

2021 SUSTAINABILITY REPORT



التعاونية Tawuniya

Insuring a **sustainable** future

His Royal Highness
Prince Mohammed Bin Salman Bin Abdulaziz Al Saud
Crown Prince, Prime Minister of Saudi Arabia

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



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

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Sustainability Achievements at a Glance

Tawuniya statistics



First sustainability report in the company's history

SAR 10 billion+

Gross written premiums in 2021

60+

Insurance products and services offered

Newly Launched ESG Strategy

Environmental statistics



85%+
Virtualization of servers in 2021



200 trees
600 bushes
New park at Tawuniya's headquarters



100%
Paper waste recycled



SAR 40 million
HQ renovation;
21K sqm

SAR 1.25 billion
in paid up capital

FitchRatings

A- rating with positive outlook

STANDARD & POOR'S

A- rating with stable outlook



14% less than 2020
Electricity consumption per employee



32% less than 2019
Water consumption per employee



8% less than 2020
Paper waste per employee



First
Electric vehicle in company fleet

Governance statistics



NEW

Cyber Security framework introduced



No

Leaks identified and reported to regulators



ZERO

Complaints from regulators concerning breaches of customer privacy



1,712

Total employees at Tawuniya



21

Nationalities represented



14%

Employee growth since 2020

Social statistics

Improved

Learning and Development framework launched



100%

Employees have been covered within the last 3 years training plan



Robust Risk Appetite Framework (RAF) covering all business activities through carefully designed Key Risk Indicators (KRIs)



306

Entries in risk register



39.5%
Female employees

45%
Newly hired females among all hires

>SAR 142 m
Value of the defined benefit obligations

"Vision 2030 is a sustainable vision for the future of Saudi Arabia with sustainability at the heart of everything the Kingdom does."

Source: Vision 2030

Al-Heet Cave in Al-Kharj, Riyadh, Saudi Arabia

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Message from the Chairman

While the ideals of corporate sustainability and responsibility have steadily gained momentum in recent years, they have always been at the core of Tawuniya's business practices. Since the company was incorporated in 1986, we've been driven by the belief that risk sharing among individuals will benefit society as a whole.

Collective risk sharing helps individuals find comfort and clarity in their financial affairs by making potential losses manageable. The idea that a small fee can guarantee your financial stability in the event of some unforeseen misfortune or tragedy is as powerful today as it was the day Tawuniya was founded.

As an insurer, we have helped our clients pay for medical emergencies, hospitalizations, accidents, thefts, and damages that they may not have been able to afford without the policies we offer. This notion of cooperative insurance is deeply rooted in Islamic Sharia, and it is something we are proud to have pioneered in the Kingdom of Saudi Arabia. Moreover, with Tawuniya Drive we have launched a market leading telematics program, which significantly improves the driving behaviors of users. In addition, our P&C Insurance helps cover significant business risks in our economy such as property, engineering, marine, aviation, energy, and general accidents. Our team at Tawuniya manages to underwrite and de-risk our economy while adhering to the highest standards of governance and best practices across all of our operations and business processes.

Overcoming the pandemic's challenges

The outbreak of the COVID-19 pandemic presented Saudi Arabia and the world with an unprecedented set of challenges. Thanks to the proactive measures taken by our Kingdom's leaders, and the tireless efforts of doctors, nurses, and medical personnel, many lives were saved. We stand among top nations that were able to navigate through the troubled times of the COVID-19 pandemic.

At Tawuniya, we proudly supported these efforts by offering financial support and insurance coverage to our insured members and dedicating 21 "Ta'akad" testing centers throughout the Kingdom. Our goal was to support the national effort to combat the coronavirus by making accurate testing more accessible. We did this by building these testing centers and by organizing several campaigns to raise awareness about the importance of vaccination. In 2021, we have been awarded for an outstanding contribution to social impact in the KSA amongst other awards, hence it is a given for us to emphasize diversity and a growing share of women in our workforce.

“Responsibility, transparency, and sustainability are foundational company values.”

Looking ahead with confidence

The challenges that lie ahead of us are multifaceted and urgent. Whether it is climate change, social inequality, or financial insecurity, solutions will require cooperation between public and private entities. We strongly believe that sustainability will be the key driver in building a positive future for coming generations.

Tawuniya stands at the side of clients, employees, local communities, and shareholders. Responsibility, transparency, and sustainability are foundational company values that we aim to uphold with everything we do. We are motivated by the belief that developing and implementing sustainable business practices will not only help society and the environment, but will also position Tawuniya as a sustainable insurance leader by strengthening our relationships with stakeholders and instilling our employees with a new sense of purpose.

Integration of environmental considerations

Over the past few years, we have made it a priority to reduce our electricity and water consumption, as well as our waste production. We are monitoring these areas closely and are continuously introducing new measures to reduce our environmental impact. These measures include increasing virtualization and cloudification, installing automated light and water sensors, introducing e-archiving, expanding digital workflows, introducing centralized printing, and facilitating work-from-home capabilities.

We are embracing ESG principles at every level of our company and will continue the successive roll-out across the organization and our operations. We have set ambitious goals and will hold ourselves accountable to them. I am optimistic that with the help of our talented employees and stakeholders, we will find success in this new chapter. I look forward to a more sustainable future for Tawuniya.

Abdulaziz Alnowaiser
Chairman



Message from the CEO

I am proud to address you here as we publish the first sustainability report in Tawuniya's history. This is truly a pivotal moment for our company. It comes at a time when we are setting ambitious goals for the years to come, such as our mission to become the largest insurance company in MENA by 2025 as announced in Tawuniya's Strategy 2025. It also comes at a time when we are seeing major growth across multiple areas of our business, with Tawuniya Drive and Tawuniya Vitality becoming market leading programs that are setting industry standards.

At Tawuniya, we exceed expectations

Tawuniya is a pioneer in the Saudi Arabian insurance market. We aim to empower and protect our clients every day, and in doing so we have earned the trust of our clients. With more than SAR 10 billion, we managed to hit a new high in terms of gross written premiums (GWP)—a 13% increase from last year. Yet, we are fully aware that financial performance is only one part of achieving sustainable business success. That is why we have worked hard to include environmental, social and governance (ESG) considerations and key performance indicators in our management processes.

We truly believe that these ESG factors will support our financial performance in the long run by making Tawuniya a more responsible and resilient company. We also understand that our investors demand ESG-focused disclosures and we are more than happy to provide them.

Key promise in Strategy 2025

At Tawuniya, sustainability is a fundamental part of our corporate DNA. As such, improving ESG outcomes at Tawuniya is one of the four key promises we made in our Strategy 2025 update. Our goal is to lead by example with a clear focus on ESG issues in the Kingdom of Saudi Arabia.

This strategy is based on the solid foundation that we have worked hard to establish over the years. Our governance practices have been developed in accordance with Saudi Central Bank (SAMA) and Capital Market Authority (CMA) guidelines, and we already have a robust set of employee conduct policies, including: bribery policies, anti-corruption policies, whistleblowing policies, and anti-money laundering policies.

“We truly believe that these ESG factors will support our financial performance.”

New sustainable company headquarters

We recently completed a major renovation to Tawuniya's offices in Jeddah, with a similar renovation currently underway at our Riyadh headquarters. These new offices will significantly reduce our environmental impact while offering our employees an empowering, productive, and comfortable work environment. Tawuniya is committed to creating a fair and supportive workplace where our employees can find purpose and unlock their full potential. In keeping with these goals, our plans for the renovated headquarters include a rooftop garden, personal lounges and relaxation areas, open-plan office spaces, and easily accessible mosques on every floor. Furthermore, all areas will be decorated with plants to create a green and healthy work environment. We believe these spaces will inspire our employees to think about the benefits of sustainability both at work and in their personal lives.

Continuous integration of ESG considerations across the organization

In the coming years, we plan to expand upon these ESG measures across our entire organization, including:

- The development of a sustainable investment policy
- An ESG update of our procurement contracts for suppliers
- The development of dedicated sustainable insurance products
- Further measures to establish an equitable work environment at Tawuniya
- Further promoting of diversity and equal opportunity
- Launching an employee training workshop on ethical standards
- Developing and announcing a net zero goal for Tawuniya

I look to the future with confidence, knowing that our outstanding employees, business partners, and investors will be with us as we enter this new chapter in Tawuniya's history. An exciting future is dawning together, we will make it a successful one!

Abdulaziz Alboug
CEO



Message from the CFO

At Tawuniya, we strive to earn the trust of our shareholders every day. We have set ambitious financial goals in the past and have consistently demonstrated that we are more than capable of achieving them. Over the past year, we saw our Gross Written Premiums (GWP) increase significantly due to healthy growth in our medical division (+19%) and P&C division (+4%). We also managed to grow our investment income by more than 38% compared to 2020 taking strategic advantage of favorable local and global market conditions during 2021.

Our expenses increased marginally over this period, mainly driven by increases to our continued investments to realize strategic goals we set for ourselves related to digitization, workspace, and attracting top talent to our team at Tawuniya. Additionally, coming out of the pandemic, our financial standing has remained stable, as illustrated by Tawuniya's A- ratings from both S&P Global Ratings and Fitch. We will continue to enhance our financial standing and reliance as an insurance sector leader and pioneer in KSA and the region.

Tawuniya is committed to consistently improving its financial performance. In pursuit of this, we have launched several initiatives to further lower our operating expenses while expanding our digitization efforts in the coming years.

Adopting a mindset of change

At Tawuniya, we understand that our future success as an organization is intertwined with the wellbeing of our stakeholders and the world around us. Trust is a fundamental driver of our business decisions. Our investors and clients put their trust in Tawuniya when they invest in the company or purchase a policy. It is our goal to honor this trust in everything we do.

Honoring the trust of our stakeholders means adopting a holistic approach to management that takes a range of key performance indicators and factors into account. This, of course, includes financial indicators, but also non-financial indicators and value drivers. Our goal is to establish a reporting framework that reflects the diverse interests of our stakeholders. In doing so, we hope to give investors, regulators, and the public a transparent and comprehensive picture of our company that allows them to hold us accountable to our ambitious goals. To translate this promise into practice, we have decided to develop our sustainability report based on the internationally recognized GRI standards. Taking this approach, we aim to offer our stakeholders a clear and transparent representation of our company benchmarked against best business practices in the insurance industry locally and globally.

“... our future success is intertwined with the wellbeing of our stakeholders and the world around us.”

Effective corporate governance and strong compliance practices

Tawuniya is an industry leader when it comes to corporate governance practices. In addition to our comprehensive policies and well-established committees, we have launched several dedicated programs over the last years to further strengthen our governance strategy. We comply with the Insurance Companies Governance Regulations and the Cybersecurity framework issued by the Saudi Central Bank (SAMA). Moreover, we also comply with all corporate governance guidelines and regulations issued by the Capital Market Authority (CMA).

Enhancing Data Protection

One key goal for Tawuniya over the past year was to further enhance our data protection capabilities for both clients and employees. In pursuit of this goal, we installed a dedicated IT security system that tracks all data traffic leaving Tawuniya's servers. In addition, Tawuniya's identity and access management was recently updated. We also introduced a new authentication and authorization process with rule-based access that will prevent unauthorized access.

Furthermore, Tawuniya has implemented a data privacy policy with a dedicated reporting process to measure its effectiveness. The number of employees working on data security at Tawuniya was increased substantially to meet the high standards imposed by this policy, and the company's first Chief Data Analytics and Privacy Officer was appointed to oversee this important area. We are confident that these changes will allow Tawuniya build the right technological reliance and overcome any future challenges.

We truly believe that this new mindset and our renewed focus on ESG will help us steer Tawuniya towards future success. We also believe that implementing our ESG agenda will allow us to attract a new cohort of investors and will further increase the value of our organization. Our company is committed to not only being an insurance pioneer but also to developing into a sustainability pioneer.

Ammr K. Kurdi
CFO



Tawuniya at a Glance

The Company for Cooperative Insurance (Tawuniya) is a Saudi Joint Stock Company that was incorporated on January 18, 1986. Tawuniya was the first national insurance company in the Kingdom of Saudi Arabia licensed to practice all types of insurance in accordance with the cooperative insurance principle of Islamic Sharia. The company's issued and paid-up capital amounts to SAR 1,250 million.

Tawuniya obtained the license number 200412/1 / ت م ن from the Saudi Central Bank (SAMA)—the first license of its kind in the insurance sector under the Cooperative Insurance Companies Control Law. The company is regulated by and compliant with all SAMA rules and regulations applicable to the insurance industry.

Tawuniya has consistently improved its offering and performance and is the top insurance provider in KSA.

The principal lines of business for Tawuniya include medical, motor, marine, fire, engineering, energy, aviation, Takaful, and property & casualty (P&C) insurance, in addition to over 60 other insurance classes. Since its establishment, Tawuniya has played a key role in the Saudi Arabian insurance sector. Through its 37 years of operation, the company has consistently improved its service offering and financial performance to become the top insurance provider for Saudi Arabian consumers.

**Newly
Launched ESG
Strategy**



First Sustainability Report
in the company's history

**SAR 10
billion+**

Gross written
premiums in 2021

60+

Insurance products and
services offered

**SAR 1.25
billion**

in paid up capital

FitchRatings

A- rating with
positive outlook

**STANDARD
& POOR'S**

A- rating with
stable outlook

Health Insurance

The program adds value by incentivizing healthy habits and lifestyle choices.



Tawuniya's medical insurance products have recently been joined by the innovative **Tawuniya Vitality** program—a first in the Middle East and North Africa. The program adds value to Tawuniya's medical insurance portfolio by incentivizing healthy habits and lifestyle choices. It offers Tawuniya's clients opportunities to earn weekly, monthly, and yearly rewards by achieving activity goals generated especially for them.

Rewards of Tawuniya Vitality



Cup of Coffee
Diet Center SAR20 voucher
Movie Ticket



Cashback benefit up to SAR 900 over the period of 24 months, earned by purchasing a fitness device from one of our partners STC for Apple watches and Lionfish for Fitbit through the Tawuniya Vitality app.



Fitness Time offering 30% and 35% discount based on members' status.

Health Insurance *continued*

Benefits of Tawuniya Vitality *continued*

Tawuniya Vitality has been a huge success from the outset, with registrations increasing rapidly since its public launch in October 2020.

The Tawuniya Vitality program is based on decades of behavioral research that highlight the power of positive reinforcement and active goal setting. The program expands the health services that Tawuniya is able to offer clients, and has been shown to improve the quality of life of those who participate. The result is a win-win—the financial performance of Tawuniya's medical insurance products is improved in tandem with the overall health of our clients and the country at-large. A more detailed overview of the Tawuniya Vitality program can be found in later chapters of this report.

Tawuniya's performance in the medical insurance sector was recognized by the market, and Tawuniya was named the "Best Health Insurance Brand in Saudi Arabia" by Global Brands Magazine in 2021.

To enhance fraud analysis and control in its medical insurance division, Tawuniya recently partnered with SAS to install a comprehensive system for identifying, documenting, and responding to health insurance fraud. This will significantly speed up the claim settlement process for all clients by improving the company's ability to identify suspicious claims and behaviors. The hope is that these new fraud detection capabilities will deter fraudsters and reduce the volume of fraudulent claims the company receives.

Tawuniya's medical insurance division has successfully improved the efficiency and quality of its claim procedure by increasing the percentage of claims that are handled electronically. The medical insurance team is working to increase the number of electronic claims further in the coming year.

*"Best Health Insurance Brand in Saudi Arabia"
by Global Brands Magazine in 2021.*



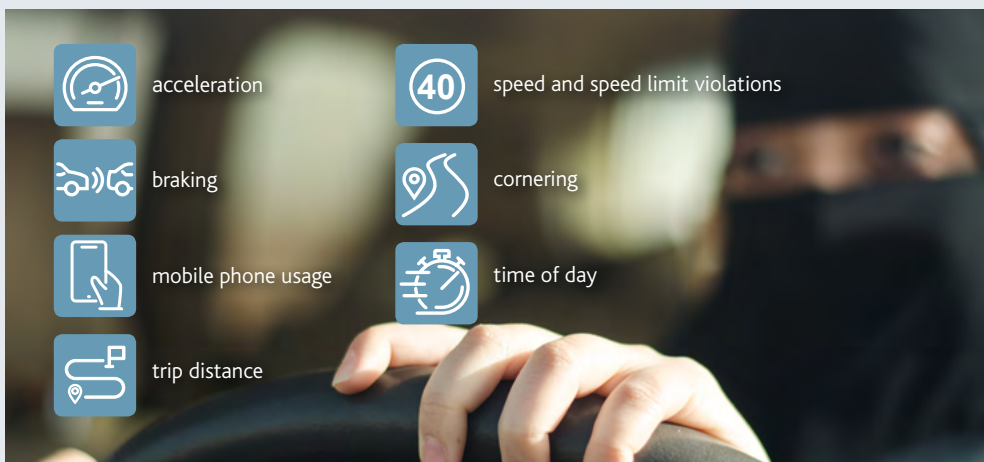
Motor Insurance

In March 2021, Tawuniya launched the market leading telematics program **Tawuniya Drive**. The program incentivizes safer, more sustainable driving by rewarding safe drivers through the Drive mobile app. It has been shown to significantly improve the driving behaviors of users, leading to fewer accidents, less cell-phone usage, and ultimately, safer communities.

Tawuniya Drive has significantly improved Tawuniya's motor insurance portfolio and financial performance by decreasing loss ratios and increasing retention rates. The program has also been successful in increasing client acquisition rates through its status as a market leading product. The program was launched in March 2021, and it has been a true success story from the outset. By the end of 2021, 6,635 individual clients and 477 fleet clients had registered for the program. Today, the program has more than 30,000 active participants, and new signups have continued to rise in 2022.

The program offers Al-Shamel policyholders the opportunity to earn weekly rewards and premiums discounts of up to 20%. Clients earn redeemable points by practicing safe driving behaviors—making Tawuniya Drive a unique program in Saudi Arabia. It aims to improve road traffic safety for clients and communities—a goal that aligns with the National Transformation Program (NTP) and the Kingdom of Saudi Arabia's Vision 2030.

At the center of the Tawuniya Drive program is an app that collects and analyses driving data through a sensor that is attached to the user's vehicle. The sensor is able to pick up data relating to:



Drivers can earn up to 100 points per week and an additional 75 points per month by driving safely. Each trip is scored out of 100 points by measuring and scoring the various data points, and these scores are represented by a star rating, which the driver can view in the Drive app.

A true success story from the outset with more than 30,000 active participants, and new signups have continued to rise in 2022.

Motor Insurance continued

*A range of rewards
from Tawuniya Drive's
success partners.*

درايف Drive

POWERED BY Vitality

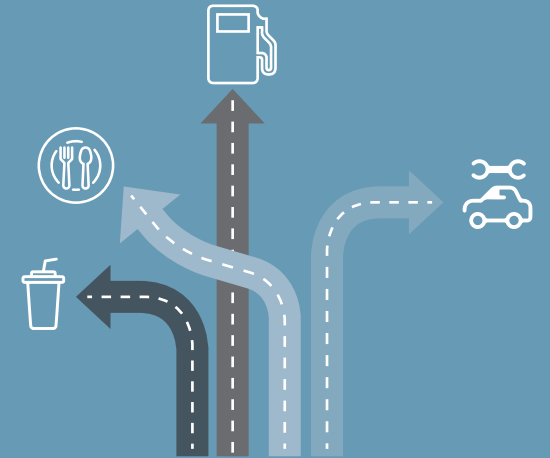
مبروك مكافأة درايف!
قيادتك الآمنة توفر عليك

درايف يكافئك!

**The first
of its kind
in KSA**

Benefits of Tawuniya Drive

Drivers can access a range of rewards from Tawuniya Drive's success partners using their weekly point balance. The rewards consist of fuel and car maintenance discounts or food and drinks vouchers. More detailed information about the Tawuniya Drive program can be found in later chapters of this report.



In addition to Tawuniya Drive, Tawuniya has introduced other innovative products to the Saudi Arabian motor insurance market. One of these is Motor Flex—a product that allows clients to customize their policy by choosing from seven additional insurance coverages in addition to their basic coverage. Tawuniya has also launched a new installment service for retail motor insurance policyholder. Clients now have the option to paying for their policies in 3-6 monthly installments without interest or additional fees. This program is the first of its kind in the Saudi Arabian insurance market.

www.tawuniya.com.sa



P&C Insurance



P&C Insurance covers property, engineering, marine, aviation, energy and general accidents.

Tawuniya's Property and Casualty (P&C) insurance business includes property, engineering, marine, aviation, energy and general accidents insurance coverage. Generally, geopolitical developments impact this division more directly than other insurance divisions. That means reinsurance arrangements and investment adjustments are more common. Tawuniya closely monitors these developments and implements hedging policies that facilitate more positive outcomes for the company and its clients.

P&C risks are assessed in detail based on their potential impacts on Tawuniya. In the evaluation of P&C risks, environmental risks, such as, the flooding and extreme heat are continually assessed. Tawuniya has plans to introduce additional environmental assessment criteria in the coming years. We work with experienced engineers to perform comprehensive assessments of the potential risks of underwriting.

P&C Insurance *continued*

Tawuniya aims to educate clients to prevent accidents across all P&C industries and sectors.



We are also developing insurance products to insure solar panels to support Saudi Arabia as the country transitions to more renewable energy sources. All major risks are reinsured, so the financial implications resulting from accidents and damages are limited.

Tawuniya is insuring P&C clients in all major Saudi industries, and the majority of P&C products for retail clients have been totally digitized. This includes everything from the application process to the claims process.

Tawuniya continually aims to educate clients regarding accident prevention across all P&C industries and sectors. The company conducts regular surveys to better understand its clients and the issues they face in their respective industries.

Tawuniya is currently working to integrate sustainability into the claims process by prioritizing repair using sustainably sourced materials over replacement wherever possible.

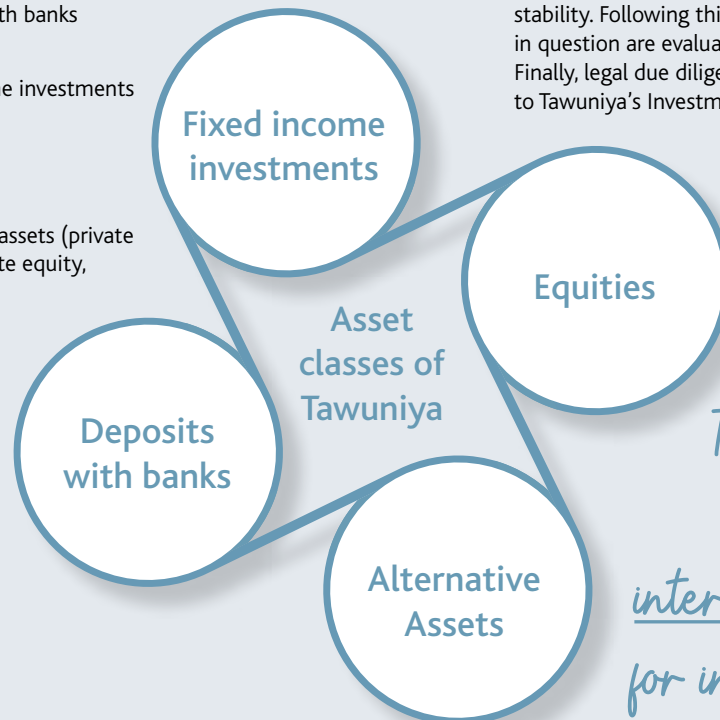
The majority of P&C products for retail clients have been digitized.

Asset Management

All of Tawuniya's investments are Sharia compliant. This means that some sectors are automatically excluded, such as tobacco and defense. Tawuniya's Risk Management Team reviews and assesses the company's various investment risks quarterly. The observations and recommendations that arise in these meetings are then handed over to Tawuniya's Investment Committee for action.

Tawuniya's Investment Committee oversees all of Tawuniya's investments. Tawuniya invests in four different asset classes, including:

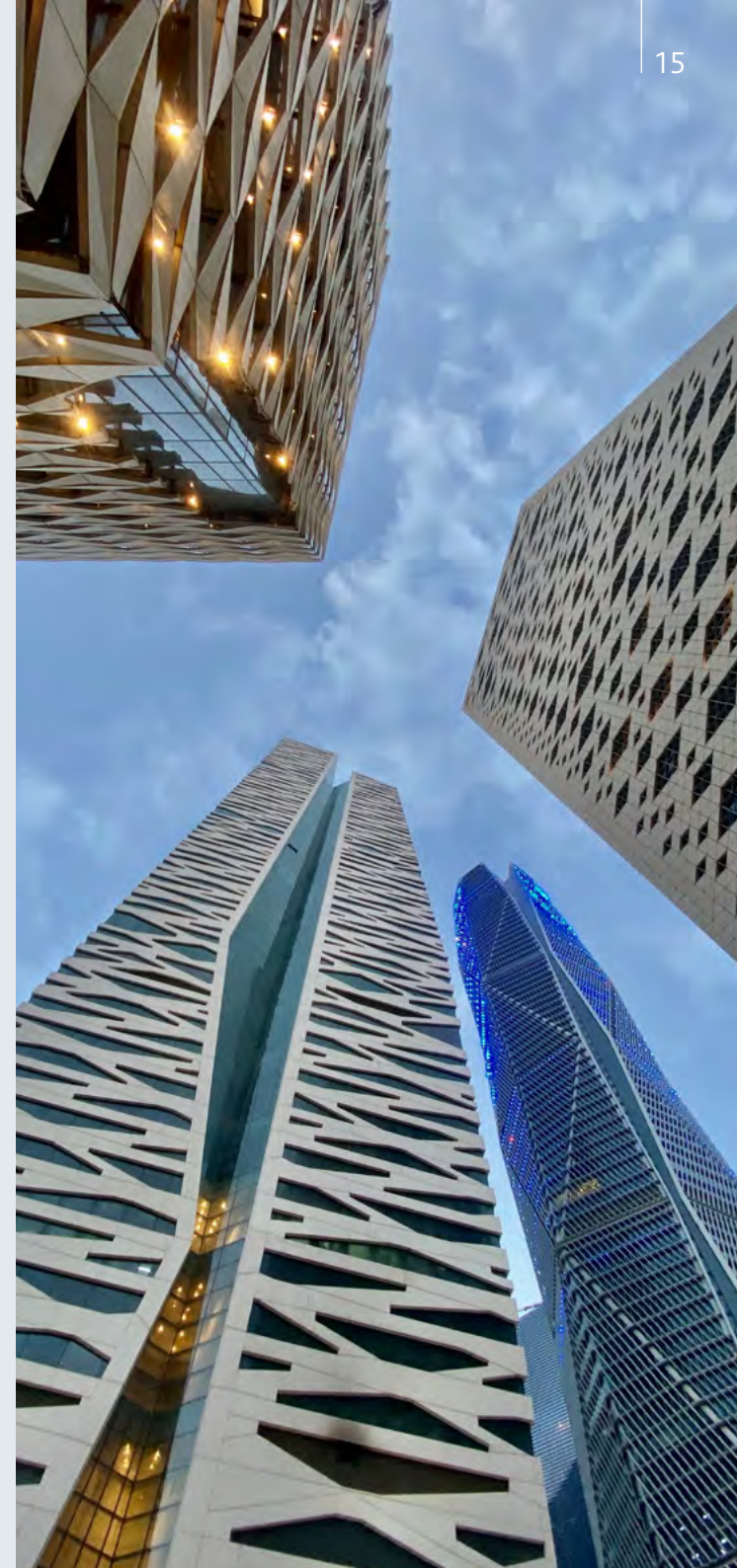
- 1 Deposits with banks
- 2 Fixed income investments
- 3 Equities
- 4 Alternative assets (private credit, private equity, real estate)



Local equities are managed internally, emerging and global equities are managed externally. Tawuniya is compliant with all national and international requirements regarding investment disclosures.

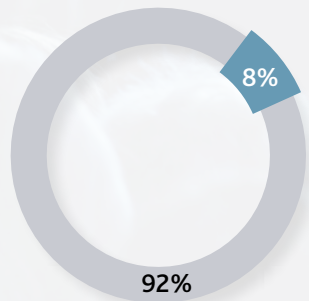
Tawuniya's investment strategy is evaluated and adjusted on an annual basis to ensure that the company is responsive to the market. When assessing an investment opportunity, Tawuniya adheres to a comprehensive due diligence process. The company begins by filtering out all investments that are not Sharia compliant. Next, 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.

Tawuniya is compliant with all national and international requirements for investment disclosures.

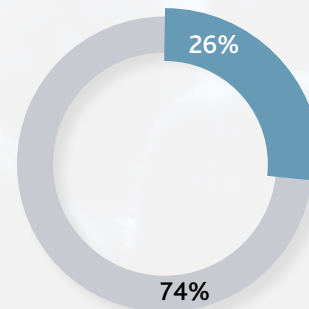


Shareholder Structure

The authorized, issued, and paid-up capital of the Company amounts to SAR 1,250 million (one billion and two hundred fifty million Saudi Riyals) and is divided into 125 million nominal shares of SAR 10 each. The ownership of the company's shares on June 30th, 2022 was as detailed below.



Domestic



Publicly Floated

GOSI

SAR
1,250
million paid up
capital

Awards

Our success reflects our achievements



10 international awards and rankings during 2021

- | | | | | |
|--|---|---|---|--|
| <p>1</p> <p>Excellence in Customer Service</p> <p>Global Business Outlook</p> | <p>2</p> <p>Best Health Insurance Brand, Saudi Arabia"</p> <p>INTERNATIONAL FINANCE</p> | <p>3</p> <p>Best Shared Value Insurance Concept – Tawuniya Vitality</p> <p>INTERNATIONAL FINANCE</p> | <p>4</p> <p>Best Auto Insurance Company - KSA</p> <p>Finance review</p> | <p>5</p> <p>Outstanding Contribution to Social Impact - KSA</p> <p>cfi</p> |
| <p>6</p> <p>Best Innovative Insurance Company</p> <p>INTERNATIONAL BUSINESS MAGAZINE</p> | <p>7</p> <p>Best Takaful Insurance Company</p> <p>GIFA</p> | <p>8</p> <p>Top 10 Most Valuable Insurance Brands in the Middle East</p> <p>Brand Finance Middle East 100</p> | <p>9</p> <p>Top 100 Companies in the Middle East</p> <p>Forbes</p> | <p>10</p> <p>Top 50 Influential Leaders in KSA</p> <p>Arabian Business</p> |

Outstanding Contribution to Social Impact in KSA

Tawuniya won numerous international awards and topped many insurance industry rankings in 2021. The company was awarded for excellence in the areas of customer service, social impact, and innovation, as well as for the quality of its medical and auto insurance products.

International awards and rankings during 2021

- 1** Excellence in Customer Service
- 2** Best Health Insurance Brand, Saudi Arabia
- 3** Best Shared Value Insurance Concept – Tawuniya Vitality
- 4** Best Auto Insurance Company – KSA
- 5** Outstanding Contribution to Social Impact – KSA
- 6** Best Innovative Insurance Company
- 7** Best Takaful Insurance Company
- 8** Top 10 Most Valuable Insurance Brands in the Middle East
- 9** Top 100 Companies in the Middle East
- 10** Top 50 Influential Leaders in KSA

Purpose and Strategy

Tawuniya's Strategy 2025 outlines a number of 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. Our management is aligned in their commitment to this mission, and have outlined four guiding promises to stakeholders.

Tawuniya outperforms the market by delivering superior returns and sustainable earnings.

**ESG is a key
promise in
Strategy
2025**



Our Purpose

Together for a safer life and bigger dreams



Our Vision

Largest insurer in the MENA region



Our Mission

Exceed expectations through superior customer experience and service excellence

Our Promises

- 1 Passionate about our people
- 2 Customer centric
- 3 Digital first
- 4 Extraordinary results

Tawuniya's promise is to listen to its clients and stakeholders with the goal of understanding their evolving needs. Tawuniya also promises to cater to these needs through constant innovation and by offering affordable, accessible, high-quality solutions ranging from prevention to protection. The company will provide digital first solutions to clients no matter where they are in their journeys. This includes access to a full ecosystem of digital services. In this way, Tawuniya will embrace the coming digital revolution within the Saudi Arabian insurance industry.

We also want to strengthen our relationship with our employees. The company believes in caring for its people in the same way it cares for its clients. It will develop a culture of collaboration, accountability, and support that allows for personal development, innovative ideas, and leadership.

Tawuniya aims to continue to outperform the market by delivering superior returns and sustainable earnings. ESG is a key promise in Strategy 2025.

Purpose and Strategy *continued*

Pioneering the Environmental, Social and corporate Governance (ESG) agenda in KSA

To honor these promises, Tawuniya has introduced a dedicated sustainability strategy (see chapter 2.3). This strategy was purposefully developed to both support and benefit from initiatives announced in Saudi Arabia's Vision 2030 (see later chapters).

A unifying element in all of Tawuniya's initiatives is customer-centricity. Processes and client journeys are being redesigned to improve clients' experiences with Tawuniya across all areas of its business. Tawuniya is also working to build new partnerships in order to offer clients an expanded ecosystem of services. Digital capabilities and platforms will help the company achieve this goal.

Persian Gulf aerial view, Saudi Arabia

رؤية
VISION
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

Financial Performance

Tawuniya has grown steadily over the last decade. This much is confirmed by the company's financial statements, balance sheets, and by several additional financial KPIs and metrics. The toll of the COVID-19 pandemic on the global economy has been significant, with the International Monetary Fund (IMF) calling it the worst economic downturn since the Great Depression. In these difficult circumstances, Tawuniya's financial standing has remained solid, making a significant economic contribution to the financial performance of its stakeholders.

**SAR 10.219
million gross
written
premiums in
2021**

In terms of the direct economic value generated and distributed (GRI 201-1), Tawuniya has reported a steadily increasing revenue over the past few years. In 2021, Tawuniya achieved gross written premiums of SAR 10.219 million. Additionally, the company invested SAR 26 million in the safety and security of local by establishing and maintaining twenty-one "Taakad" centers for COVID-19 drive-through testing.

Extract from the Financial Statement 2021 in million SAR

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

Extract from the Balance Sheet 2021

in million SAR

KPI	2019	2020	2021
Total assets	14.114	14.417	14.633
Total equity	2.499	2.809	3.039
Total liabilities	11.615	11.607	11.594

The balance sheet reflects the company's financial health and stability over the past few years. While total long-term equity has grown significantly, total debt has decreased slightly. As a result, the company's debt-equity ratio has improved—even in the difficult market conditions resulting from the COVID-19 pandemic.

Financial Performance continued

GRI 201-2



The loss ratio (i.e., the ratio of claims to premiums earned) did not change significantly between 2019 and 2021. In 2020—at the peak of the COVID-19 pandemic—Tawuniya's loss ratio decreased slightly due to a decrease in claims and an increase in the cost of medical care. Meanwhile, the company's expense ratio increased to 9.3%. This is driven by a growing workforce and by significant, ongoing investments in Tawuniya's IT infrastructure.

The figures show that Tawuniya is a success story that has managed to grow in the face of unfavorable market conditions.

Additional Key performance indicators (%) 2021

in %

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

		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 in the face of unfavorable market conditions. 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.

Financial Performance continued

GRI 201-3

Tawuniya is in strong standing regarding defined benefit plan obligations.

Tawuniya is in good standing with regard to the defined benefit plan obligations and other retirement plans (GRI 201-3). The present value of the defined benefit obligation has increased from SAR 134.99 million in 2020 to SAR 142.11 million in 2021. With regard to future developments, Tawuniya fully covers the scheme's liabilities with dedicated assets.

The company operates an end-of-service benefits plan for its employees based on the prevailing Saudi Labor Laws. 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 as follows:

Employee End of Service Benefits

Amounts recognized in statement of financial position	2020	2021
	SAR'000	
Present value of defined benefit obligation	134.990	142.110
	134.990	142.110

Movement of defined benefit obligation	2020	2021
	SAR'000	
Opening balance	129.480	134.990
Charge to statement of income – insurance operations and accumulated surplus	14.255	20.333
Charge of statement of comprehensive income – insurance operations	5.721	(165)
Payment of benefits during the year	(14.466)	(13.048)
Closing balance	134.990	142.110

Financial Assistance Received from Government 2021

KPI	2019	2020	2021
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 2021—as well as in previous years—Tawuniya has not received any governmental financial assistance (GRI 201-3). This includes tax relief, tax credits, subsidies, investment grants, awards, and all other financial assistance (see table below). The entire Saudi Arabian insurance sector received SAMA regulatory fee relief in 2020. This was done to support the insurance sector financially during the COVID-19-pandemic.

"Our country is at the heart of the Arab and Muslim world, and its people are our greatest assets."

Source: Vision 2030



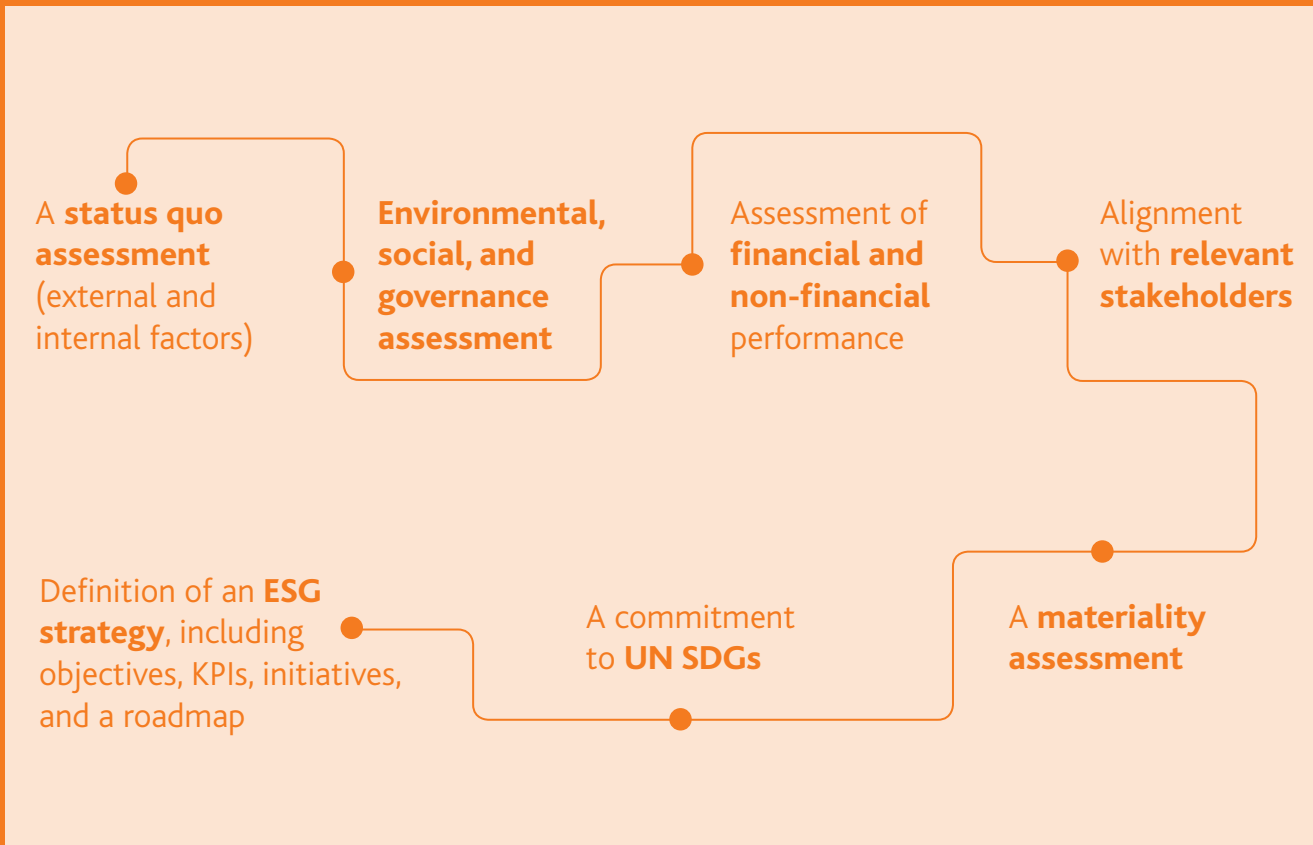
The Edge of the World, a natural landmark and tourist destination near Riyadh, Saudi Arabia

Tawuniya's Sustainability Approach

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Sustainability Approach Key Highlights 2021

Tawuniya announced its first dedicated ESG strategy:



Message from the Director of Investor Relations



This sustainability project began with an internal assessment to determine where Tawuniya stands in relation to our Environmental, Social, and Governance (ESG) goals. We quickly realized that Tawuniya has built a solid ESG foundation through years of policy work, analysis, and improvement. This is welcome news, but as a pioneer in the insurance industry, we are always aiming for more.

Tawuniya's commitment to ESG can be seen in the fact that it was listed as one of the key promises to stakeholders laid out in Strategy 2025. We understand our role as a driver for positive change within the insurance industry, Saudi Arabia, and the world at large.

Tawuniya serves stakeholders as a risk manager, risk carrier and investor. This triple role positions Tawuniya to play a uniquely important role in supporting sustainable economic and social development on multiple fronts. We are committed to building a more equitable, inclusive, and sustainable world, while keeping our eyes fixed firmly on our long-term objectives.

Our goal is to take on the role of trusted advisor as we raise awareness of the risks we face and the potential solutions available. Environmental, social, and governance risks need to be better understood if we are to stand any chance of managing, reducing, and ideally preventing them. That is why we strive to provide quality, reliable risk protection products to our clients that are targeted to their diverse needs.

Over the past year, we performed a detailed stakeholder assessment to better understand the structure of our company and the interests that steer it. **We identified our key stakeholders, surveyed them, and created stakeholder profiles detailing their interests and power over Tawuniya's decision-making process.** We also performed a materiality assessment to identify Tawuniya's most material ESG issues. The materiality assessment was structured based on the interests of Tawuniya's key stakeholders and the potential business impact (operational, reputational, and/or financial) of each issue. These material issues form the foundation of our ESG strategy, and it is our goal to manage them as effectively as we can. That is why we are systematizing the way we analyze and report on these issues through this sustainability report and those that follow.

“Tawuniya's commitment to ESG was listed as one of the key promises to stakeholders in our Strategy 2025.”

An internal assessment revealed that several of our existing Strategy 2025 initiatives also interface with ESG issues and factors identified in our materiality assessment. We aren't stopping there, though. We are introducing dedicated ESG initiatives that will push Tawuniya further towards our ESG goals. These include regular assessments of Tawuniya's carbon footprint, an official net zero target for the company, and the integration of ESG into our investments.

We will also be introducing initiatives to enhance our human capital development, strengthen diversity, and support equal opportunity at the company. These initiatives will be supported by dedicated ethics trainings, increased internal controls, expanded governance and compliance standards, and improved IT tools and software to assist with ESG management.

With our ESG strategy, we have established a comprehensive framework for the implementation of ESG at Tawuniya. Our ESG goals were carefully chosen to address the material issues we have identified. Each ESG goal is accompanied by planned initiatives that detail exactly what we will do in order to achieve the goal within a reasonable timeframe. Additionally, we have identified KPIs that will allow us to continuously track our progress and hold ourselves accountable. Our ESG strategy is supported unanimously by the entire management team and was validated by the Board of Directors.

As Director of Investor Relations at Tawuniya, I look forward to seeing this strategy come to fruition over the next few years. Our entire organization is aware of the challenges that lie ahead, but let me assure you, we are determined to make this new chapter in Tawuniya's story a success. I look forward to updating you with more information about our efforts and progress in the coming years. Together with all our stakeholders, we can build a sustainable future for Tawuniya.

Now, it's time to get to work!

Seham Aljubayri
Investor Relations Director



Key Trends and Global Events

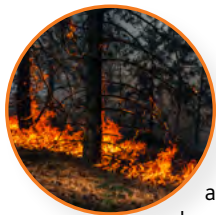
Calculating and quantifying risks is a fundamental part of Tawuniya's business.

We live in an incredibly interconnected world. It is nearly impossible for the impacts of events and decisions to be neatly contained by national borders. That is why the analysis and awareness of global trends has become such 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 sees four overarching trends that will likely intersect with our sustainability strategy over the coming years:



Pandemics

Epidemiologists predict that the COVID-19 pandemic is a sign that we have entered an era where global pandemics will become increasingly common. When pandemics do occur, they have the potential to impact societies and economies. Over the past few years, Tawuniya has learned first-hand that a responsive corporate structure and a predefined plan of action can greatly reduce the negative impact of pandemics. By investing in remote working infrastructure, equipment, and tools, Tawuniya was able to respond swiftly to new developments, without interrupting its business operations. Additionally, our holistic approach to the health, wellbeing, and hygiene of our employees has effectively limited the spread of COVID-19 and other diseases. We have also worked to diversify our suppliers and partners to limit the impact of pandemics on our ability to care for our customers.



Climate change

Climate change is currently the most pressing threat to the wellbeing of the human civilization and the planet. 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 this crisis and fully supports the advancement of ESG agendas for companies around the world. The integration of ESG measures into business practices and operations is a crucial first step when it comes to addressing this impending threat. At Tawuniya, we have embarked on this journey by evaluating our business decisions based on environmental risk factors and aligning our actions with sustainable ideals.



Adhering to a variety of international standards

Currently, Tawuniya only operates in Saudi Arabia. While this limits the company's exposure to international laws, regulations and standards, a possible international expansion would expose the company to additional requirements, laws, political, and economic uncertainties. Therefore, we are positioning our company to be resilient and be able to meet all potential applicable international regulations in due course.



Changing regulation

Another major challenge we face is the rapidly shifting regulatory landscape. On the one hand, regulatory changes bring uncertainty to our business. On the other hand, 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. We strongly believe that this will allow us to be a more agile company, and that it will set us apart from our competitors. We expect regulations regarding ESG issues will become increasingly more pronounced and stricter in the coming few years. With our current strategy, we are putting Tawuniya in a position to succeed, regardless of what the future holds. Tawuniya is dedicated to becoming a resilient ESG pioneer in the insurance industry and the Kingdom at large. That means looking beyond Saudi Arabia, and monitoring global regulations and initiatives closely. For example, Tawuniya is already simulating the introduction of a policy similar to the European Union's General Data Protection Regulation (GDPR). While a policy similar to GDPR does not currently exist in Saudi Arabia, Tawuniya is positioning itself to succeed in the event that such a policy is introduced anytime in the near future.

Tawuniya's Alignment with KSA's Vision 2030

Tawuniya fully supports the Kingdom of Saudi Arabia's Vision 2030. As a company, we have made sure that our Strategy 2025 is in alignment with all relevant aspects of Vision 2030. Tawuniya applauds the initiative shown by the Saudi government and is committing to helping advance Vision 2030 however we can.

As we see it, sustainability is at the heart of Vision 2030. The announcement of the 2060 net zero target is an important step for Saudi Arabia that will advance the ESG agenda for the entire country. Therefore, we are committed to supporting the Saudi government through our business decisions and practices. In a future sustainability report, we will set a net zero target of our own that aligns with the one announced by the Kingdom.

We also recognize the emphasis that Vision 2030 places on Saudi Arabia's transition to sustainable energy.

We are motivated to support the core promise of Vision 2030 as we work together to build a "strong, thriving, and stable Saudi Arabia that provides opportunity for all". The following chapters of this report address this commitment in more detail—explaining exactly how we are working to align our business with Vision 2030.

Tawuniya's environmental initiatives support the following strategic objectives of the Vision 2030

- Reduce all types of pollution
- Safeguard the environment from natural threats
- Protect and rehabilitate natural landscapes
- Increase the contribution of renewables to the national energy mix

Tawuniya's social initiatives support the following strategic objectives of the Vision 2030

- Make healthcare services more accessible
- Improve the value of healthcare services
- Strengthen health risk prevention methods
- Increase public participation in sports and athletics
- Prepare the youth to enter the workforce
- Increase the proportion of women in the workforce
- Support people with disabilities in the labor market

Tawuniya's governance initiatives support the following strategic objectives of the Vision 2030

- Increase the business' commitment to social responsibilities
- Increase the business' commitment to sustainable development



Tawuniya's Commitment to SDGs and GRI

Tawuniya is determined to work within a reporting framework that reflects our stakeholders' interests, and allows us to present a transparent and comprehensive picture of our company. That is why Tawuniya chose the GRI Standards for this sustainability report and those planned for subsequent years.

Through the GRI Standards, Tawuniya is able to demonstrate how it interacts with the economy, the environment, and society at large. We believe that this comprehensive approach to reporting is more relevant than ever before, as stakeholders, governments, and the environment itself increasingly demand that companies acknowledge non-financial impacts.

Tawuniya has selected the revised 2021 GRI Universal Standards, as the GRI Standard for the insurance industry have not been published yet. To report on these standards, we utilized a variety of methodologies to draw from a variety of data sources.

The primary target audience groups for this report include rating agencies, analysts, investors, and regulators. However, the report also contains information relevant to secondary target audience groups, including customers and employees.

We continually monitor developments with reporting standards and regulations. Tawuniya is excited to support the universal reporting standards movement, and is motivated to continue identifying and minimizing ESG risks, seizing new opportunities for sustainable growth, and becoming a responsible, trusted insurance provider to a more sustainable world.

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.



GLOBAL REPORTING INITIATIVE (GRI) INDEX

Indicator No.	Description of Indicator	Page No.
GRI 201-2	Financial implications and other risks and opportunities due to climate change	21
GRI 201-3	Defined benefit plan obligations and other retirement plans	22
GRI 202	Market Presence	55
GRI 205	Anti-corruption	72
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GRI 405	Diversity and Equal Opportunity	49-54
GRI 406	Non-discrimination	49-54
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GRI 418	Customer Privacy	70

Tawuniya's Commitment to SDGs and GRI *continued*

Supporting the SDGs – Towards a more sustainable world *continued*

We are prioritizing the following seven United Nations Sustainable Development Goals (SDGs) in Tawuniya's ESG strategy:



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—Tawuniya Drive and Tawuniya 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.



Industry, Innovation and Infrastructure (SDG 9): As a risk manager, risk carrier, and investor, Tawuniya fully supports the goal of prioritizing socially inclusive and environmentally friendly economic development. As 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 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 Tawuniya Drive program helps make towns and cities 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 waste production, as well as its water and energy consumption. In the coming years, we will continue to integrate climate considerations in our organizational structure, decision-making processes, and investment policies. The construction of Tawuniya's park is another key step in our mission to offset as much of Tawuniya's emissions as possible. 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. In the future, we plan to further evaluate our scope 1, 2, and 3 emissions.



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

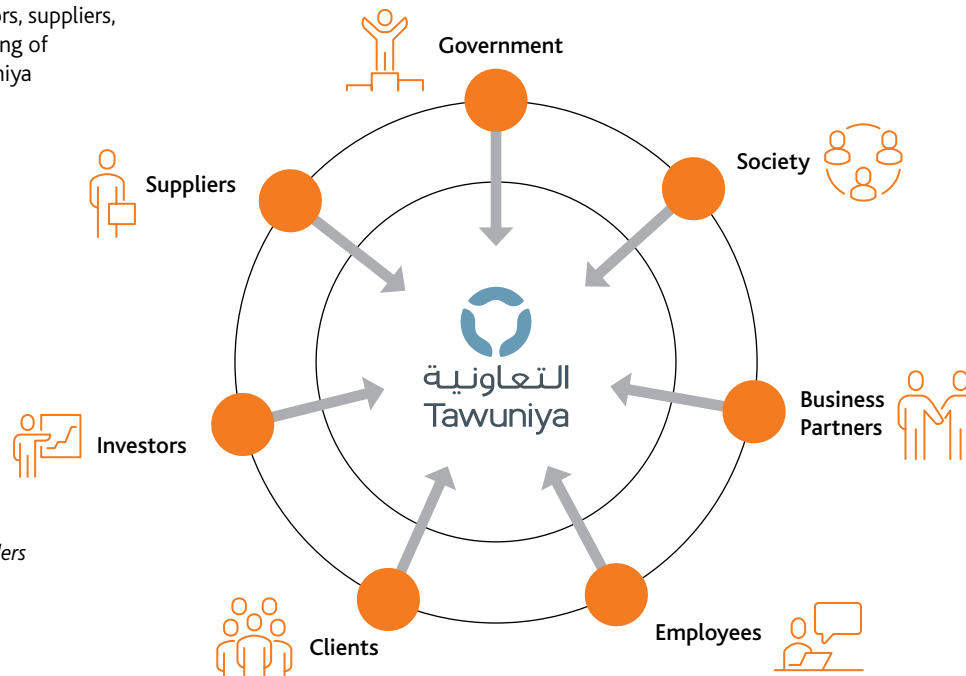
Open dialogue with stakeholders is a central tenet of our corporate philosophy.

Ongoing dialogues with our stakeholders is a key element of our ESG strategy. Their feedback is essential to Tawuniya's success in achieving the goals we have set for the company. That is why we included stakeholder relevance as a rating dimension in our materiality matrix.

Tawuniya interacts with different stakeholders over the course of several different events, and actively welcomes their feedback on sustainability issues. The company is continuously identifying, analyzing, mapping, and prioritizing stakeholder needs in order to set goals and targets for Tawuniya that exceed expectations. We began this process by creating a list of relevant stakeholder groups. For each stakeholder group, a stakeholder profile was created.

At Tawuniya, open dialogue with stakeholders is a central tenet of our corporate philosophy. We always aim to gain a more comprehensive understanding of the needs, interests, and expectations of the people and groups we impact in order to better serve them. For the development of the materiality matrix, these stakeholder interactions were focused on the shortlisted material issues. Tawuniya used surveys and direct dialog with a diverse range of stakeholders, including employees, customers, regulators, suppliers, and investors to get a better understanding of the relevance of the various issues. Tawuniya focused its efforts on the stakeholders considered to be most relevant for its business. This was done by rating the individual stakeholders based on their power over and interest in Tawuniya's decision-making processes.

Tawuniya is motivated to continue these stakeholder discussions in the coming years, and is looking forward to making progress on ESG issues with their input.

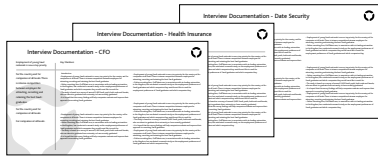


Graphic: Tawuniya's most relevant stakeholders

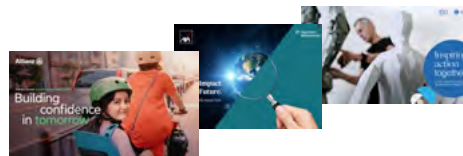
Materiality

Longlist of topics

Interview Findings



Industry Benchmarks from Sustainability Reports



تداول السعودية
Saudi Exchange



Prioritization

Tawuniya's materiality assessment process

Tawuniya started by identifying a list of potential material issues. This was done by collecting information from different sources, including interviews with management and Tawuniya's Board of Directors, competitor and industry analyses, and assessments of international standards (incl. GRI Standards, PSI, and SDGs). We also evaluated international rating methodologies (incl. MSCI and Sustainalytics). In addition, requirements from SAMA, the CMA and Tadawul were assessed alongside national initiatives such as Vision 2030 and the Saudi Green Initiative. Based on our findings, a shortlist of material issues was created.

Tawuniya then ranked these shortlisted issues according to two dimensions:

- 1 Business impact
- 2 Stakeholder relevance

The business impact was scored through discussions and interviews with the senior management staff in various departments, including finance, risk management, underwriting, governance, and human resources.

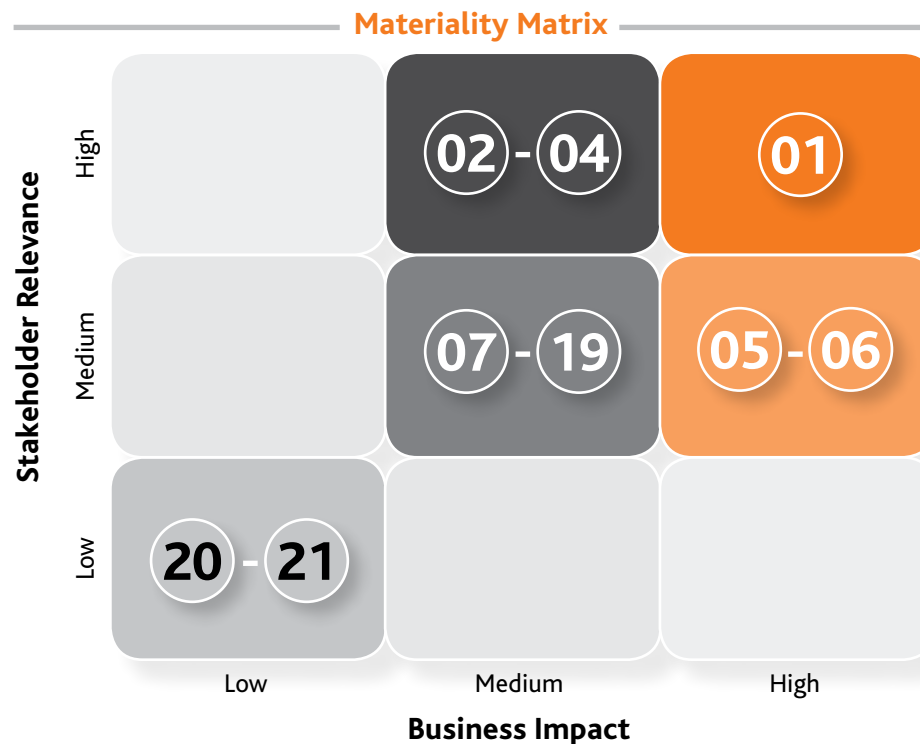
These discussions also included select members of Tawuniya's Board of Directors, who were also asked to score the shortlisted issues. Tawuniya also engaged several of its stakeholders for input, including employees and customers, through interviews, surveys, and discussions. This data was then aggregated to arrive at our materiality matrix.

Graphic: Tawuniya's approach of determining the shortlist for the materiality matrix

Materiality continued

Tawuniya's materiality assessment forms the basis for our ESG strategy. It guides the implementation of the strategy along our value chain and in our business processes. It also represents the foundation of Tawuniya's external reporting and internal ESG management procedures.

Tawuniya is aware that the world around us is changing, and that the company must respond to these developments appropriately. In light of this, we based our materiality assessment on the recommendations outlined in the GRI Standards. Tawuniya has adopted a forward-thinking approach that recognizes emerging risks and issues that will become key factors in the future. To determine our ESG materiality matrix, we engaged our internal and external stakeholders in targeted discussions.



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

Materiality Issues

01	Business Ethics
02	Decent Workplace
03	Privacy and Data Security
04	Digitization
05	Corporate Governance
06	Serving the National Strategy
07	Market Presence
08	Product Safety and Quality
09	Community Relations
10	Customer Health and Safety
11	Financial Performance
12	Training and Education
13	Partnerships and Ecosystems
14	Diversity and Equal Opportunity
15	Customer Satisfaction
16	Local Content
17	Financing Environmental Impact
18	Climate Change Vulnerability
19	Carbon Footprint
20	Resource Consumption
21	Supplier Assessment

Graphic: Tawuniya's Materiality Matrix

ESG Strategy



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
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Environmental		Social		Governance	
Measure emissions and carbon footprint	Set a net zero target for scope 1/2/3 emissions	Establish a decent workplace	Improve data privacy and security	Secure ethical behaviour	Maintain high-level of corporate governance
Reduce Waste, Water and Energy Consumption		Promote diversity and equal opportunity	Improve customer satisfaction and loyalty		
		Enhance human capital development	Further expand community engagement	Further strengthen local content	Foster the relationship with governmental bodies
			Assure health and safety of clients		

Sustainability Enablement

Evaluate membership of the UN PSI	Establish ESG Integration Framework	Engage with relevant stakeholders
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“ 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. ”

The recently appointed Director of Investor Relations will carry the responsibility of implementing Tawuniya's ESG strategy and ensure that sustainability issues are given the attention they deserve. Among executives, the responsibility for ESG representation was assigned to Tawuniya's CFO, who will be the link between organizational divisions, internal stakeholders, external stakeholders, and the BoD when it comes to ESG strategy implementation. Tawuniya is currently determining the best way to ensure that ESG issues are represented by internal committees. ESG will either be integrated into the scope of existing board committees, or represented by a new, dedicated sustainability committee. Either way, the company will make sure that sustainability will receive ample board and committee attention.

"The kingdom aims to reach net zero by 2060."

Source: Vision 2030



Arabian Gazelle, Ibex Reserve Protected Area,
Al-Hariq, Saudi Arabia

Tawuniya's Commitment to the Environment

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Environmental Management at a Glance



85%+

Virtualization of servers in 2021



200 trees
600 bushes

New park at Tawuniya's headquarters



100%

Paper waste recycled



SAR **40** million
HQ renovation;
21K sqm



14% less than 2020
Electricity consumption per employee



32% less than 2019

Water consumption per employee



8% less than 2020

Paper waste per employee



First

Electric vehicle in company fleet



Environmental Management

GRI 308

As an insurance company, providing security is a core element of Tawuniya's identity. In the modern world, such security needs to be extended to the world around us and to those who inhabit it. As a pioneer in the Saudi Arabian insurance market, Tawuniya recognizes its responsibility to help secure the future of the planet. We are fully compliant with all environmental regulations in Saudi Arabia and have never been involved in an environmental issue, conflict, or dispute. There are also no financial provisions linking the company to environmental liabilities.

Tawuniya's goal is clear—to become a global leader in sustainable insurance practices and a role model for the Saudi Arabian economy as a whole. In fact, a key pillar of Tawuniya's ESG strategy is protecting the environment, solidifying our commitment to sustainable business practices that serve our community, stakeholders, and planet at large.

Such commitment is evidenced by our introduction of a dedicated environmental education campaign to increase the awareness of environmental concerns, such as energy and water consumption among our employees. Additionally, Tawuniya has invested SAR 40 million into an elaborate renovation of its headquarters, offices, and facilities. The renovation included an IT system that automatically measures the energy and water consumption of individual departments. This consumption data is analyzed, and departments are informed when irregularities, such as high consumption occur. The system also adjusts air conditioning and lighting automatically based on need.

In addition to monitoring, analyzing, and adjusting its systems and processes, Tawuniya is committed to inspiring people to further sustainable innovation and development. That is why we worked with our architects to create an office space that

The renovation included an IT system that measures energy and water consumption.

promotes open-mindedness, well-being, and collaboration. The number of office plants was doubled, the layout was designed to maximize natural light, and rooms were opened up by limiting walls and barriers.

Tawuniya has also launched several initiatives to improve its environmental management. The company has started to update its supplier contracts in procurement and will integrate ESG requirements into the supplier screening processes gradually. In fact, we have already significantly increased the number of purchases made from local producers, which has helped us reduce our carbon footprint.

Furthermore, Tawuniya has also begun a comprehensive assessment of its systems and facilities with the aim of tracking its emissions and environmental impact. Tawuniya is well aware that comprehensive data is necessary to give stakeholders a transparent, sustainable, and critical view of the company's environmental footprint. While the implemented IT system is an important starting point, the company needs to go further in this regard. In the coming years, Tawuniya wants to expand its assessment by tracking and analyzing emissions across its value chain. These will include the direct emissions (scope 1), the indirect emissions from the generation of purchased energy (scope 2), and all indirect emissions that are not included in scope 2 and occur in the value chain, including both upstream and downstream emissions (scope 3). The company is currently laying the foundation for this assessment by collecting the relevant data and seeking out experts.

**SAR 40
million
renovation
Investment**



Environmental Management continued

More than 85% of Tawuniya's servers have already been virtualized.

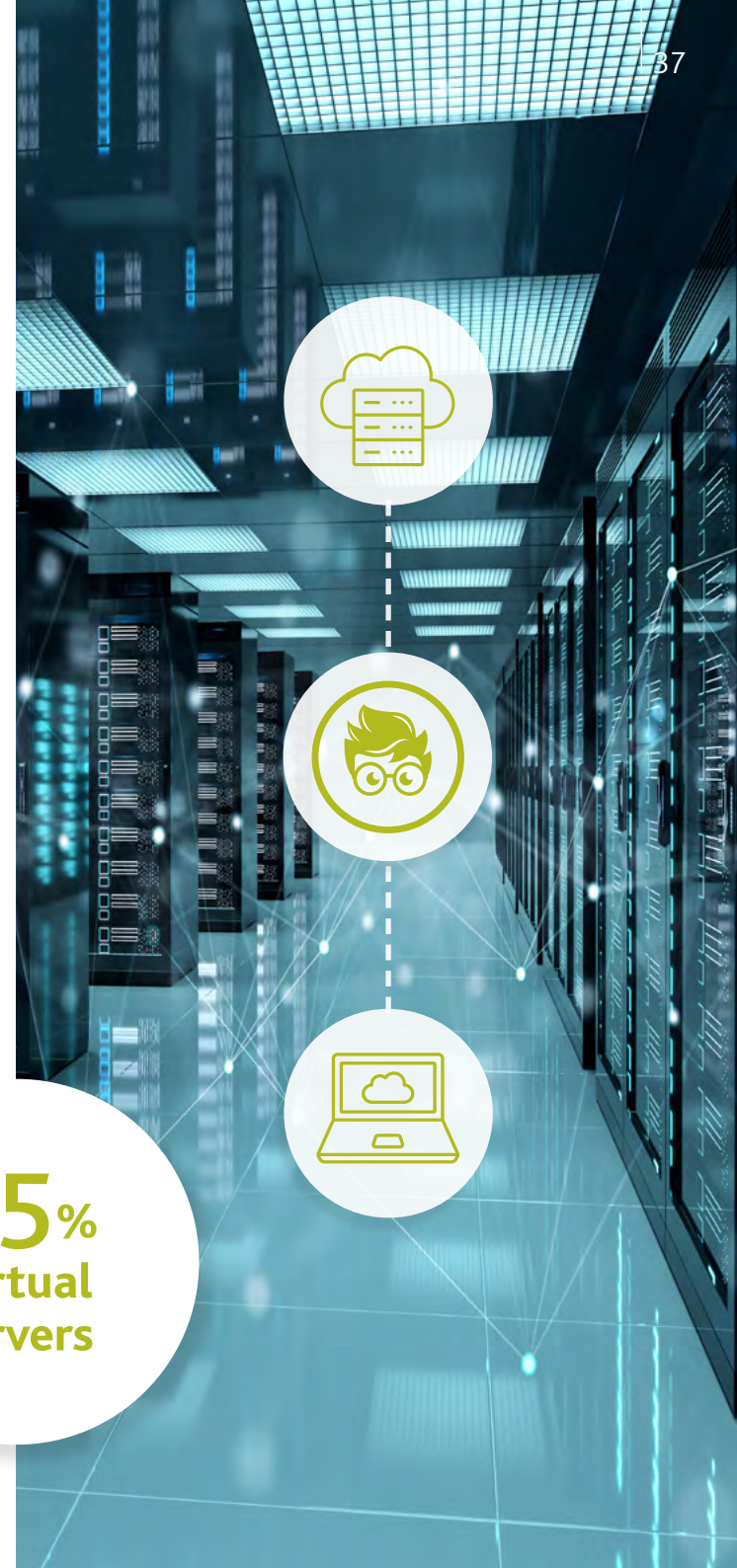


While the insurance industry does not involve resource consumption to the same degree as other industries (e.g. manufacturing or petrochemicals), Tawuniya does consume water, electricity, and other resources in its day-to-day operations. As such, we believe strongly in our responsibility to consciously and proactively manage our resource consumption with the goal of limiting it wherever possible. This goal means more than simply complying with governmental regulations; rather it means setting ambitious targets for Tawuniya's resource consumption and working hard to meet them. With this report, Tawuniya is taking full responsibility for the environmental impact of its operations and is actively working to make them more sustainable.

Since 2020, the company has worked hard to significantly improve the resource consumption and the behaviors of individual employees. This effort becomes even more important as we significantly expanded our workforce over this period. Since January 2021, the number of employees at Tawuniya increased by around 14% to a total of 1,712 employees. This rapid growth has made Tawuniya's transition to more sustainable business practices challenging, but all the more important.

Tawuniya started this journey by defining optimal behaviors and points for improvement within the company. The company then launched a dedicated educational initiative to increase awareness among employees by distributing informational letters, notices, and pamphlets that touched on key issues. This laid the foundation for the sustainable development of an ESG-focused corporate culture. Ongoing virtualization efforts at Tawuniya support the company's environmental agenda, as they have a major impact on resource consumption at the company. More than 85% of Tawuniya's servers have already been virtualized, and consume much less electricity as a result.

We are proud to be a leader in the realm of ESG in the Middle Eastern insurance industry. Likewise, Tawuniya is also proud of the results that have already been achieved over the previous three years. We would like to extend a sincere thank-you to all of our employees and stakeholders for their commitment and contribution to these ongoing efforts.



85%
**Virtual
servers**

Environmental Management continued



ENERGY
CONSUMPTION **GRI 302**

*Consumption of
electricity per
employee reduced
by 14%.*

Charting a course through a complex world

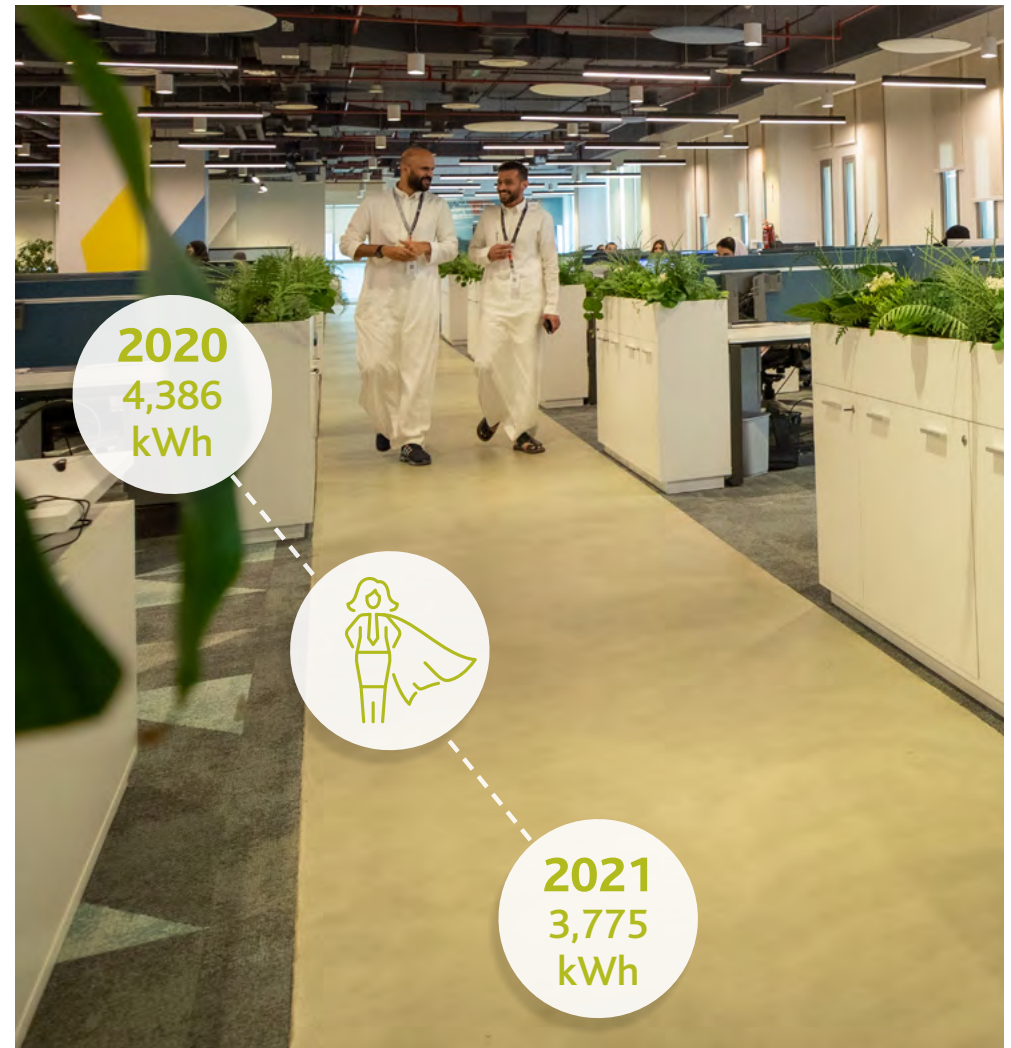
Tawuniya recognizes the increasing importance of sustainable energy consumption. This recognition is primarily driven by an increased understanding of the ecological impacts of excessive energy consumption. However, a secondary driver has been the increasing volatility of global energy markets. Price variation and supply shortages have become increasingly common globally—a clear sign that companies, governments, and consumers need to establish more sustainable resource management practices. At Tawuniya, we recognize this urgency and has implemented several initiatives in response.

Tawuniya has begun the process of continually tracking and evaluating the energy consumption of its Strategic Business Units (SBUs) with the aim 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 identifies abnormal consumption behaviors.

Another key driver in this transformation has been the replacement of the company's entire lightning system. The new lighting system is not only more efficient, but also reports energy consumption to the company's monitoring system and regulates lighting based on the utilization of space. This change was one piece of a larger renovation to the company's office space, which dramatically increased the amount of natural light available. As a result, the need for artificial light has decreased significantly.

In 2021, Tawuniya's electricity consumption reached 6,463,416 kWh. This represents a slight decrease in consumption since 2020, where Tawuniya consumed 6,569,803 kWh. In other words we were able to reduce our total electricity consumption by approximately 2% over the span of a year. Considering the significant increase in the number of employees at Tawuniya, this is even more impressive. In fact, the consumption of electricity per employee has dropped from 4,386 kWh in 2020 to 3,775 kWh in 2021. This is equivalent to a decrease in electricity consumption per employee of 14%.

	2020	2021
Total Electricity Consumption (in kWh)	6,569,803	6,463,416
Electricity Consumption per Employee (in kWh)	4,386	3,775



Past achievements provide a foundation for future successes

The new initiatives covered thus far, combined with previous environmental awareness programs have already yielded remarkable results for us. Despite growth at the company, Tawuniya did not need to increase its total fuel consumption from non-renewable sources to power its generators. This metric of energy consumption has remained static at 15,580 MJ/year since 2019.

Environmental Management *continued*

*Company-wide water
consumption reduced by 36%*



WATER CONSUMPTION **GRI 303**

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.

Combatting this complex issue will require widespread international buy-in from companies, governments, and the public. That is why we are increasing awareness of sustainable water consumption by making it a core part of our business practices. Tawuniya intends to address this challenge head-on and has launched several initiatives with the aim of conserving water. 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.

We want to be measured by our results

In 2021, Tawuniya used a total of 8,967 cubic meters of water. This is 5.24 cubic meters of water per employee. Through our efforts so far, we have been able to ensure that the water consumption has not turned out to be significantly higher. Although the reference value from 2020 is significantly lower at 7,588 cubic meters and an average consumption per employee of 5.07 cubic meters, it can be traced back to the Covid lockdown effect and is therefore not meaningful as a pure reference value. The better and more meaningful reference value is the figure for 2019. In fact, during 2019, we used a total of 10,979 cubic meters of water which is 7.68 cubic meters of water per employee. These two figures show that Tawuniya have managed to reduce its company-wide water consumption by 18%. Even more impressive is the fact that the company's water consumption per employee was reduced by 32% although the numbers of employees have increased in the same time.

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 are working hard to significantly reduce our water consumption in total and per employee in the coming years.

	2019	2020	2021
Water Consumption (in cubic meter)	10,979	7,588	8,967
Water Consumption per employee (in cubic meter)	7.68	5.07	5.24



2019
10,979
cubic meters

2020
7,588
cubic meters

32%
water
saving per
employee

2021
8,967
cubic meters

Environmental Management continued



WASTE MANAGEMENT GRI 306

*Paper waste
produced per
employee
decreased by 8%*

A cleaner tomorrow

Another crucial aspect of Tawuniya's environmental impact management strategy is limiting its waste production and ensuring that the waste it does produce is disposed of properly. The GRI standards require disclosures on waste generation and key waste-related impacts. Tawuniya has begun to use these requirements to direct and evaluate its waste management procedures.

We kick started this process by implementing a procedure for measuring waste production on an annual basis. While some level of waste production is inevitable, Tawuniya endeavors to limit this waste as much as possible. Achieving that goal requires an accurate and comprehensive picture of the company's waste production.

The company also introduced measures to ensure that waste is disposed of properly. As such, Tawuniya set up contracts with local recycling providers who pick up and recycle paper waste. The recycling revenues that are generated are donated to charitable organizations. Thanks to this initiative, the vast majority of the paper waste that Tawuniya produces is now being recycled. All remaining general waste is disposed of professionally, with the use of hydraulic presses significantly decreasing the number of vehicles needed to transport the waste to disposal facilities. Initiatives that educate employees about responsible waste disposal were introduced to complement these measures. Finally, Tawuniya also ensures that there are no sources of nitrous oxide (N₂O) within its facilities in line with GRI requirements.

The total amount of solid waste Tawuniya produces increased slightly over the past two years. However, this is largely due to the expansion of Tawuniya's workforce. The volume of general waste generated per employee decreased from 146 kg in 2020 to about 134 kg in 2021. This is equivalent to a decrease of 8% per employee. For paper waste, the situation is practically identical. While the total volume of paper waste produced increased slightly, the paper waste produced per employee decreased by 8%.

Tawuniya has launched several initiatives to limit its waste production. One example is the company's decision to issue its employees laptops as opposed to desktop computers. This has reduced the need for printing, since laptops can be taken to meetings and used in place of printouts. The company has also centralized its printing system in order to track individual printer usage and incentivize responsible



usage. Tawuniya is also donating significant amounts of its old IT equipment to charity so that it can be reused instead of going to landfills. These initiatives and their achievements thus far demonstrate that Tawuniya is fully capable of reducing its waste production per employee.

Tawuniya has already made significant progress with regard to limiting paper waste along its value chain. For its sales activities, insurance brochures which are historically printed, have been replaced with digital versions. This means that more than 2.2 million brochures that were previously printed will no longer be consuming paper. In addition, Tawuniya has closed all brick-and-mortar motor insurance claims centers around the Kingdom. This was possible thanks to the end-to-end digitization of the claim's process, meaning that Tawuniya has significantly reduced paper-based transactions in its motor insurance division. Tawuniya will introduce additional measures in the coming years to further limit waste production along its value chain.

	2020	2021
Solid waste generated (in kg)	218,400	229,320
Solid waste per employee generated (in kg)	145.8	133.9

	2020	2021
Paper waste generated (in kg)	6,615	6,946
Paper waste per employee generated (in kg)	4.42	4.06

Environmental Management *continued*



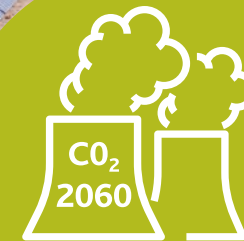
GREENHOUSE GAS (GHG) EMISSIONS GRI 305

On our way to measure our environmental impact

One of Tawuniya's goals for the coming years is to give stakeholders a clear, accurate, and up-to-date overview of the company's carbon footprint. This reporting effort will support Tawuniya's long-term goal of becoming a climate neutral organization with a net-zero carbon footprint.

In 2023, Tawuniya will begin analyzing its Scope 1 emissions and will expand this analysis to investing and underwriting activities in subsequent years. We aim to measure Scope 2 and Scope 3 emissions to obtain a holistic picture of the environmental impact of our operations. In doing this, we aim to comply with international standards and provide a transparent overview of our emissions for stakeholders. That overview will help Tawuniya identify areas for improvements along its value chain.

However, the fact that these numbers are not available yet has not kept Tawuniya from taking actions to reduce its carbon footprint. The company's efforts to save water and energy and reduce waste production also serve to reduce CO₂ emissions.



WE SUPPORT
NET ZERO

Environmental Management *continued*

Tawuniya has started insuring electric and hybrid vehicles, and is planning to increase the proportion of electric vehicles in their fleet.



GREENHOUSE GAS (GHG) EMISSIONS **GRI 305** *continued*

Due to the COVID-19 pandemic, required travel was reduced for all Tawuniya employees. While this change was borne out of necessity, Tawuniya has since codified it into company policy. Employees are only asked to travel when an alternative course of action (e.g., virtual commuting) is not an option. To support this change, Tawuniya has invested in a reliable and high-performance virtual meeting infrastructure and is committed to improving its digital operations capabilities.

While reducing CO₂ emissions is a core part of Tawuniya's emissions strategy, the company recognizes that achieving its net-zero target will take time. To reduce the environmental impact of company emissions in the meantime, Tawuniya is also launching initiatives to offset its current emissions. So far, this has involved the creation of parks and green spaces in and around company facilities, with more offsetting strategies to be announced in the coming years.



Environmental Management *continued*



ENVIRONMENTAL IMPACT

Tawuniya is determined to lead by example with its commitment to ESG initiatives and sustainable business practices. In pursuit of this goal, Tawuniya has announced plans to build a park next to its headquarters to serve as an inspiring, sustainable retreat for employees and the local community. The park will be open to the public and will serve our neighbors and community accordingly. Tawuniya's park will be 100% handicap friendly and will include a playground for children. The project's scope includes the planting of 600+ bushes and 200+ trees. The maturity of the trees will vary, but all trees will be fully grown within 3 years of the project's completion. All materials and vegetation used in the project will be sourced locally. Tawuniya has allocated a budget of approximately SAR 3 million for this project—an indicator of the company's commitment to giving back to the community. The construction of the park will be finished in the third quarter of 2023 at the latest.

Tawuniya is a strong supporter of charities and charitable projects in the region, and is actively working with the Saudi Arabian government and other parties in Saudi society to seek them out. Company management is currently evaluating a number of sustainable initiatives to identify potential partnerships. The construction of the park is in line with the Saudi Green and the Green Riyadh Initiative, and Tawuniya is motivated to continue supporting environmental initiatives with additional measures in the coming years.

In the coming years, Tawuniya will go beyond analyzing the environmental footprint of its operations. The company will begin to analyze the carbon footprint of its underwriting and investing activities and will work to integrate ESG concerns with its existing processes. With regard to underwriting, we are already working to insure solar panels and have started insuring electric and hybrid

Rehabilitation of 40 million hectares of degraded land

vehicles. Tawuniya is also looking into autonomous driving with its reinsurers. This is also in line with the Kingdom of Saudi Arabia's Vision 2030. The company believes that autonomous driving will make driving safer by reducing speed limit violations, unsafe driving behaviors, and fuel consumption. In addition, Tawuniya has started giving bonus points to clients who drive environmentally friendly vehicles through the Tawuniya Drive program. The company is also working to incorporate ESG components, such as, engine size or expected fuel consumption into the pricing of its car insurance products.

As an organization, Tawuniya is very much aligned with the interests of its clients and the community at large. The company has a responsibility to push the ESG agenda forward in all facets of its business—including its investments. Tawuniya actively supports green companies and industries through its Investment department. In addition, Tawuniya is planning to introduce responsible investment policies for both internally and externally managed investments in the coming years.

Increasing the percentage of protected areas across the kingdom to more than 30%

**200
TREES
600
BUSHES**



Environmental Risk



All major risks are reinsured, so the financial implications are limited.



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.



Risk Radar

"The Kingdom of Saudi Arabia has long occupied an important role at the center of the Islamic and Arab worlds; a land with a rich and proud history."

Source: Vision 2030

The Edge of the World, a natural landmark and tourist destination near Riyadh, Saudi Arabia

Tawuniya's Commitment to the Society

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Commitment to the Society at a Glance



1,712

Total employees at Tawuniya



21

Nationalities represented



14%

Employee growth since 2020



39.5%

Female employees

45%

Newly hired females among all hires

>SAR 142 m

Value of the defined benefit obligations

Improved

Learning and Development framework launched



Employees

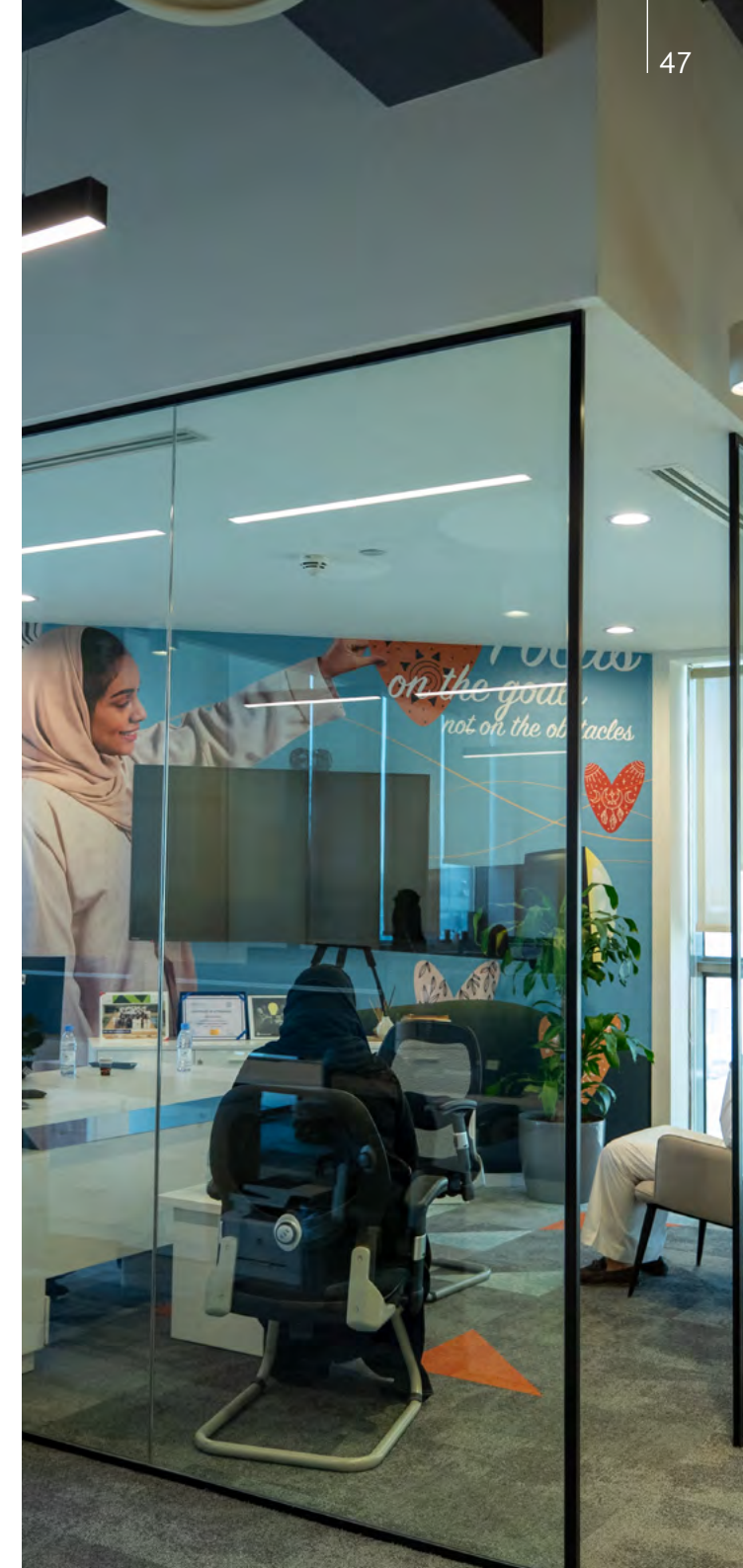
As an employer, Tawuniya places great emphasis on health, diversity, and professional development. We do this because we understand that the success of our employees is a prerequisite for our success as a business. Employee engagement is not just a buzzword at Tawuniya—it is a core value that guides decisions on a daily basis.

Tawuniya's corporate culture is built on the belief that all people deserve respect and support. Equality, inclusion, and diversity are of utmost importance to us. We understand that Tawuniya can only continue to succeed in the competitive financial services sector with healthy and motivated employees. This has become especially clear since the outbreak of COVID-19—a development that Tawuniya has responded to with caution, care, and optimism.

Tawuniya is an attractive employer. This much is highlighted by continued growth in Tawuniya's workforce. Since 2019, the total number of employees at Tawuniya has grown by 20%.

	2019	2020	2021
Total number of employees	1,430	1,498	1,712

Tawuniya's corporate culture is built on the belief that all people deserve respect and support.



Employees *continued*



Tawuniya is fully compliant with all articles of Saudi Labor Law.

Tawuniya regularly asks its employees to share their thoughts, feelings, and opinions about the company anonymously via a global 3rd party. Moreover, Tawuniya has an "open door" policy, meaning employees are free to speak to managers and executives whenever they have constructive feedback or concerns.

Tawuniya is compliant with Saudi Labor Law. That being said, we go above and beyond many legally mandated minimum requirements in order to show appreciation to employees. For example, we offer our employees 3 days additional annual leave above their annual entitlement in case they need to do so.

Tawuniya offers its employees a range of unique benefits. We offer an attractive saving plan to employees in order to help them reach their financial goals, a home loan program, a dedicated travel assistant, a children education assistant are some of these benefits. Also, we support employees with a lump sum equal to three years of salary if they become disabled.

Diversity and Inclusion

GRI 405, GRI 406

We are committed to building and maintaining a fair and inclusive work environment for all people to feel safe and respected.

Over the past three years, Tawuniya has worked to improve diversity, and inclusion outcomes at the company. Diversity enriches our company culture and ensures better results for our clients. We are committed to building and maintaining a fair and inclusive work environment in which people of all genders, nationalities, ages, cultural backgrounds, and abilities can feel safe and respected. In fact, we believe that fostering a diverse workforce is the key to overcoming the complex challenges that lie ahead.

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 subject to unfair or harmful treatment. All complaints are investigated thoroughly.

**Diversity
enriches our
company
culture**

Diversity and Inclusion continued

GRI 405, GRI 406



39%
Female
Employees

Women at work

At Tawuniya, we are dedicated to creating a more equitable and balanced workplace that improves the health of the organization—and that means creating a workplace that empowers women to succeed. Tawuniya is committed to balancing the ratio of female to male employees and ensuring a fair representation of females employed in management positions.

We have set realistic, measurable, department-specific goals that allow us to hold ourselves accountable as we improve outcomes for female employees at the company. We also work hard to identify female candidates for professional development programs in an effort to support women as they progress to leadership roles. As part of a modern and sustainable corporate culture, Tawuniya ensures that both women and men are evaluated on the basis of their abilities and achievements rather than their gender or background.

Over the past few years, Tawuniya has increased the number of women in its workforce significantly. In 2021, 39.5% of Tawuniya's workforce was female—an increase of 15.4% since 2019. We are also committed to hiring many more talented women in the coming years, and balancing the female to male ratio at the company even further.

	2019	2020	2021
Percentage of male employees in relation to all employees	75.9%	63.2%	60.5%
Percentage of female employees in relation to all employees	24.1%	36.9%	39.5%
Percentage of female employees at Top Management level	0%	8%	13%
Percentage of female employees in talent pools	Data not available	18%	20%
Newly hired female employees annually (out of all newly hired employees)	44%	58%	45%
Total number of female Saudi employees	344	552	677

Diversity and Inclusion continued

GRI 405, GRI 406



In 2021, Tawuniya hired 12 disabled employees.

Disability at work

Discrimination in the workplace can be hurtful, alienating, and difficult to address. Tawuniya has a zero-tolerance policy regarding discrimination at work-and that includes discrimination based on disability. In 2021, Tawuniya hired 12 disabled employees. Tawuniya benefits from their skill, talent, and dedication every day. We are grateful for the incredible work they do.



Diversity and Inclusion continued

GRI 405, GRI 406

We want to provide young professionals with an environment that empowers them.



Youth at work

The youth is the future of Saudi Arabia. According to a 2020 report from the General Authority for Statistics, 67% percent of Saudi Arabia's population is under the age of 35. In light of this finding, it is clear just how important it is to give young people a voice.

The younger generation brings many beneficial traits to the table, including an openness to new modes of work, a willingness to adopt digital solutions, and a commitment to innovation and progress. We want to provide young professionals with an environment that empowers them to think outside the box and challenge existing paradigms.

Additionally, Tawuniya recognizes that younger generations are the clients of tomorrow. As such, we understand the value of their unique perspectives and endeavor to give all young professions — both male and female — a chance to contribute. Our success is due to the collaborative effort of all our employees.

67%
population
under 35

Diversity and Inclusion continued

GRI 405, GRI 406



Male employees (age 30-50)

42.1% 2021

42.7% 2020

54.3% 2021



Female employees (age 30-50)

19.9% 2021

16.8% 2020

12.7% 2021



Breakdown of the workforce (regardless of gender)



80% Regular workforce



2.6% Senior Management



17.4% Middle Management

Female pay as a percentage of male pay



84% Regular workforce



88% Senior Management



93% Middle Management



Diversity and Inclusion continued

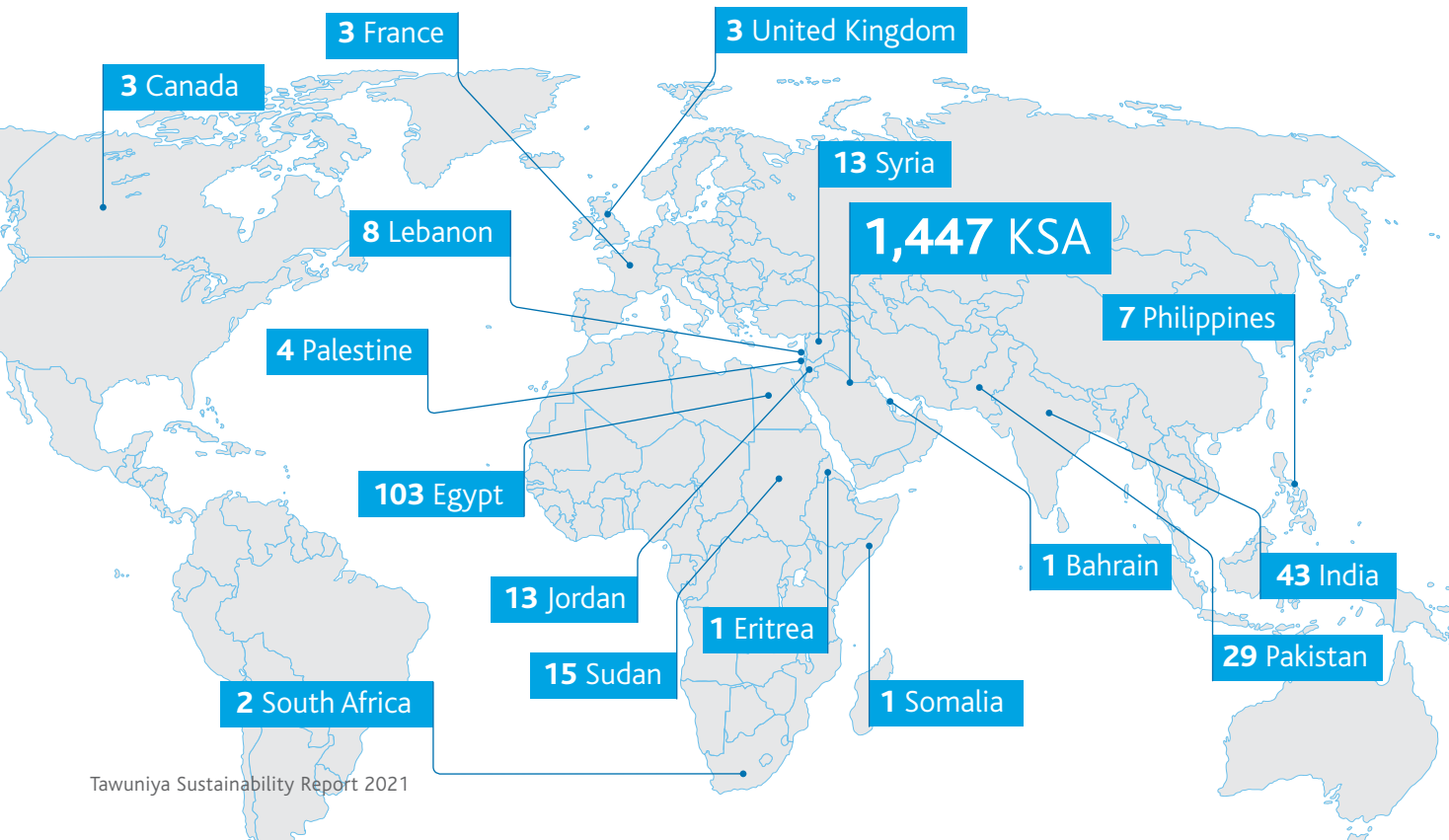
GRI 405, GRI 406

84% Saudization

Nationalization

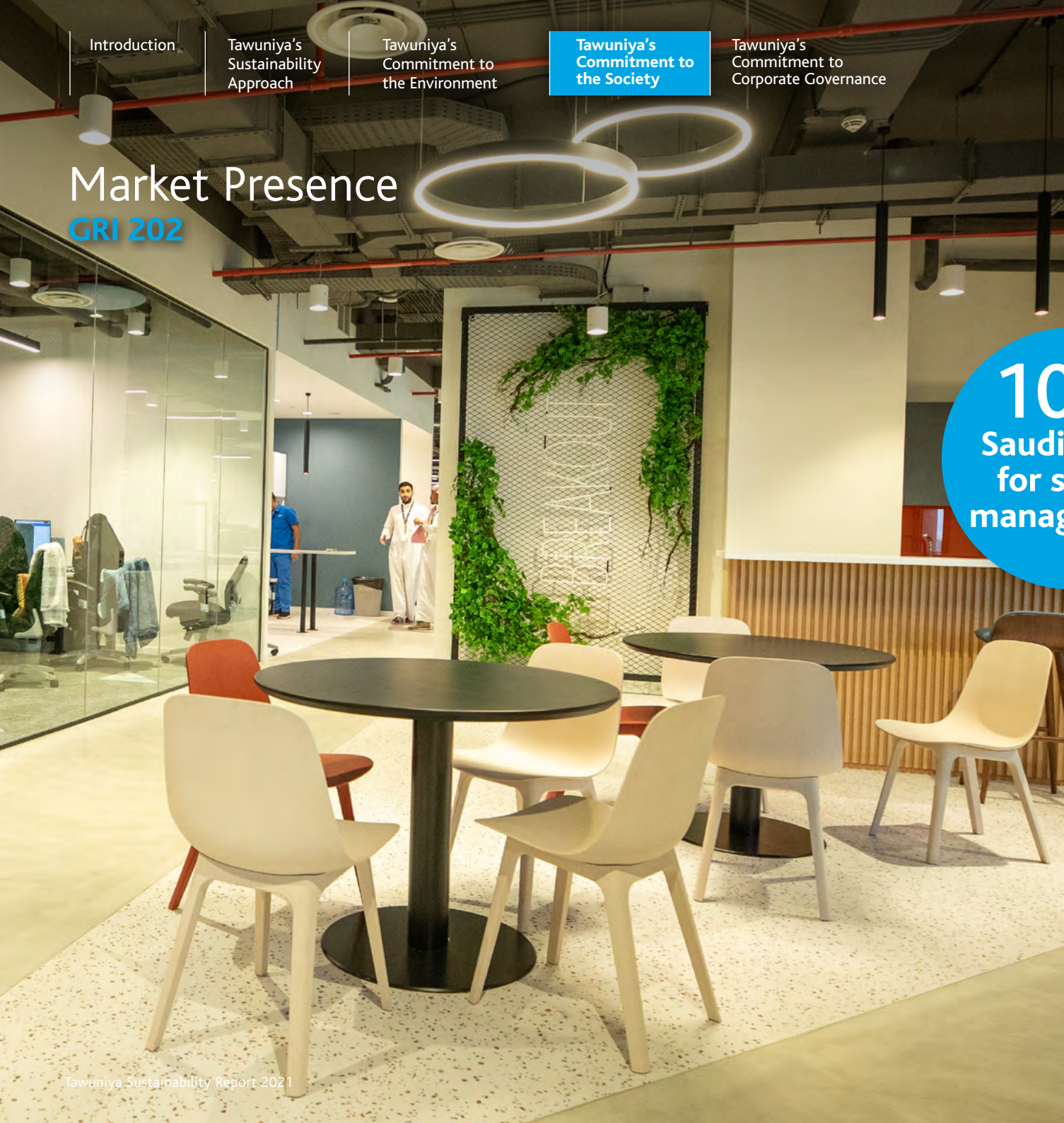
At Tawuniya, we are proud of our international workforce. Currently, our workforce is home to over 20 different nationalities. Nevertheless, Tawuniya's vision for the future is closely aligned with the Kingdom of Saudi Arabia's Vision 2030, which stresses the importance of developing a skilled workforce within Saudi Arabia. As such, Tawuniya has focused its hiring and recruitment efforts on Saudi Arabian nationals in an effort to increase its Saudization rate—especially for senior management positions. As of 2021, Tawuniya has a Saudization rate of 100% for senior management positions. Our company-wide Saudization rate is 84%.

Full-time Employees, broken down by nationality for 2021



Market Presence

GRI 202



*Saudization rate of 100%
for senior management.*

100%
**Saudization
for senior
management**

Market presence is one of Tawuniya's main sustainability pillars (see 2.8 Materiality Analysis). When it comes to employee compensation (GRI 202: Market Presence), Tawuniya ensures that all employees are paid the minimum wage or above.

All senior management roles at significant locations of operation are filled with applicants from the local community. Tawuniya currently only operates in the Kingdom of Saudi Arabia, therefore "significant locations of operation" are defined as the business activities in Saudi Arabia. The organization's definition of "local" and "senior" are as follows:

- Tawuniya considers someone "local" if the individual was either born or has the legal right to reside indefinitely in Saudi Arabia.
- "Senior" is defined as the Tawuniya's Board of Directors, plus the general managers directly subordinated to the Board. Within senior management, Tawuniya has a Saudization rate of 100%.

Tawuniya's Board of Directors



Mr. Abdulaziz Ibrahim Alnowaiser

Chairman



Mr. Abdulaziz Abdulrahman AlKhamis

Vice-Chairman



Mr. Waleed Abdulrahman AlEisa

Director



Mr. Hamood Abdullah Al Tuwajri

Director



Mr. Ehab Mohammed AlDabbagh

Director



Mr. Ghassan Abdulkarim AlMalki

Director



Mr. Jasser Abdullah AlJasser

Director



Mr. Abdulrahman Mohammed AlOdan

Director



Dr. Khaled Abdulaziz AlGhonaim

Director

22%
of directors
are 30-50
years old

Tawuniya's Board of Directors includes members with a diverse set of skills, experiences, and areas of expertise. As a result, the board is well-equipped to oversee Tawuniya as the company navigates its complex market.

The skills represented on Tawuniya's Board of Directors include risk management, finance and accounting, and insurance industry skills. Currently, all members of the board are male, Saudi Arabian nationals. Tawuniya is open to appointing both international and/or female directors in the next election, should suitable candidates be identified. In general, the company is aiming to increase diversity across its entire workforce—including Tawuniya's Board of Directors.

Currently, 22% of Tawuniya's directors are 30-50 years old and 78% are 50+ years old. The current board was elected and appointed on March 26th, 2020 for a three-year tenure.

Organizational Structure

In 2021, Tawuniya initiated a major revision to its organizational structure. This is one of the main focuses of Tawuniya's Strategy 2025 and is a key driver of the company's ongoing transformation and development. It also aligns with one of Strategy 2025's four promises to stakeholders: **passionate about our people**. The entire senior management at the organization is actively involved in the project—working to implement changes seamlessly and taking ownership of all outcomes.

Inspired by national and international companies in the financial services industry, Tawuniya recently completed its revised grading structure. Instead of 17 grades, Tawuniya now recognizes 9 employment grades. This new grading structure is in line with Tawuniya's new organizational structure. With it, the company aims to foster a culture of agile communication, quick decision-making, and decisive execution. Job titles have been updated using unified designations for each grade, in line with best practices.

The company's organizational structure revision project also included some additional benefits. For example, the Children's Education benefit was updated and improved to make education more accessible for Tawuniya's families. Additionally, we introduced a Day Care benefit for the children of employees to reduce the pressure working parents face.

As part of this revision process, the cycle for "pay review / salary scale correction" was also updated. It will now be carried out annually, with eligibility based on company and employee performance.

Tawuniya also launched the Delegation of Authority (DOA) project to streamline the company's approval and decision-making processes. It ensures that the board, committees, executives, and senior management are only involved in decisions with potentially important strategic and/or financial impacts. The foundation for this change was the implementation of a company-wide decision matrix that clearly defined each employee's role in the decision-making process (i.e., "develop", "recommend", "endorse", and/or "approve").

The organizational structure is aligned with Strategy 2025's promises to stakeholders: passionate about our people.

New
organizational
structure



Training and Development

GRI 404

Skilled employees are a differentiating factor

In a changing world, it is important for companies to invest in the training and professional development of their employees (GRI 404). 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's focus is to design customized programs that align with their 2025 strategy. The programs follow a six-pillar framework:

- Organizational Programs
- Specialized Development Programs
- Regulatory Programs
- Personal Effectiveness Programs
- Functional Capabilities Programs
- 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 a number of 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.

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.

A primary goal as an employer is to help our employees expand their skill sets.

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"**. Tawuniya's Learning and Development strategy is therefore 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
 - » **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
- **Specialized Development Programs:** Highly specialized programs designed to develop targeted groups
- **Regulatory Programs:** Mandatory programs for groups specified by regulatory bodies
- **Personal Effectiveness Programs:** Programs designed to develop junior to middle-level employees across Tawuniya
- **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 individuals who exhibit exceptional leadership qualities



Organizational Programs



Specialized Development Programs



Regulatory Programs



Personal Effectiveness Programs



Functional Capabilities Programs



Leadership Programs

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

Spotlight on the P&C Special Development Program – Learning and Development at its best

The P&C 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.

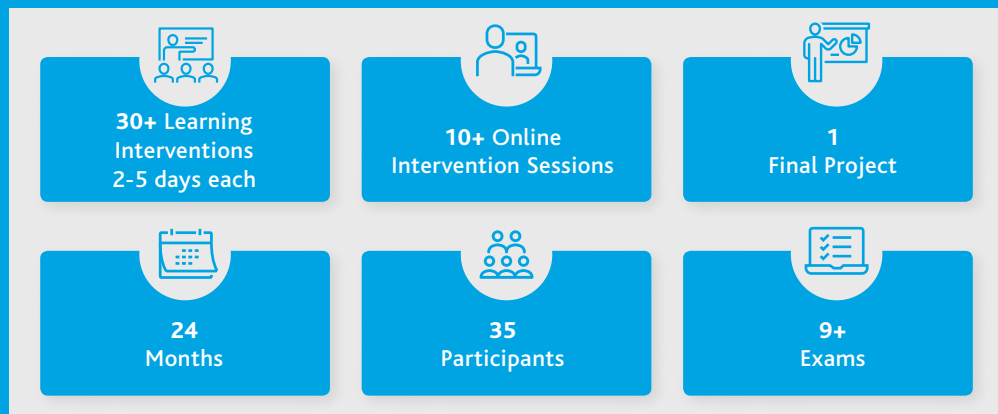
**Special
Development
Program
updated**

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

Spotlight on the P&C Special Development Program – Learning and Development at its best *continued*

The program uses a blended teaching approach that includes classroom learning, e-learning, and hands-on learning via projects and self-improvement activities. Professional certification via the Chartered Institute of Insurance (CII) is extended to participants who successfully complete all course requirements, including the final exam. An overview of the program is illustrated below:

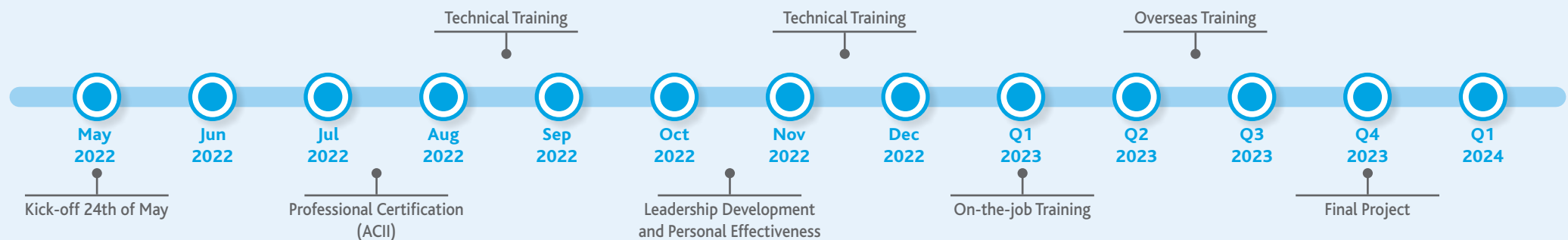
Overview



Topics



Journey sample



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

Spotlight on the P&C Special Development Program – Learning and Development at its best continued

Tawuniya is incredibly proud of the P&C 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 P&C insurance best practices
- Improving the technical skills and expanding the knowledge of P&C 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

**Industry
Leading
Program**

Health and Well-being

GRI 403

Tawuniya Vitality and Tawuniya Drive are both programs that support the health and well-being of our clients. The Tawuniya Vitality program helps clients establish healthier habits by incentivizing regular exercise and good nutrition. The data derived from the program clearly shows that the participation in Tawuniya Vitality significantly reduces the frequency of doctor's appointments and hospital visits, which ultimately decreases Tawuniya's medical claims payments. Members that reach the Gold and Platinum levels see their premiums reduced by 18% compared to clients who do not participate in the Vitality program.

Tawuniya Drive incentivizes safer, more sustainable driving with a similar level of success. The loss ratio for Tawuniya Drive participants is 5% lower than it is for non-participants—a fact which suggests that Tawuniya Drive participants are involved in far fewer accidents. Tawuniya Drive also has a renewal rate of over 90%, compared to a renewal rate of 50% for non-Drive programs. This demonstrates just how happy Tawuniya Drive participants are with the newly launched program. Our data also shows that participants get an average of 10% more Drive points due to behavioral changes within 8 weeks of joining the program. This means that improvements to driving behaviors and emissions as a result of the Drive program are both quick *and* significant.

Tawuniya Vitality and Tawuniya Drive play an important role in helping participants adopt healthier, more sustainable habits. Individuals, corporations, and society as a whole will benefit from these programs for years to come.

Making Tawuniya a safe and healthy place to work is one of our top priorities. We understand that a safe and healthy workplace protects our employees from injury and illness. We also understand that doing so lowers injury and illness costs, absenteeism, and turnover while simultaneously increasing productivity, output standards, and employee morale. For these reasons, the health and safety of our employees is of the utmost importance to us. That is why we have introduced a dedicated health and safety policy.

To ensure the proper implementation of that policy, Tawuniya employs marshals who monitor workplace safety and identify potential hazards. We also perform regular assessments to ensure workplace safety, including fire risk assessments and building inspections. Finally, Tawuniya has introduced a dedicated workplace safety training programs to prepare employees for a range of workplace risks. Over the past few years, Tawuniya has not had any issues with or complaints about workplace safety—and we are fully committed to maintaining this record.

Tawuniya has introduced dedicated workplace safety training programs to prepare employees for a range of workplace risks.

90%
Renewal Rate
for Tawuniya
Drive



Customer Satisfaction



Customer satisfaction is at the core of Tawuniya's business model. It is the key to achieving our mission to exceed expectations with superior customer experiences and a 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 in order to better understand their needs, and to meet those needs through innovation and by offering affordable, accessible, high-quality insurance solutions. We understand that customer satisfaction and loyalty is crucial to the growth of our company, which is why Tawuniya's initiatives and day-to-day operations are aligned with regard to strengthening customer satisfaction.

Tawuniya regularly assesses customer satisfaction using two measures:

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

Customer Satisfaction continued

Customer satisfaction in the insurance industry is being there when our customers need us most.

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 quickly is an essential part of our upholding our promise to policyholders.

Our goal is 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 we can. We have already managed to reduce the average settlement time for claims significantly, and will continue to experiment with ways to reduce it further in the coming years. You can find more information about the claims process for some of Tawuniya's key divisions below:

Over
SAR 6
billion
paid out in
claims



Claims in Medical Business

	Value for 2019	Value for 2020	Value for 2021
Number of claims requested to be settled during the year	12,080,641	9,626,067	12,425,394
Number of claims settled during the year	11,952,844	10,103,026	11,796,361
Percentage of settled claims during the year	98.94%	104.95%	94.94%
Amount of claims paid (in SAR)	5,476 million SAR	4,922 million SAR	6,108 million SAR

Claims in P&C Business

	Value for 2021
Number of claims requested to be settled during the year	5,258
Number of claims settled during the year	2,544
Percentage of settled claims during the year	48.40%
Amount of claims paid (in SAR)	292 million SAR
Percentage of claims settled within 7 working days	54%

2,544
Claims settled
in 2021



Claims in Motor Business

	Value for 2021
Number of claims requested to be settled during the year	64,325
Number of claims settled during the year	57,812
Percentage of settled claims during the year	89.90%
Amount of claims paid (in SAR)	463 million SAR
Percentage of claims settled within 7 working days	99.68%

99.7%
Claims settled
<2 weeks



Tawuniya Giving Back to Society

GRI 413



Tawuniya's Corporate Social Responsibility (CSR) Strategy was developed based on the following four pillars:

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

In line with these pillars, Tawuniya has developed a process for evaluating its social responsibility programs. This evaluation process has resulted in a change to the company's methodology for selecting and launching programs in coordination with various social institutions.

Free medical claims to selected non-profit companies

Social media is a key communication channel at Tawuniya. The company primarily uses social media to educate the public about issues, developments, and topics related to Tawuniya's service offering. Past social media posts have included advice on preparing for extreme weather conditions, educational resources for female drivers, and healthy eating guides.

Tawuniya provides free flu vaccination and breast cancer screening, and is also supporting the non-profit sector in Saudi Arabia by extending free medical claims to selected non-profit companies. Tawuniya also launched a dedicated campaign to promote financial literacy.

Tawuniya Giving Back to Society continued

GRI 413

In the wake of the 2020 COVID-19 pandemic, we took it upon ourselves as a leader in the health insurance sector to establish and fund 21 nationwide COVID testing centers (named "Ta'akad") at a total cost of SAR 25 million. These centers were directly coordinated and linked to the Ministry of Health and Minister of Interior databases. Their function was instrumental in helping with the early detection of COVID infections nationwide, and formed the backbone of Saudi government decisions and initiatives to combat the spread of the virus.

Furthermore, in 2021, Tawuniya made the following contributions to support its CSR strategy:

- Tawuniya continued to provide insurance coverage and financial support to 21 "Ta'akad" centers which offered drive-through COVID-19 testing to various communities throughout the Kingdom with the aim of contributing to the nation effort to combat COVID-19. Tawuniya also organized a number of supplementary campaigns to raise awareness about the importance of vaccination.
- Tawuniya donated SAR 1 million SAR to charitable causes through the "Ehsan" platform. This contribution was motivated by the desire to embody the ideals outlines by Tawuniya's CSR Strategy.
- Tawuniya launched the "Aljar Lil Jar" initiative through the social responsibility program (Tawuniyat Al-Kheir) to spread the joys of Ramadan to our neighboring communities in Riyadh, Khobar and Jeddah.
- Tawuniya implemented the "We Achieved Their Wishes" initiative to coincide with International Childhood Cancer Day. The initiative saw Tawuniya partner with King Abdullah Specialist Hospital in Riyadh and the National Center for Social Responsibility to support the fight against cancer and to provide young patients with the comfort and support they deserve.
- Tawuniya partnered with the "Naqa" Association to launch several campaigns to raise awareness about the harms of tobacco and the many benefits of quitting. The campaigns also aimed to make resources for those wishing to quit more accessible.
- 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,
- Tawuniya organized several events in Riyadh, Jeddah and Dammam for Prostate Cancer Awareness Month to raise awareness about the importance of regular screenings under the slogan "we can take a selfie".
- Tawuniya launched several initiatives to spread awareness of the Kingdom's cultural and heritage areas by organizing a series of competitions and trips to the National Museum and the city of Al-Ula in support of the National Day celebrations.

SAR
25 million
funding for
COVID test
centers



As a leader in health insurance, we established Ta'akad with 21 nationwide COVID testing centers.

"Our real wealth lies in the ambition of our people and the potential of our younger generations."

Source: Vision 2030



Tawuniya's Commitment to Corporate Governance

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Corporate Governance at a Glance



NEW

Cyber Security framework introduced



No

Leaks identified and reported to regulators



ZERO

Complaints from regulators concerning breaches of customer privacy



100%

Employees have been covered within the last 3 years training plan



Robust Risk Appetite Framework (RAF) covering all business activities through carefully designed Key Risk Indicators (KRIs)



306

Entries in risk register



Data Privacy and Information Security

GRI 418

Our focus on data privacy takes the main priority to secure customer information.

Digital tools fundamentally transform the industries, organizations, and societies that adopt them. We believe the efficiency of digital tools can be combined with human creativity to drive innovation and capitalize on untapped business opportunities. That being said, digitization is not without its challenges. With digitization comes a multitude of regulations, requirements, and complications that must be taken seriously.

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

These classifications will prevent unauthorized access of data by screening access requests based on credentials. In addition, we also increased the number of employees working on data security

considerably and appointed a new Chief Data and Analytics Officer to oversee them. These initiatives ensure that we are able to keep the data of its employees, customers, and partners secure against potential breaches.

We also established a company-wide 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 are able to 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.

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.

We are proud of Tawuniya's extensive governance policies and procedures in the realm of data privacy and information security. Tawuniya understands that data security is a key component of a successful ESG strategy. Over the past years we have not identified a single breach, leak, theft, or loss of data. There have also been no complaints from regulatory bodies concerning breaches of customer privacy. We are highly committed to maintaining this positive track-record.

190
Controls and
procedures



Business Ethics

We strongly believe that a culture of ethical behavior is essential if a business is to succeed. Tawuniya's comprehensive set of ethics policies allow us to uphold company ideals and exceed expectations by clearly defining acceptable and unacceptable behaviors. They are important tools for promoting integrity among employees and building trust with key stakeholders, such as investors and clients. For these reasons, we have identified strong business ethics as the most material topic in its materiality matrix.

Extensive policies in support of business ethics

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.

We are currently in the process of updating each of these policies. The company plans on implementing a dedicated ethics training course for employees and redefining its mechanism for handling ethical issues at the board level.

These policies include an:

-  Anti-Money Laundering Policy
-  Gift Policy
-  Whistleblower Policy
-  Bribery and Anti-Corruption Policy
-  Grievance Policy
-  General Code of Conduct

**A culture
of ethical
behavior is
essential**



**Business
Ethics**



Without employee awareness and buy-in, it is impossible to successfully implement workplace ethics policies.

Anti-Money Laundering and Combating of Terrorism Financing Practices

GRI 205

In our highly connected world, it is all too easy for money to end up in the hands of criminals, terrorists, and sanctioned individuals. As a company with high ethical standards, we are committed to preventing money laundering in all its forms. Tawuniya introduced the anti-money laundering risk charter for the prevention of criminal activities, and has a dedicated team in place to observe and track company finances. The anti-money laundering team also performs checks on all potential clients and partners to assess potential money laundering risks. 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.

	Value for 2019	Value for 2020	Value for 2021
Percentage of employees that were trained on risks related to money laundering and financial crime	30%	31%	55%

As a company with high ethical standards, we are committed to preventing money laundering in all its forms.

100%
of employees
trained on risks
related to money
laundering



Whistleblower and Grievance Mechanisms

Awareness of potential threats, misconduct, and risks is essential for the success and sustainability of any company. That means employees need to feel comfortable coming forward with information. We encourage our employees to speak up and report potential issues whenever they arise. We aim to establish a culture of open dialogue, but understands that anonymous processes help employees feel safe when reporting incidents. That is precisely why we have a standardized whistleblower and grievance policy in place.

Grievance Mechanism

The grievance mechanism is used to address the grievances and complaints of our employees, and to resolve any disputes in a conciliatory, cordial, effective, and efficient manner. Addressing grievances and complaints in this manner limits their impact on employees and the company.

We aim for all grievances to be resolved by the relevant management staff or at the operational level. However, for grievances that are not resolved, a dedicated grievance committee is activated. The committee has full authority to investigate grievances through interviews with our employees, as well as other forms of research. If necessary, the committee can also make a recommendation to the CEO. While we encourage individuals to disclose their identity along with the complaints they make, we also allows individuals to activate this process anonymously.

Whistleblower Mechanism

The whistleblower policy has established safe channels for reporting violations—both internal policy violations and regulatory or legal violations. 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 whistleblower policy is an important tool in our arsenal when it comes to protecting the company's integrity, and it requires the active support of all employees and stakeholders. This way we are focused on developing a culture of accountability, integrity, and responsibility, and provide employees with a confidential way to report any violation. The whistleblower policy applies to all Tawuniya employees and stakeholders regarding all actions taken to address a report on a violation committed in the company.

The whistleblower policy is an important tool when it comes to protecting our integrity.



Compliance

Tawuniya has a compliance program to implement and comply with all relevant regulations from SAMA, CMA, Tadawul, CHI, and other regulatory bodies. We continuously screen developments and requirements, and acts on them proactively to prevent non-compliance. The company uses a high-level compliance system to gather information about regulations, news, and messages, to ensure compliance with deadlines, and to gain insight into blind-spots and areas for improvement.

To evaluate its compliance processes, we use the SAMA guideline. The compliance evaluation is performed by the internal compliance department, which regularly checks for issues and aligns Tawuniya operations and processes with the most current regulations. The compliance team also advises on compliance requirements by assigning compliance goals to the relevant departments, and meeting with relevant stakeholders to develop action plans and clarify the required steps. The team also follows up with the departments until all tasks from the action plan have been completed. Finally, the compliance team also delivers awareness messages to our employees, such as announcing the company's new whistleblower policy.

We track all regulations—including new ones—in Tawuniya's compliance system. The company also performs a compliance assessment based on its compliance plan, and reports any non-compliance issues to the Audit Committee through the quarterly compliance report. The role of the compliance team is not to discover violations, it is to support all departments by giving them sound compliance advice, thereby mitigating potential risks to us.

The compliance team also continuously reviews all internal policies and procedures. These policies are checked to ensure that there are no non-compliance issues, and that they reflect all current regulations. In addition, the compliance team is represented on the Product Committee to ensure that any newly released and updated products are fully compliant. Finally, the compliance team ensures that contract outsourcing is done in a compliant way, and that all material contracts are studied and approved by the compliance team before the SAMA approval is obtained.

In line with SAMA regulation, the compliance team ensures that all applicable regulations are implemented. We conducted a compliance audit in 2021. The results showed that we have a zero tolerance policy regarding corruption and compliance violations.

Full compliance with all relevant regulations from SAMA, CMA, Tadawul, CHI, and other regulatory bodies.

ZERO
tolerance policy
regarding
corruption



Compliance



Internal Audit

We conduct regular internal audits to maintain the efficacy of Tawuniya's corporate governance policies and procedures. The internal audit mechanism is an independent and objective assurance and consulting service. It exists to assist Tawuniya's Board of Directors, Audit Committee, and Executive Management in protecting the assets, reputation, and continuity of the organization.

The internal audit mechanism helps the organization accomplish its objectives by defining a systematic and disciplined approach to evaluation, and by improving the effectiveness of risk management, control, and governance processes. Over the past few years, it was restructured to increase its efficiency. The following four units were formed:

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

Internal audits are conducted regularly to maintain the efficacy of its corporate governance policies and procedures.

The internal audit division determines whether the company's network of risk management, control, and governance processes are sufficient to ensure that:

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

To protect the objectivity of the internal audit division, its personnel report directly to the Executive Director, who reports administratively to the CEO and functionally to Tawuniya's Audit Committee. Internal audit activities are conducted in accordance with all relevant regulatory frameworks within the Kingdom of Saudi Arabia, and are aligned with all relevant professional standards, including the Institute of Internal Auditors' International Standards. Over the past few years, we have steadily increased the number of individuals working in the internal audit department.

**A systematic
& disciplined
approach to
evaluation**



Internal Audit



Governance Bodies and Governance Activities

Tawuniya's Board of Directors is trusted with full responsibility for managing the company and achieving its objectives. The current board term is three years long. The Board of Directors currently includes the following committees:



Executive Committee



Remuneration and Nomination Committee



Investment Committee



Risk Management Committee



Audit Committee



Technology Projects Committee

In the last year, we launched several initiatives and programs to strengthen Tawuniya's governance processes and structures. For example, we developed a "related party transaction system" which detects when transactions involve entities considered related parties according to SAMA and/or CMA definitions. It then holds the transaction until it receives the proper approval from our Board of Directors and Tadawul is informed. We also introduced an electronic system for Board Management and Board Committees Management. This system manages board and committee meetings, and all related documents, meetings invitations, and calendars securely. We have also amended the remuneration and compensation policy for the board and committee members.

In the last year, we launched several initiatives and programs to strengthen governance processes and structures.



Risk Management

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. These risk appetite statements encompass a variety of risks, including:



Types of risks that we assess

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



Risk Management continued

Effective risk registers

The risk management team maintains risk registers for various entities, such as the investment division. These include critical risks that are identified based on our regular risk assessments, lessons learned from past incidents, and reviews of regulations. 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. It currently includes 306 risks.

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)

We identify risks early and respond with effective action plans by introducing the right tools for business continuity.

Enhancing Business Continuity Management Program

Tawuniya recently launched a dedicated business continuity mechanism, including a dedicated committee and charter. We also conducted a business impact analysis to simulate different scenarios and developments with the goal of proactive preparation. The company also held dedicated business continuity training and awareness sessions for employees. To address the challenges of the coming years, we developed a roadmap that was approved by the business continuity committee. In this way, we ensure compliance with the SAMA Business Continuity Management Framework and improve Tawuniya's stability. We are motivated to embed business continuity management into the organization's culture.

Implementation of SAS Risk System

We also introduced a new SAS Risk Management System. This was implemented in December 2021 to proactively govern risk management processes in order to achieve business and regulatory goals. The new system covers all functions of the risk management division (e.g., control and risk self-assessment, policy and procedure, incident reporting, etc.), and allows users from each department to conduct the assessment, review the results, and even create new risks using the workflow actions. Incident reports are accessible for all employees and stored centrally.

We are committed to reducing the frequency and potential impact of risks by identifying them early and responding with effective action plans. That is why we have worked to introduce the right tools into its risk management and business continuity workflows. That way, many risks can be eliminated or mitigated before they become a major problem. We are committed to strengthening these processes further in the coming years.

306
Risks on the
register



www.tawuniya.com.sa

 التعاونية Tawuniya