORGANIZATION AND ITS REPORTING PRACTICES		
GRI 2: General Disclosures 2021	2-1 Organizational details	P 16
	2-2 Entities included in the organization's sustainability reporting	P 28 Tawuniya subsidiaries, and affiliates included in the audited Annual Report 2022 are not included in this report.
	2-3 Reporting period, frequency and contact point	P 28 For any inquiries about the sustainability report please contact: IR@tawuniya.com.sa
	2-4 Restatements of information	P 19 The application of IFRS 17 has led to some changes to the 2021 financial statement.
	2-5 External assurance	Tawuniya did not conduct an external assurance for the 2022 report.
ACTIVITIES AND WORKERS		
GRI 2: General Disclosures 2021	2-6 Activities, value chain and other business relationships	P 9-15, 58-60
	2-7 Employees	P 51-53
	2-8 Workers who are not employees	P 51
GOVERNANCE		
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	P 66-69 Annual Report P 63-67
	2-10 Nomination and selection of the highest governance body	P 66, 68
	2-11 Chair of the highest governance body	The Chairman is not an executive member.
	2-12 Role of the highest governance body in overseeing the management of impacts	P 66-70 Annual Report P 63-67 The highest governance body of the Board has ultimate responsibility for approving Tawuniya approach to risk identification and management.
	2-13 Delegation of responsibility for managing impacts	P 69 Tawuniya is in the process of defining its ESG Governance structure, including the responsibility of ESG issues in the top management.

GRI Index



GRI 1 used	GRI 1: Foundation 2021	
GRI STANDARD	DISCLOSURE	PAGE NUMBER(S), DIRECT ANSWERS, AND REASONS FOR OMISSIONS, IF APPLICABLE
GOVERNANCE continued		
GRI 2: General Disclosures 2021	2-14 Role of the highest governance body in sustainability reporting	The highest governance body has delegated the CFO with the responsibility of reviewing and approving the sustainability report.
	2-15 Conflicts of interest	P 68-69 Annual Report P 51-53 By law P 9
	2-16 Communication of critical concerns	P 44, 78 During 2022, no critical concern was communicated to the board of directors.
	2-17 Collective knowledge of the highest governance body	P 70 Annual Report P 48-50
	2-18 Evaluation of the performance of the highest governance body	P 70 Annual Report P 54
	2-19 Remuneration policies	P 70 Annual Report 55-56, 62
	2-20 Process to determine remuneration	P 70 Annual Report 55-56, 62
	2-21 Annual total compensation ratio	Cannot be disclosed due to Confidentiality constraints.
STRATEGY, POLICIES AND PRACTICES		
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	P 6-7, 24, 32
	2-23 Policy commitments	P 32, 43, 59, 75, 77, 78, 80 Policies are not publicly available due to confidentiality constraints that prohibit sharing internal policies publicly.
	2-24 Embedding policy commitments	P 32, 43, 59, 75, 77-80
	2-25 Processes to remediate negative impacts	P 71-75, 78
	2-26 Mechanisms for seeking advice and raising concerns	P 30, 44, 47, 78
	2-27 Compliance with laws and regulations	Tawuniya did not suffer any legal action or fine for non-compliance with social and economic laws or regulations in 2022.
	2-28 Membership associations	Tawuniya doesn't hold a significant role in any association.

GRI Index

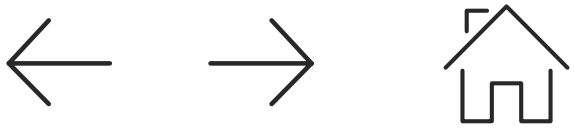


GRI 1 used	GRI 1: Foundation 2021	
GRI STANDARD	DISCLOSURE	PAGE NUMBER(S), DIRECT ANSWERS, AND REASONS FOR OMISSIONS, IF APPLICABLE
STAKEHOLDER ENGAGEMENT		
GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	P 30
	2-30 Collective bargaining agreements	There are no collective bargaining agreements. Tawuniya is compliant with Saudi Labor Law.
MATERIAL TOPICS		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	P 31 Our report content and boundaries are based on the outcomes of the 2022 materiality assessment (including the associated stakeholder consultation). Based on this input from our stakeholders and the reporting principles outlined in GRI 1, we have defined the content of this report.
	3-2 List of material topics	P 31
	3-3 Management of material topics	P 31-32
GRI 3: Material Topics 2021	3-3 Management of material topics	P 19-21 For more information please refer to the annual report.
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	P 19
	201-3 Defined benefit plan obligations and other retirement plans	P 21
	201-4 Financial assistance received from government	Tawuniya haven't received any financial assistance from the government.
GRI 3: Material Topics 2021	3-3 Management of material topics	P 42-43
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	P 53
	202-2 Proportion of senior management hired from the local community	P 53
GRI 3: Material Topics 2021	3-3 Management of material topics	P 58-59
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	P 59
GRI 3: Material Topics 2021	3-3 Management of material topics	P 75

GRI 1 used	GRI 1: Foundation 2021	
GRI STANDARD	DISCLOSURE	PAGE NUMBER(S), DIRECT ANSWERS, AND REASONS FOR OMISSIONS, IF APPLICABLE
MATERIAL TOPICS continued		
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Tawuniya conducts assessment in terms of corruption controls effectiveness of all the functions exposed to anti-bribery and corruption risks and/or entrusted with validation / control responsibilities.
	205-2 Communication and training about anti-corruption policies and procedures	P 75 Tawuniya Code of Conduct (CoC) are communicated to all employees, as all employees are required to acknowledge on an annual basis that they have read the CoC. Targeted employees from different levels are trained annually on Anti-corruption policies. Data on the percentage of employees and management that took trainings of Anti-corruption policies and procedures are unavailable.
	205-3 Confirmed incidents of corruption and actions taken	There were zero confirmed incidents of corruption during 2022.
GRI 3: Material Topics 2021	3-3 Management of material topics	P 36-37
GRI 302: Enegy 2016	302-1 Energy Consumption within the organization	P 37
	302-2 energy consumption outside of the organization	Information unavailable/incomplete. Tawuniya is in the process of defining the methodology for identifying and collecting data regarding Energy consumption outside of Tawuniya. Work on this began in 2023.
	302-3 Energy Intensity	P 37
	302-4 Reduction of Energy Consumption	Tawuniya HQ renovation project finished in 2022 with major application of water and energy reduction measures, additionally Building Management System (BMS) was installeed to manage the energy consumption in our HQ.
	302-5 Reduction in energy requirements of products and services	Not applicable, as Tawuniya provide financial services and does not engage in sales of products that consume large amount of energy.
GRI 3: Material Topics 2021	3-3 Management of material topics	P 38

GRI 1 used	GRI 1: Foundation 2021	
GRI STANDARD	DISCLOSURE	PAGE NUMBER(S), DIRECT ANSWERS, AND REASONS FOR OMISSIONS, IF APPLICABLE
MATERIAL TOPICS continued		
GRI 303: Water & Effluents 2018	303-1 Interaction with water as a shared resource	Water is provided by the water authority and private service providers. This topic is not material as we are a service provider and water usage is related to employee usage and for cleaning purposes.
	303-2 Management of water discharge-related impacts	Water is provided by the water authority and private service providers. This topic is not material as we are a service provider and water usage is related to employee usage and for cleaning purposes.
	303-3 Water withdrawal	Water is provided by the water authority and private service providers and no withdrawal of any type happen through Tawuniya.
	303-4 Water Discharge	Tawuniya uses utility sewage system. This topic is not material for the bank as we are a service company.
	303-5 Water Consumption	P 38
GRI 3: Material Topics 2021	3-3 Management of material topics	P 36-37
GRI 305: Emissions 2018	305-1 Direct (Scope 1) GHG emissions	P 37
	305-2 Energy indirect (Scope 2) GHG emissions	P 37
	305-4 GHG emissions intensity	P 37
	305-6 Emissions of ozone-depleting substances (ODS)	Not Applicable, due to the nature of Tawuniya business, no ozone-depleting substances are generated.
	305-7 Nitrogen oxides (NOx), sulfur oxides (Sox), and other significant air emissions	Not Applicable, due to the nature of Tawuniya business, no significant NOx or SOx emissions are generated.

GRI Index



GRI 1 used	GRI 1: Foundation 2021	
GRI STANDARD	DISCLOSURE	PAGE NUMBER(S), DIRECT ANSWERS, AND REASONS FOR OMISSIONS, IF APPLICABLE
MATERIAL TOPICS continued		
GRI 3: Material Topics 2021	3-3 Management of material topics	P 58-59
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Information unavailable/incomplete. Tawuniya is not using environmental criteria in screening suppliers. Work on this began in 2023.
	308-2 Negative environmental impacts in the supply chain and actions taken	Information unavailable/incomplete. Tawuniya is not using environmental criteria in screening suppliers. Work on this began in 2023.
GRI 3: Material Topics 2021	3-3 Management of material topics	P 42-44, 51
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	P 43
GRI 3: Material Topics 2021	3-3 Management of material topics	P 43
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	P 43
GRI 3: Material Topics 2021	3-3 Management of material topics	P 45-47, 49-50
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	P 48
	404-2 Programs for upgrading employee skills and transition assistance programs	P 47, 49-50
	404-3 percentage of employees receiving regular performance and career development reviews	100% of employees receiving regular performance and career development reviews.
GRI 3: Material Topics 2021	3-3 Management of material topics	P 51
	405-1 Diversity of governance bodies and employees	P 51-52, 66
GRI 405: Diversity and Equal Opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men	P 53
GRI 3: Material Topics 2021	3-3 Management of material topics	P 51

GRI 1 used	GRI 1: Foundation 2021	
GRI STANDARD	DISCLOSURE	PAGE NUMBER(S), DIRECT ANSWERS, AND REASONS FOR OMISSIONS, IF APPLICABLE
MATERIAL TOPICS continued		
GRI 406: Non-discrimination 2016	406-1 incidents of discrimination and corrective actions taken	P 51
GRI 3: Material Topics 2021	3-3 Management of material topics	P 58-59
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	The sector is with low risk for child labor. Tawuniya assess the supplier's commitment to laws and regulation in the Kingdom prior for agreement, and that suppliers are compliant with Saudi labor law that forbid child labor.
GRI 3: Material Topics 2021	3-3 Management of material topics	P 58-59
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	The sector is with low risk for forced labor. Tawuniya assess the supplier's commitment to laws and regulation in the Kingdom prior for agreement, and that suppliers are compliant with Saudi labor law that forbid forced or compulsory labor.
GRI 3: Material Topics 2021	3-3 Management of material topics	P 61-62
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	P 56, 59, 60, 62
	413-2 Operations with significant actual and potential negative impacts on local communities.	No operations with a significant actual or potential negative impact on our local communities were reported in 2022.
GRI 3: Material Topics 2021	3-3 Management of material topics	P 58-59
GRI 414: Supplier Social Assessment 2016	414-1 New Suppliers that were screened using social criteria	Information unavailable/incomplete. Tawuniya is not using social criteria in screening suppliers.
	414-2 Negative social impacts in the supply chain and actions taken	Information unavailable/incomplete. Tawuniya is not using social criteria in screening suppliers.
GRI 3: Material Topics 2021	3-3 Management of material topics	P 80
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Zero complaints concerning breaches if customer privacy and losses of customer data.

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