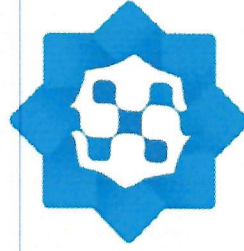


ميثاق
METHAQ



شركة ميثاق للتأمين التكافلي
METHAQ TAKAFUL INSURANCE COMPANY

Sustainability Report

2024

Message from the CEO


At Methaq Takaful Insurance PSC, we believe that sustainability is not an optional commitment, but a responsibility that reflects both our values and our vision for the future. Since our establishment in 2008, we have operated on the principles of **mutuality, solidarity, and Sharia compliance**, ensuring that our business protects not only assets, but also the communities we serve.

In compliance with the Central Bank's directive referenced as CBUAE/FCMCP/2023/1675, issued on March 31, 2023, our Board of Directors was dissolved, and governance responsibilities were transferred to an Interim Supervisory Committee appointed by the Central Bank of the UAE. As of 2024, this supervisory committee continues to oversee Methaq's governance and operations. This structure reinforces the regulator's role in ensuring transparency, accountability, and sound governance across the financial sector. Methaq remains fully aligned with the Central Bank's directives and continues to operate with integrity, compliance, and a steadfast commitment to Sharia and regulatory principles. As we look ahead, our commitment extends to:

- Supporting the **UAE Net Zero by 2050** strategy through responsible energy and resource management.
- Expanding our **digital-first approach**, reducing reliance on paper, and enhancing customer accessibility.
- Developing **green takaful products** to incentivize sustainable choices, such as electric vehicles and environmentally conscious construction.
- Investing in our people through **Emiratization, diversity, training, and employee well-being**.
- Strengthening our role in society through **community programs, CSR initiatives, and fair customer engagement**.

This report is both a disclosure of our ESG performance and a reaffirmation of our responsibility to shareholders, policyholders, regulators, employees, and the broader community. By embedding sustainability into every aspect of our business, we aim to create long-term value and contribute to the prosperity and resilience of the UAE.

Together with the support of our stakeholders and under the continued oversight of the Central Bank of the UAE, we remain dedicated to building a sustainable, ethical, and prosperous future for Methaq and the communities we serve.


Musallam Albaloushi
Chief Executive Officer



1 Company Overview

1.1 About Methaq Takaful Insurance

Methaq Takaful Insurance PSC, based 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 and community protection. The company operates with AED 150 million in capital, serving both individuals and corporates across the UAE.

Methaq's establishment reflected a growing need for ethical insurance solutions in the region, where financial services are expected not only to protect assets but also to uphold cultural and religious values.

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 risk but also enables Methaq to support critical sectors in the UAE's economic development.

2 Governance

2.1 Governance Structure

In line with the Central Bank's directive (CBUAE/FCMCP/2023/1675) issued on March 31, 2023, Methaq's Board of Directors was dissolved, and an Interim Supervisory Committee appointed by the Central Bank of the UAE assumed governance responsibilities. This structure remains effective throughout 2024, ensuring continuous regulatory oversight and enhanced accountability in Methaq's operations. The Supervisory Committee continues to guide corporate governance, risk management, and compliance in alignment with CBUAE and ADX standards:

- **Audit & Risk Committee:** Oversees enterprise-wide risk management, including environmental and social risks.

- **Compliance & Governance Committee:** Ensures compliance with regulatory requirements, Sharia law, and ethical frameworks.
- **Sharia Supervisory Board:** Certifies that all operations, policies, and investments are in accordance with Islamic principles.

Supervisory Oversight: In 2024, the **Central Bank of the UAE appointed a Supervisory Board to directly oversee Methaq's governance and operations.** This appointment reinforced the regulator's role in safeguarding the company's compliance with governance requirements and ensuring that Methaq operates with transparency, integrity, and alignment to CBUAE corporate governance and ESG disclosure standards.

Through this multi-tiered governance structure, supported by direct Central Bank oversight, Methaq ensures that its decision-making processes balance **shareholder interests, customer trust, and regulatory compliance**, while fostering ethical and sustainable business practices.

2.2 ESG Risk Management

Methaq integrates ESG risks directly into its core business activities:

- **Underwriting:** Climate-related risks (e.g., extreme weather) are considered when pricing or approving policies.
- **Investments:** Assets are screened to avoid environmentally harmful or non-Sharia-compliant activities.
- **Operations:** Policies and procedures are in place to minimize operational risks linked to ethics, safety, and compliance.

This approach strengthens Methaq's resilience and ensures that sustainability is embedded at every decision-making level.

2.3 Policies & Ethics

Methaq enforces a Code of Conduct supported by policies on whistleblowing, conflict of interest, and anti-corruption. These frameworks continue to be implemented under the oversight of the Central Bank's appointed supervisory committee, ensuring consistency and accountability in ethical governance.

KPI (2024):

- 100% of governance policies reviewed and updated under the supervision of the Central Bank committee.
- All company-wide policies reviewed for Sharia and ESG compliance (100%).

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.

3.1 Greenhouse Gas (GHG) Emissions

Climate change is a pressing issue globally and regionally. Methaq takes responsibility by:

- Monitoring **Scope 1 and 2 emissions** (offices and purchased electricity).
- Encouraging staff behavioural change (e.g., energy-saving campaigns).
- Integrating climate risk into underwriting policies, especially for industries exposed to carbon-intensive operations.

KPI (2024):

- Scope 2 emissions: **120 tons CO₂e**.
- Energy intensity: **3,200 kWh per employee**.
- Target: **15% reduction in emissions by 2030**.

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:

- Low-flow water outlets in offices.
- Replacing bottled water with filtration systems.
- Using artificial soil to reduce irrigation needs.

KPI (2024):

- Average water consumption: **12 m³ per employee per year**.
- Reduction target: **10% by 2026**.

3.3 Waste Management

Methaq is actively reducing its environmental footprint through **digital transformation and recycling**.

- Over 65% of policies and invoices are now processed digitally, reducing paper use.
- Shredding and recycling systems installed in all offices.
- Awareness campaigns launched to encourage customers to use e-platforms.

KPI (2024):

- Paper consumption reduced by **18% vs. 2023**.
- Waste recycling rate reached **40%**.
- Target: Achieve **zero single-use plastic in operations by 2027**.

4 Social Responsibility

As a Takaful company, Methaq's business model inherently emphasizes **mutual support, solidarity, and fairness**. The social pillar of sustainability is therefore central to its strategy.

4.1 Employees

Methaq invests heavily in human capital, guided by the belief that employees are both its **frontline ambassadors** and **future leaders**. Initiatives include:

- **Emiratization:** Actively recruiting and developing UAE nationals.
- **Diversity & Inclusion:** Ensuring gender equality and representation across all roles.
- **Learning & Development:** Providing structured training and certifications.
- **Well-being Programs:** Employee wellness and recognition schemes.

KPI (2024):

- Emiratization: **22.3%** of workforce (target 28% by 2025).
- Female representation: **81** of staff.

4.2 Customer Experience & Complaints Management

Customer satisfaction and complaint resolution remain key priorities for Methaq. In alignment with the Central Bank of the UAE's consumer protection framework, Methaq tracks all customer complaints through the SANADAK platform to ensure transparency, accountability, and timely resolution.

While complaint volumes varied throughout the year, Methaq continues to enhance its service channels and operational efficiency to address key areas such as claims turnaround times, repair delays, and customer communication.

KPI (2024):

- Customer satisfaction: 1,698 (100%)
- Digital adoption rate: Claims Department (46%)
- Objective 2025: Reduce total complaints by 15% through improved claims processing and proactive customer engagement.

4.3 Community Contribution

In 2024, Methaq was unable to make financial contributions or initiate new community programs due to a net operating loss during the year. However, the company remains committed to fulfilling its social and ethical responsibilities once financial performance stabilizes.

Methaq continues to align with the UAE Vision 2031 and the Central Bank of the UAE's corporate-governance principles, ensuring that community engagement remains a core part of its long-term strategy. Once profitability is restored, the company intends to resume support for social and awareness initiatives focusing on road safety, financial literacy, and youth development.

KPI (2024):

- Objective 2025: Reintroduce targeted CSR programs subject to financial recovery.

5 Sustainable Development Goals (SDGs) Mapping

Methaq's sustainability initiatives align directly with the **United Nations SDGs** and the UAE's national priorities.

SDG	Methaq Contribution
SDG 3 – Good Health & Well-being	Affordable health takaful products, employee wellness initiatives.
SDG 5 – Gender Equality	42% female representation; policies supporting equal opportunities.
SDG 6 – Clean Water & Sanitation	Office water efficiency measures.
SDG 8 – Decent Work & Economic Growth	Emiratization, training, fair wages, and safe working environment.
SDG 12 – Responsible Consumption & Production	Digital-first strategy, recycling, and waste reduction.
SDG 13 – Climate Action	GHG monitoring, carbon reduction targets, climate risk underwriting.
SDG 17 – Partnerships for the Goals	Collaboration with regulators, Sharia boards, suppliers, and community organizations.

6 Stakeholder Engagement

Methaq actively engages stakeholders to shape its strategy and ensure transparency:

- **Customers:** Surveys, reports, and digital service feedback loops.
- **Employees:** Internal communications, recognition programs, and surveys.

- **Regulators:** Regular disclosures to ADX, CBUAE, and supervisory authorities.
- **Investors:** Investor relations team, AGMs, quarterly financial updates.
- **Community:** Partnerships with non-profits, awareness campaigns.

This dialogue enables Methaq to align its business with **stakeholder expectations**, enhancing trust and long-term value creation.

7 Future Roadmap

Methaq's ESG strategy is **forward-looking** and aligned with both **UAE Vision 2031** and **Net Zero by 2050**. Key future commitments include:

- **Net Zero Carbon Operations:** By 2050 in line with UAE national strategy.
- **100% Digital Policy Issuance:** By 2027, minimizing reliance on paper.
- **Green Takaful Products:** Launching products incentivizing electric vehicles and sustainable construction by 2026.
- **TCFD-aligned Disclosure:** Implementing climate risk financial disclosure by 2025.
- **Independent Assurance:** Introducing annual third-party verification of ESG data.

8 Conclusion

Methaq Takaful Insurance PSC is committed to embedding sustainability across all aspects of its business. By integrating Sharia principles with modern ESG frameworks, Methaq is not only fulfilling its obligations to regulators and stakeholders but also contributing to the **long-term resilience of the UAE economy**.

The company's actions—ranging from environmental initiatives to customer fairness, employee empowerment, and governance integrity—demonstrate its dedication to building a sustainable, ethical, and prosperous future.