

ميثاق
METHAQ



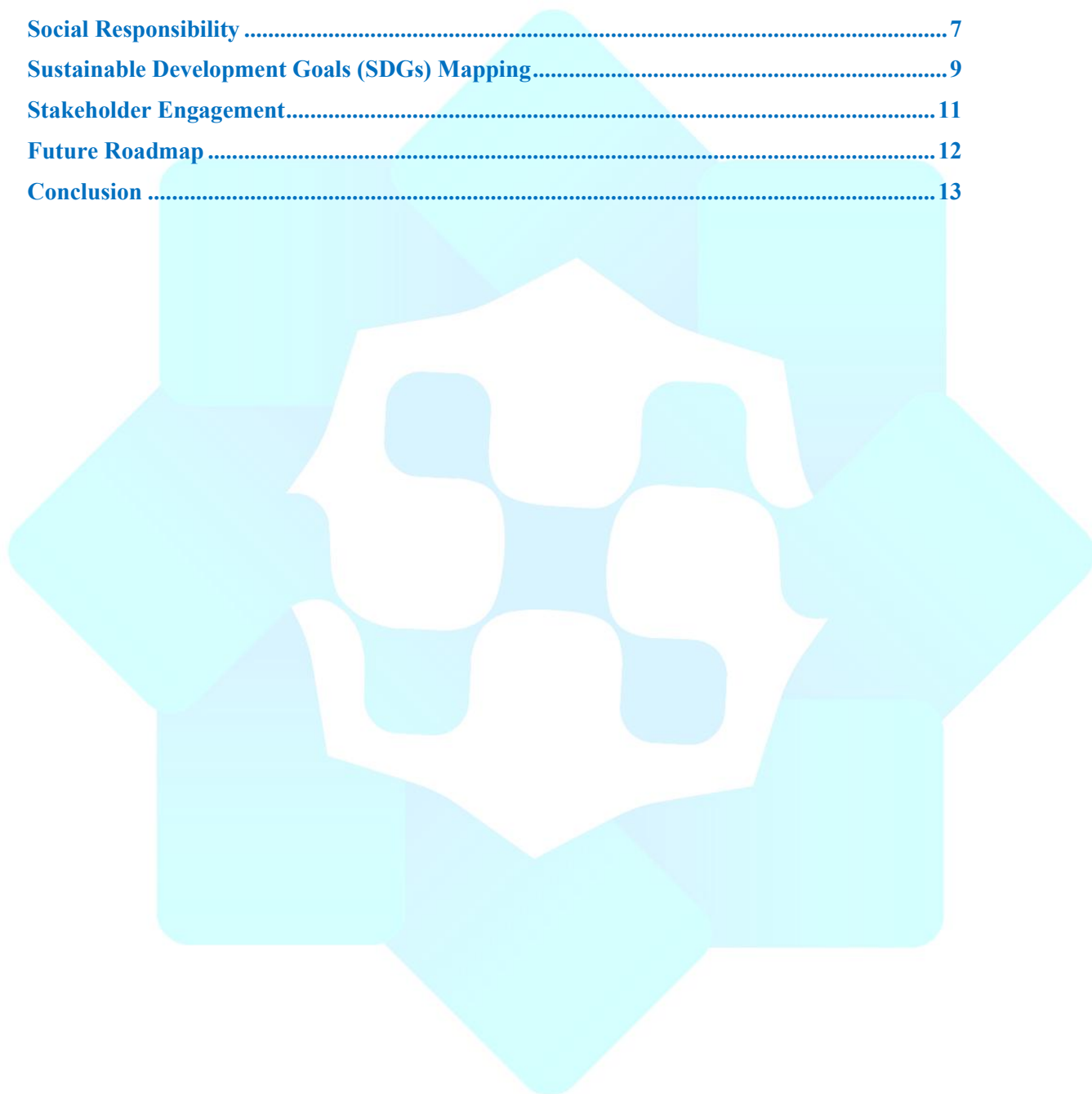
شركة ميثاق للتأمين التكافلي
METHAQ TAKAFUL INSURANCE COMPANY

Sustainability Report

2025

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Message from the CEO

At Methaq Takaful Insurance PSC, sustainability is not an optional commitment but a fundamental responsibility that reflects both our values and our long-term vision. Since our establishment in 2008, we have operated in accordance with the principles of **mutuality, solidarity, and Sharia compliance**, ensuring that our business protects not only financial interests but also the communities and stakeholders we serve.

In line with the **Central Bank of the UAE's directive (CBUAE/FCMCP/2023/1675)** issued on **31 March 2023**, the Company's Board of Directors was dissolved, and governance responsibilities were transferred to an **Interim Supervisory Committee appointed by the Central Bank of the UAE**. This supervisory structure remained in place until **24 April 2025**, ensuring regulatory oversight, operational continuity, and sound governance during the transition period.

On **24 April 2025**, a new **Board of Directors** was formally appointed in accordance with the **UAE Companies Law** and **Abu Dhabi Securities Exchange (ADX) listing requirements**. Following the Board's appointment, all mandated Board committees were duly reconstituted to align with statutory governance expectations, **CBUAE supervisory standards**, and best practices applicable to insurance and takaful companies. As of this date, **all governance, strategic oversight, and fiduciary responsibilities rest fully with the newly appointed Board and its committees**.

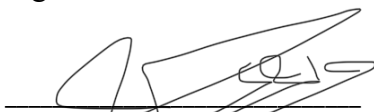
As we look ahead, Methaq's sustainability commitments are aligned with key **UAE government-led social and environmental priorities**, including national initiatives supporting environmental stewardship, digital transformation, public health awareness, and workforce development. In particular, our focus areas include:

- Supporting the **UAE Net Zero by 2050** strategy through responsible resource management, paper reduction initiatives, and increased reliance on digital processes.
- Advancing the UAE's **digital transformation agenda** by expanding digital-first services, improving accessibility, and reducing operational waste.
- Exploring opportunities to develop **green takaful solutions**, including coverage that supports electric vehicles and environmentally responsible construction.
- Investing in our people by strengthening **Emiratization**, promoting diversity and inclusion, and enhancing employee well-being.
- Supporting **government-led social awareness campaigns**, including public health and community well-being initiatives, while maintaining a strong focus on customer protection and fair engagement.

This Sustainability & ESG Disclosure Report represents both a transparent account of our ESG practices and a reaffirmation of our responsibility to shareholders, policyholders, regulators, employees, and the wider community. By embedding sustainability into governance, operations, and culture, Methaq aims to create long-term value and contribute to the stability, prosperity, and resilience of the UAE's financial sector.

Under the leadership of the newly appointed Board of Directors, Methaq remains fully committed to building a sustainable, ethical, and forward-looking future for the Company and the communities it serves.

Signed,



Musallam Albaloushi

Chief Executive Officer

Methaq Takaful Insurance PSC

1 Company Overview

1.1 About Methaq Takaful Insurance

Methaq Takaful Insurance PSC, headquartered in Abu Dhabi, was founded in 2008 as a fully Sharia-compliant insurance provider. Built upon the Islamic principles of **mutuality, solidarity, and risk-sharing**, Methaq's business model is rooted in fairness, transparency, and collective responsibility. The Company operates with a **paid-up capital of AED 466 million**, serving both individual and corporate customers across the UAE.

Methaq's establishment reflected a growing need for ethical and socially responsible insurance solutions in the region, where financial services are expected not only to protect assets but also to uphold cultural, religious, and societal values. Through its takaful-based operating model, Methaq promotes financial inclusion and long-term protection while maintaining compliance with Islamic principles and regulatory expectations.

1.2 Vision & Mission

- **Vision:** To be a regional leader in Takaful insurance, recognized for ethical practices, customer trust, and value-added services that address evolving risks in society.
- **Mission:** To provide peace of mind to customers by offering protection solutions that are Sharia-compliant, innovative, and aligned with shareholder and stakeholder expectations, while supporting the UAE's broader sustainability vision.

1.3 Business Portfolio

- **Individual Insurance Products:** Motor, medical, travel, personal accident, and marine.
- **Corporate Insurance Products:** Aviation, engineering, construction, energy, liability, fleet, marine cargo, group medical, and financial institution coverage.

This diversified portfolio not only mitigates business and concentration risk but also enables Methaq to support key sectors that contribute to the **UAE's economic growth, infrastructure development, and social well-being**. Through these offerings, Methaq plays an active role in protecting livelihoods, businesses, and strategic industries.

2 Governance

2.1 Governance Structure

Methaq Takaful Insurance PSC operates under a comprehensive governance framework designed to ensure accountability, transparency, and long-term sustainability, in line with Sharia principles, the **UAE Companies Law, Central Bank of the UAE (CBUAE) supervisory standards, and Abu Dhabi Securities Exchange (ADX) listing requirements**.

In accordance with the **Central Bank of the UAE's directive (CBUAE/FCMCP/2023/1675)** issued on **31 March 2023**, the Company's former Board of Directors was dissolved, and governance responsibilities were temporarily transferred to an **Interim Supervisory Committee appointed by the Central Bank of the UAE**. This transitional structure remained in place until **24 April 2025**, ensuring continuity of oversight, regulatory compliance, and operational stability during the governance restructuring period.

On **24 April 2025**, a new **Board of Directors** was formally appointed in compliance with the **UAE Companies Law** and **ADX listing requirements**. Following the Board's appointment, all mandated Board committees were reconstituted, including:

- Audit Committee
- Risk Committee
- Nomination & Remuneration Committee
- Any additional committees required under regulatory or internal governance frameworks

As of this date, **all governance, fiduciary, and strategic oversight responsibilities rest fully with the newly appointed Board of Directors and its committees**. The Board is responsible for setting the Company's strategic direction, overseeing risk management, ensuring regulatory compliance, supervising internal controls, and integrating ESG considerations into decision-making processes.

2.2 ESG Risk Management

Methaq integrates environmental, social, and governance (ESG) considerations into its enterprise risk management framework to support long-term value creation, regulatory compliance, and operational resilience.

Under the current Board-led governance structure, ESG risks are assessed and monitored across all key business areas, including underwriting, claims management, customer engagement, data protection, and operational processes. These risks include, but are not limited to:

- Regulatory and compliance risks
- Conduct and customer protection risks
- Operational and business continuity risks
- Climate-related and environmental exposure risks
- Data privacy and cybersecurity risks

The Board and its committees oversee the identification, assessment, and mitigation of these risks, ensuring that sustainability is embedded into corporate strategy, risk appetite, and internal controls.

2.3 Policies & Ethics

Methaq maintains a robust framework of internal policies and ethical standards that guide conduct across all levels of the organization. These include:

- Code of Conduct
- Whistleblowing Policy
- Conflict of Interest Policy
- Anti-Fraud and Anti-Corruption Policy
- AML/CFT Framework

These policies are implemented under the direct authority of the Board of Directors and are periodically reviewed to ensure alignment with **CBUAE regulations**, **ADX governance expectations**, and Sharia principles. Employees are required to adhere to these policies as part of the Company's commitment to transparency, accountability, and ethical business practices.

Governance KPI (2025):

Given the governance transition in 2025, performance is measured based on structural, regulatory, and oversight indicators rather than training metrics.

KPI (2025):

- New Board of Directors appointed on **24 April 2025**
- 100% of mandated Board committees reconstituted
- Governance framework aligned with UAE Companies Law, ADX rules, and CBUAE standards

3 Environmental Performance

Methaq acknowledges that environmental responsibility is no longer optional—it is a strategic necessity. Although Methaq’s operations as an insurer have a relatively small physical footprint, the Company recognizes its role in influencing both internal operations and customer behaviours through responsible practices, digital transformation, and awareness.

Methaq aligns its environmental approach with the UAE’s national sustainability priorities, including the **UAE Net Zero by 2050** strategy, by focusing on energy efficiency, responsible water use, and waste reduction.

3.1 Greenhouse Gas (GHG) Emissions

Climate change is a pressing global and regional issue. While Methaq’s direct emissions are limited, the Company takes responsibility for its indirect environmental impact, particularly through electricity consumption.

Key initiatives include:

- Monitoring Scope 2 electricity consumption from office operations.
- Encouraging behavioural change among staff through energy-saving practices.
- Expanding digital-first operations to reduce energy and paper usage.
- Gradually integrating climate-risk considerations into underwriting for environmentally exposed sectors

KPI (2025):

- Scope 2 energy consumption: **149,006 kWh**
- Energy intensity: **619 kWh per employee per year**
- Target: **10% reduction in average electricity consumption per employee by 2026 through energy-efficiency measures and digital transformation**

3.2 Water Management

The UAE is among the most water-scarce countries in the world, relying heavily on desalination. Methaq recognizes that **responsible water use is not just an environmental issue, but a national priority**. Initiatives include:

- Awareness initiatives encouraging mindful water usage in offices.
- Reduction of unnecessary bottled water usage.
- Adoption of responsible facilities management practices.

KPI (2025):

- Total Water Consumption: **159.48 m³**
- Average water consumption: **0.66 m³ per employee per year.**
- Reduction target: **10% reduction in average water consumption per employee by 2026.**

3.3 Waste Management

Methaq is actively reducing its environmental footprint through digital transformation and improved waste management practices.

Key initiatives include:

- Increased use of digital workflows for policy documentation and internal processes.
- Awareness campaigns to promote responsible printing habits.
- Gradual reduction of paper-based operational dependencies.

KPI (2025):

- **Paper reduction initiatives:** Implemented
- **Digital workflow adoption:** Ongoing
- **Target:** Further reduce paper consumption through full digital migration by 2027

3.4 Environmental Governance

Methaq's environmental initiatives are overseen by senior management under the supervision of the Board of Directors. Environmental performance is periodically reviewed, and key indicators are incorporated into internal reporting processes to support continuous improvement, accountability, and transparency.

Methaq is in the early stages of formalizing its environmental data collection and monitoring systems. The Company is committed to progressively improving the accuracy, coverage, and consistency of its environmental metrics, with a view to enhancing transparency and audit readiness in future reporting cycles.

3.5 Environmental Risk Considerations

As an insurance and takaful provider, Methaq recognizes that climate-related risks—such as extreme weather events, rising temperatures, and infrastructure stress—may have material implications for underwriting, claims trends, and long-term risk exposure.

These considerations are gradually being integrated into underwriting assessments and portfolio monitoring, particularly for sectors exposed to environmental and climate-related vulnerabilities.

3.6 Influencing Sustainable Behaviour

Beyond internal operations, Methaq seeks to promote environmental responsibility among customers through digital channels, paperless documentation, and awareness initiatives. By reducing reliance on physical documentation and encouraging digital interactions, the Company contributes to broader resource efficiency and lower environmental impact.

3.7 SDG Alignment

Methaq's environmental initiatives support the following United Nations Sustainable Development Goals (SDGs):

- **SDG 6:** Clean Water and Sanitation
- **SDG 7:** Affordable and Clean Energy
- **SDG 12:** Responsible Consumption and Production
- **SDG 13:** Climate Action

4 Social Responsibility

Methaq recognizes that its long-term success is closely linked to the well-being of its employees, customers, and the wider community. Guided by Sharia principles of **fairness, solidarity, and ethical conduct**, the Company is committed to promoting inclusive growth, responsible customer engagement, and positive social impact.

In 2025, Methaq aligned its social initiatives with key UAE government priorities, including workforce nationalization, public health awareness, digital inclusion, and consumer protection.

4.1 Employees & Workforce Development

Methaq considers its employees to be a core asset and is committed to fostering a supportive, inclusive, and performance-driven workplace. The Company focuses on employee well-being, engagement, and long-term development to ensure workforce stability and organizational continuity.

Key focus areas include:

- Promoting a **positive workplace culture** that values respect and collaboration
- Supporting **employee well-being** through flexible and inclusive practices
- Encouraging **active engagement** in internal initiatives and awareness activities
- Enhancing **retention and stability** through development and growth opportunities

These efforts aim to build a motivated workforce that contributes meaningfully to Methaq's long-term success.

KPI (2025):

- **Total employees:** 241
- **Emiratization rate:** 22.3%
- **Emiratization target:** 28% by 2026
- **Female representation:** 34%
- **Employee retention rate:** 86.54%

4.2 Diversity, Inclusion & Emiratization

Methaq actively supports the UAE's **national Emiratization agenda** and promotes **diversity and equal opportunity** across all levels of the organization, in line with the objectives of **UAE Vision 2031**.

Key initiatives include:

- Prioritizing **UAE nationals** in recruitment and development programs
- Providing **equal opportunities** for career progression
- Promoting an **inclusive workplace culture**

These efforts contribute to building a **sustainable local talent** pipeline and strengthening **national workforce participation**.

4.3 Employee Well-Being & Engagement

Employee well-being remains a priority for Methaq. In 2025, the Company supported a range of internal initiatives aimed at enhancing **morale, inclusivity, and work-life balance**, in line with national workforce well-being priorities.

Key initiatives include:

- Recognition of **Emirati Women's Day**, including flexible work arrangements
- Internal engagement activities to promote a **positive workplace culture**
- Support for **employee-led initiatives and entrepreneurship**

These initiatives reflect Methaq's commitment to creating a workplace that values **respect, motivation, and long-term engagement**.

4.4 Public Health & Awareness Initiatives

Methaq supports **government-led social awareness campaigns** and national public health priorities, contributing to broader societal well-being in line with **UAE Vision 2031**.

In 2025, the Company participated in and promoted:

- **Breast Cancer Awareness** initiatives
- **Pink October** campaigns

These initiatives aimed to raise **health awareness**, encourage **preventive behaviours**, and support **national public health objectives**.

4.5 Customer Experience & Complaints Management

Customer trust and protection are central to Methaq's social responsibility framework. The Company manages customer complaints through the **SANADAK platform**, in line with the **Central Bank of the UAE's consumer protection framework** and corporate-governance principles.

KPI (2025):

- Total complaints received: **2,033**
- Complaints resolved: **100%**
- Primary source of complaints: **Claims Department**

Methaq continues to enhance its **service quality, claims turnaround times, and communication practices** to reduce recurrence and improve **customer satisfaction**.

4.6 Community Contribution

Due to **financial performance constraints**, Methaq was unable to implement formal financial CSR programs in 2025. However, the Company remains committed to integrating **community engagement** into its long-term strategy once financial conditions stabilize.

Future focus areas include:

- **Financial literacy** awareness
- **Road safety** education
- **Youth development** initiatives



4.7 Social Governance

Social initiatives at Methaq are overseen by **senior management** under the supervision of the **Board of Directors**, in accordance with the **Central Bank of the UAE's corporate-governance principles** and internal governance policies.



Social performance indicators are periodically reviewed to ensure alignment with **national priorities, regulatory expectations**, and Methaq's long-term sustainability objectives.

5 Sustainable Development Goals (SDGs) Mapping

Methaq's sustainability initiatives are aligned with the **United Nations Sustainable Development Goals (SDGs)** and the UAE's national development priorities. Through its business operations, governance practices, and social and environmental initiatives, the Company contributes to the following goals:

SDG - Goal	Methaq Contribution
 3 GOOD HEALTH AND WELL-BEING	Supporting affordable health takaful products and implementing employee wellness and awareness initiatives .
 4 QUALITY EDUCATION	Promoting employee learning, training, and professional development , with a focus on skills enhancement and national capacity building.

SDG - Goal	Methaq Contribution
<p>5 GENDER EQUALITY</p> 	<p>Maintaining 34% female representation and promoting equal-opportunity workplace policies.</p>
<p>6 CLEAN WATER AND SANITATION</p> 	<p>Implementing water-efficiency measures and responsible usage practices across offices.</p>
<p>8 DECENT WORK AND ECONOMIC GROWTH</p> 	<p>Advancing Emiratization, workforce development, fair employment practices, and a safe working environment.</p>
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 	<p>Supporting digital transformation and innovation in takaful service delivery.</p>
<p>10 REDUCED INEQUALITIES</p> 	<p>Promoting inclusive hiring, equal access to opportunities, and fair treatment of employees and customers.</p>
<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> 	<p>Providing financial protection and risk coverage that contributes to safer and more resilient communities.</p>
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>Adopting a digital-first approach, reducing paper use, and promoting waste minimization.</p>
<p>13 CLIMATE ACTION</p> 	<p>Monitoring Scope 2 electricity consumption, setting reduction targets, and gradually integrating climate-risk considerations into underwriting.</p>

SDG - Goal	Methaq Contribution
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>Upholding strong governance, transparency, ethical conduct, and regulatory compliance.</p>
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<p>Collaborating with regulators, Sharia boards, suppliers, and relevant stakeholders.</p>

Methaq recognizes that its primary contribution to the SDGs is through responsible financial protection, inclusive employment, and strong governance. The Company will continue to refine its SDG alignment as its ESG data systems mature.

6 Stakeholder Engagement

Methaq recognizes that effective stakeholder engagement is essential to building trust, ensuring accountability, and supporting long-term sustainability. The Company engages with its stakeholders in a transparent and structured manner, in line with the Central Bank of the UAE’s **corporate-governance principles**.

Stakeholder feedback informs Methaq’s strategic priorities, risk assessments, and ESG focus areas, ensuring that sustainability efforts remain relevant, responsive, and aligned with stakeholder expectations.

6.1 Key Stakeholder Groups

Methaq engages with a wide range of stakeholders, including:

- **Customers:** Policyholders and beneficiaries.
- **Employees:** Staff across all departments and levels.
- **Regulators:** Central Bank of the UAE and other relevant authorities.
- **Investors:** Investors and capital providers.
- **Business Partners:** Brokers, service providers, and vendors.
- **Community:** The wider society in which Methaq operates.

6.2 Engagement Channels

Stakeholder engagement is conducted through formal and informal channels, including:

- Customer service platforms and complaint-handling systems
- Internal communications, town halls, and engagement activities
- Regulatory reporting and compliance submissions
- Shareholder communications and disclosures
- Digital platforms and official correspondence

These channels enable **two-way communication**, allowing Methaq to listen, respond, and continuously improve.

6.3 Materiality Approach

Methaq's materiality assessment focuses on identifying ESG issues that are most relevant to its business, stakeholders, and regulatory environment. These issues are evaluated based on:

- **Impact on stakeholders**
- **Relevance to regulatory expectations**
- **Potential financial and operational implications**
- **Alignment with national sustainability priorities**

Material ESG topics for Methaq include:

- Corporate governance and regulatory compliance
- Customer protection and service quality
- Employee well-being and Emiratization
- Data protection and cybersecurity
- Environmental efficiency and resource use
- Ethical conduct and transparency

6.4 Integration into Strategy

Material ESG issues are gradually being integrated into Methaq's strategic planning, risk management, and operational decision-making. This ensures that sustainability considerations are embedded across the business rather than treated as standalone initiatives.

6.5 Continuous Improvement

Methaq is committed to continuously enhancing its stakeholder engagement processes. Feedback is reviewed periodically, and engagement mechanisms are refined to ensure alignment with evolving stakeholder expectations and regulatory developments.

7 Future Roadmap

Methaq's future roadmap outlines its medium-term and long-term priorities for strengthening ESG performance, supporting national development objectives, and embedding sustainability into core operations.

Key Strategic Commitments:

- **Energy Efficiency & Emissions Reduction:** Achieve a **10% reduction in average electricity consumption per employee by 2026**, supporting the UAE Net Zero 2050 strategy.
- **Water Stewardship:** Reduce **average water consumption per employee by 10% by 2026** through improved monitoring, awareness, and responsible usage practices.
- **100% Digital Workflows:** Complete the transition to fully digital internal processes by 2027, significantly reducing reliance on paper-based systems.
- **Green Takaful Products:** **Launching products that incentivize electric vehicles and sustainable construction by 2026**, supporting low-carbon mobility and responsible development.
- **Climate Risk Integration:** Gradually integrate **climate-related risk considerations** into underwriting and portfolio management processes.
- **Emiratization Growth:** Increase **Emirati representation to 28% of the total workforce by 2026**, in line with national workforce development goals.
- **Gender Diversity & Inclusion:** Maintain or improve **female representation above 34%**, with a focus on leadership development and inclusive workplace practices.

- **Customer Experience Enhancement:** Reduce complaint recurrence through improved **claims turnaround times**, service quality, and communication standards.
- **Public Health Engagement:** Continue participation in **government-led health awareness campaigns**, including Breast Cancer Awareness and Pink October.
- **Board-Level ESG Oversight:** Embed ESG performance indicators into **Board and committee-level reporting by 2026**.
- **Data Quality & Transparency:** Strengthen ESG data tracking and disclosure processes to improve **accuracy, consistency, and audit-readiness**.

8 Conclusion

Methaq Takaful Insurance PSC remains committed to embedding sustainability into its operations, governance, and culture. Guided by Sharia principles of fairness, mutuality, and transparency, the Company continues to strengthen its environmental stewardship, social responsibility, and governance practices to support long-term value creation. During this reporting period, Methaq enhanced its ESG framework by improving resource efficiency, supporting national workforce priorities, strengthening customer protection, and reinforcing governance under the leadership of the newly appointed Board of Directors. These efforts reflect alignment with **UAE Vision 2031** and the **Central Bank of the UAE's corporate-governance principles**.

Looking ahead, Methaq's roadmap sets out clear priorities focused on digital transformation, workforce development, green product innovation, and stronger ESG oversight. Through these initiatives, the Company aims to enhance resilience, transparency, and accountability while delivering sustainable value to its stakeholders. With the guidance of its Board of Directors and the continued trust of its partners, Methaq remains dedicated to building a **sustainable, inclusive, and future-ready** takaful organization.

Disclaimer:

This Sustainability Report has been prepared based on information available at the time of publication and reflects Methaq's current practices, initiatives, and intentions. While the Company has exercised reasonable care to ensure the accuracy and reliability of the information presented, certain statements may be forward-looking and subject to change due to evolving circumstances, regulatory developments, and emerging risks. Methaq does not undertake any obligation to publicly update, revise, or amend the contents of this report.