

SUSTAINABILITY REPORT

Arabia Falcon Insurance Company

2024



HIS MAJESTY SULTAN HAITHAM BIN TARIK AI SAID

1. INTRODUCTION	4
1.1. About this Report	5
1.2. CEO Message	3
2. ABOUT ARABIA FALCON INSURANCE COMPANY	6
2.1. Company Overview	6
2.2. Corporate Governance	7
2.3. Our Approach to Sustainability	8
2.3.1. Why Sustainability Matters	8
2.4. Looking Ahead	8
3. SUSTAINABILITY AT ARABIA FALCON	9
3.1. AFIC's 2024 Sustainability Performance (Selected Disclosures)	9
3.2. Stakeholder Engagement	9
3.3. Materiality Assessment	10
3.3.1. Steps in the GRI Materiality Assessment Process	10
4. MATERIAL ESG TOPICS BASED ON GRI STANDARDS MATERIALITY ASSESSMENT	13
4.1. AFIC's Material ESG Governance Topics	13
4.1.1. Cybersecurity and Data Privacy	13
A. Overarching Cybersecurity Protections	14
B. Personal Data Protections	14
4.1.2. Regulatory Compliance and Risk Management	15
A. Risk Management at AFIC	15
B. Compliance with Laws and Regulations	15
4.1.3. Ethical Business Practices and Anti-Corruption	16
A. Corporate Code of Conduct and Ethics	16
B. Anti-Bribery and Corruption Policies	17
C. Whistleblowing Policy	17
D. Compliance Procedures	18
4.2. AFIC's Material ESG Topics for the Environment	20
4.2.1. Natural Disaster Risk Assessment and Management	20
A. Disaster Recovery Plan for IT	21
B. Business Continuity Management Plan	21
C. Health, Safety, and Environment Procedures	22
4.2.2. Climate Change Risk	22
4.2.3. Sustainable Finance and Access to Capital including Green Bonds	23
4.3. AFIC's Material ESG Topics for Social	25
4.3.1. Talent Attraction and Retention Practices	25
A. Our People Management Approach	25
4.3.2. Responsible Underwriting Practices	26
4.3.3. Financial Inclusion and Accessibility of Insurance Products	26
5. PERFORMANCE DATA AND METRICS	28

1. INTRODUCTION

1.1. About this Report

This is Arabia Falcon Insurance Company's (AFIC) first sustainability report showcasing how our current practices, commitments and policies meet Environmental, Social and Governance (ESG) goals. Importantly, this report is also a statement of our ambition to further develop sustainable practices to ensure we take action and play our part in making the Oman Vision 2040 a reality on a national level and the United Nations Sustainable Development Goals (SDGs) a reality on the global stage.

Using the Muscat Stock Exchange (MSX) Guidelines and the Global Reporting Initiative (GRI) standards, we have prepared this report to provide stakeholders with a transparent and detailed account of our sustainability practices, risks and future challenges. This covers the reporting period from 1 January 2024 to 31 December 2024. It covers the operations of AFIC, encompassing all key facilities and operations directly managed by AFIC.

As a foundation to this report, we conducted a materiality assessment to give us a clear view on the issues most important to our insurance business and to our investors, and to develop a deep awareness of the risks and opportunities. This provided us an opportunity to investigate and critically assess our operations and better understand how to evolve with leadership, resilience and a positive impact for the future.

1.2. CEO Message

With great enthusiasm, Arabia Falcon Insurance Company (AFIC) presents our first sustainability report, reaffirming our commitment to leadership, transparency, innovation, and corporate sustainability. This report marks the beginning of our journey to measure, evaluate and share how we are actively contributing to Oman's Vision 2040 - a blueprint for a sustainable and prosperous future.

Oman's Vision 2040 sets clear priorities for sustainable development, and as a key player in the private sector, we embrace our role in turning these ambitions into actions. This report outlines our successes but also sets a building block upon which we will amplify our impact in continuing to evolve with our dynamic workforce, foster risk resilience in the face of natural disasters and ensure effective economic management and governance.

As technology continues to rapidly develop, we are harnessing innovation to support Oman's transition to a knowledge-based economy. Our dedication to ethical business practices, compliance with regulatory standards and effective cybersecurity enhances efficiency and strengthens our ability to provide secure, accessible, and customer-centric insurance solutions. As we develop our strategy over the coming years, we see the value in integrating sustainable finance principles into our operations, including exploring avenues like green bonds, to further our contribution to both economic growth and environmental stewardship.

Sustainability for us extends beyond business operations. As a consumer-centric business, people are the heart of what we do - both our customers and employees. For us this means, continually investing in our workforce, ensuring they have the skills and opportunities to thrive. The result of a thriving and dynamic workforce is a quality service for our customers which is based on trust and transparency to bring peace of mind when it matters the most.

This report is not just a reflection of where we are but a commitment to continuous improvement and sustainable economic leadership. Thank you to all our employees for their skills and dedication, we are part of the collective effort to create a more sustainable future for Oman and beyond.

We look forward to partnering with stakeholders as we continue this journey toward sustainability and innovation.



Mr. Roland Zaatar
Chief Executive Officer

2. ABOUT ARABIA FALCON INSURANCE COMPANY

2.1. Company Overview

Arabia Falcon Insurance Company (AFIC) is a leading insurance company in Oman, we deliver a diverse portfolio of insurance solutions, catering to both individuals and corporate clients across Oman. We are the result of a merger of two insurance companies to become the dynamic AFIC of today.

In every aspect of our approach to business we value people.

► People Centric Approach

Our employees and our customers are what make us the business we are today.

► 122 Employees

PRODUCTS

► Diverse Insurance Solutions

We offer insurance for every aspect of life including:



Motor Insurance – comprehensive and third-party insurance with incredible benefits from simple procedures to direct in-house claims settlement.



Life Insurance – we offer a range of individual and group products at the most competitive premium rates to protect families in their most difficult moments.



Medical Insurance – our policies cover a wide range of treatments from inpatient and outpatient treatments with the flexibility to add extra cover for dental, optical or maternity cover to help protect health when customers are most in need.



Property & Casualty Insurance – our solutions, including Property All Risks, Personal Accident, and Travel Insurance, provide comprehensive protection during times of uncertainty.

VALUES

We are consumer centric. We foster trust, leadership, innovation.



We recognise that usage of state-of-the-art technology is the need of the hour and believe that our human capital is one of our biggest assets.



We serve our individual and corporate clients by providing various insurance products under different lines of business. We operate through various branches and agents spread across the Sultanate of Oman.



As the new-age economy of Oman expects a boost and a real growth through diversification, we at AFIC, aim to focus on helping our customers to reduce the hazard risks for their businesses by using Insurance as a risk management tool.

OUR VISION

Our vision is to be the leading consumer-centric insurance company in Oman.

MISSION

To provide accessible, simple, effective and client friendly products and quality services that respond to the evolving needs of our customers.

2.2. Corporate Governance



H.H Sayyida Meyyan bint Shihab bin Tariq Al Said
Chairperson



Mr. Georges Makhoul
Deputy Chairperson



Dr. Shabir Moosa Abdullah Al Yousef
Director



Mr. Mohammed Yahya Aljabri
Director



Mr. Elie Antoine Khoury
Director



Mr. Raymond EL Cham
Director



Mr. Mohammed Ossman Charabati
Director

2.3. Our Approach to Sustainability

At Arabia Falcon Insurance Company (AFIC), sustainability means valuing people, proactively managing risk and finding innovative ways to ensure confidentiality in a rapidly developing digital age. As we publish our first sustainability report we recognise this as an important opportunity to reflect on where we are today, identify where we can make meaningful improvements and chart a course towards a more sustainable future.

The insurance industry plays a critical role in managing risks and protecting individuals, families and businesses in uncertain times. In this rapidly changing world, both the frequency and severity of climate-related disasters and technological advancements make clear we need a more proactive approach to sustainability. This opportunity to assess our operations through the ESG lens highlights that sustainability is not only about adapting to emerging risks, but it is about innovation and fostering trust through robust governance practices, proactive climate change risk management strategies and moving to a more sustainable investment portfolio.

2.3.1. Why Sustainability Matters

For AFIC, sustainability is vital for three key reasons:

1. **Risk Management:** Sustainability means proactively mitigating risks from climate change to natural disasters to cyber threats. Integrating ESG thinking into our risk strategies means business continuity and sustainable customer protection.
2. **Market Leadership:** Sustainability is increasingly important to stakeholders and investors. Embracing ESG principles ensures our competitive edge in a world where responsible business practice matters.
3. **Resilience and Innovation:** Sustainability is a way of thinking. It drives innovation in our insurance products and our business operations. For example, developing climate-resilient insurance products means achieving a low-carbon future while meeting evolving customer and investor needs.

2.4. Looking Ahead

This report represents our first effort to take stock of our operations and responsibilities through the ESG framework. It has allowed us to assess how we as a business can contribute to society meaningfully over time. As we move forward, we aim to:

- **Deepen our Understanding:** We recognise the need to better understand how issues like climate change, financial inclusion, and governance impact our business and stakeholders.
- **Clear Direction:** This report serves as a baseline for us to begin identifying priorities for a roadmap that integrates sustainability into our business.
- **Stakeholder Collaboration:** Meaningful progress is best achieved through collaboration, and we welcome stakeholders' insights in shaping our approach.

The Future

We see sustainability as a journey, and for AFIC this is just the beginning of an important process. As we align our business with the broader needs in Oman and globally, over time, we hope to refine our approach and to continue reporting transparently on our progress for a more resilient and equitable future.

3. SUSTAINABILITY AT ARABIA FALCON

3.1. AFIC's 2024 Sustainability Performance (Selected Disclosures)

As an insurance company, the ESG framework has allowed us to get a clear picture of how our operations meet sustainability goals across the three elements. This section is an opportunity for us set out the factors that materially affect us as a business and that are important to our shareholders. It has been a welcome opportunity for us to inspect our processes and understand the policies we have in place in relation to these factors. This has helped us identify potential challenges ahead and devise strategies to prepare for them.

Top Materiality Topics for AFIC, SDG and Oman Vision 2040

Environment

- Climate Change Risks
- Sustainable Finance and Access to Capital including Green Bonds
- Natural Disaster Risk Assessment and Management

Social

- Responsible Underwriting Practices
- Talent Attraction and Retention Practices
- Financial Inclusion and Accessibility of Insurance Products

Governance

- Cybersecurity and Data Privacy
- Regulatory Compliance and Risk Management
- Ethical Business Practices and Anti-Corruption

3.2. Stakeholder Engagement

At AFIC, we understand that stakeholder engagement will allow us to develop a more meaningful sustainability strategy. Valued dialogue will allow us to see beyond our operations and gain insight into the aspects of sustainability that are important to our stakeholders, which in turn will guide us on how we can better integrate them into our future strategies.

As part of our future sustainability plans, we recognise it will be valuable to:

1. **Identify Key Stakeholders:** Identify key individuals, groups, and investors most affected by or influential in our operations.
2. **Exploring Opportunities to Gather Feedback:** We acknowledge the value of gathering input from stakeholders on topics including climate resilience, financial inclusion, service quality, and governance.
3. **Collaborate:** To develop sustainability initiatives collaboration will be key to addressing business challenges, such as enhancing accessibility to insurance.
4. **Report Transparently:** Share outcomes of our stakeholder engagement efforts in future sustainability reports, ensuring transparency, accountability and trust.

3.3. Materiality Assessment

Our materiality assessment has been fundamental to understanding our sustainability performance, our risks and our future ambitions. For our assessment we applied the Global Reporting Initiative (GRI) standards, a globally recognised framework for sustainability reporting, to identify and understand what topics significantly affect our economic, environmental and social operations, both financial and non-financial.

The topics identified were then graded based on:

- The level of concern held by key stakeholders and reasoning
- The impact it would have on business continuity and reasoning

3.3.1. Steps in the GRI Materiality Assessment Process

1. Identify relevant topics

- using the GRI standards we created a list of material topics under the ESG framework from Climate Change Risks under the environmental section to Cybersecurity and Privacy under Governance.
- We considered both internal and external factors affecting the topics from industry standards, global priorities and macroeconomics.

2. Engage stakeholders

A comprehensive assessment of key sustainability considerations was conducted through a collaborative effort. This involved valuable insights from both internal and external expertise. This multi-faceted approach ensured a holistic understanding of the most significant sustainability issues facing our organisation.

3. Assessment and grading of impacts and risk

We analysed the significance of each topic and graded its importance based on its:

- Impact on stakeholders e.g. importance and relationship to AFIC
- Impact on the insurance business e.g. our financial performance, operations, reputation

This process allowed us to identify and focus on the topics most important to stakeholders and those topics with the greatest influence on our business.

4. Create a materiality matrix

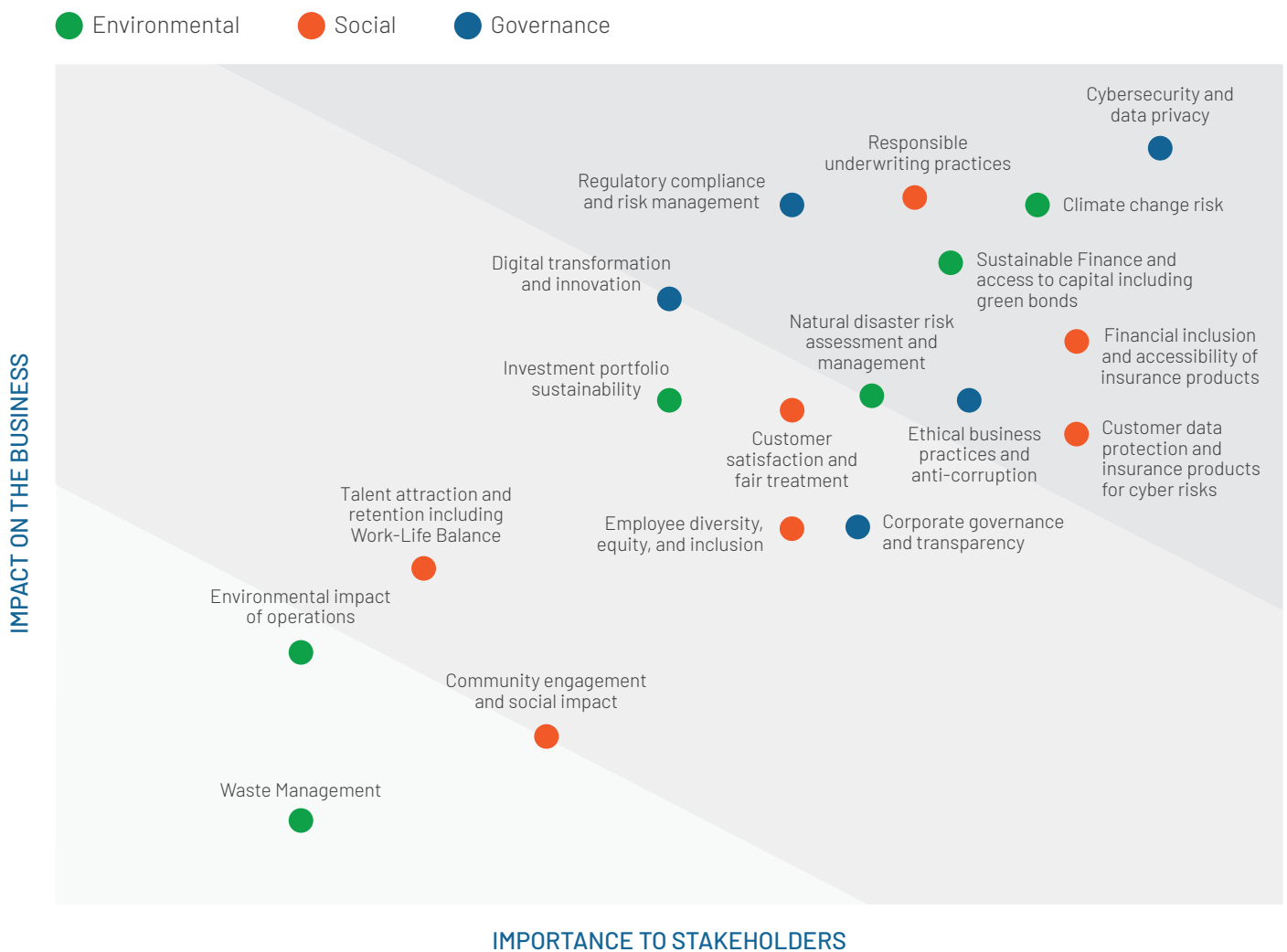
To identify where there is an overlap of the importance to stakeholder and to the business we plotted the topics on a two-dimensional matrix:

- Y-axis: Importance to stakeholders
- X-axis: Important to the business

5. Integration into reporting

This process allowed us to identify the most material topics to focus on in this report. The importance of those topics to our business as an insurance company, our achievements, what policies we currently have and the challenges ahead are discussed in depth below in the section 4.

AFIC's Materiality Matrix



The background is a solid blue color. In the center, the letters 'ESG' are written in a large, bold, sans-serif font. Below 'ESG', the words 'ENVIRONMENTAL, SOCIAL & GOVERNANCE' are written in a smaller, all-caps, sans-serif font. A large, stylized hand is shown at the bottom, palm up, as if holding the text. Surrounding the central text are various circular icons: a classical building, a hand holding a leaf, a wind turbine, a globe, a factory, and two people. A large, faint circular graphic with tick marks, resembling a clock or a gauge, is also visible behind the text.

ESG

ENVIRONMENTAL, SOCIAL & GOVERNANCE

ESG

Governance Topics

4. MATERIAL ESG TOPICS BASED ON GRI STANDARDS

MATERIALITY ASSESSMENT

4.1. AFIC's Material ESG Governance Topics



Strong governance is the cornerstone of our ESG strategy, ensuring ethical practices, risk mitigation, and long-term economic sustainability. This section sets out the key governance structures to our business including cybersecurity and data privacy, regulatory compliance, risk management, ethical business practices, and anti-corruption measures.

Assessing each of these areas through the ESG framework, has reaffirmed the strength in our operational resilience, processes and management. We detail our governance mechanisms in this report with a commitment to transparency, accountability, and stakeholder trust as we embark on our role in a sustainable future.

Governance Materiality Topic #1

4.1.1. Cybersecurity and Data Privacy

At AFIC, exceptional cybersecurity and data privacy means exceptional quality of trust. As an insurance company we are the guardians of confidential and sensitive personal data including the most private information on health, homes and personal finances. With this significant responsibility, cyber security and data protection together form one of the highest corporate sustainability priorities to safeguard our customers vital information from threats.

Living in a digital world with information stored, processed and communicated through IT systems, business is both highly efficient and highly vulnerable. Our business operations and continuity, like most businesses, are entirely dependent on IT. This means that one of our greatest priorities is to ensure our systems are safe and can be relied upon, even in a disaster. We have highly specialised procedures in place to proactively address threats and mitigate risk through robust protection and prevention mechanisms which are vital for business sustainability.

To ensure we uphold these pillars of trust and operational resilience we use the values of:

- Confidentiality
- Integrity
- Availability

Policies and Procedures for Cybersecurity and Data Protection

As a business, we operate our cybersecurity procedures and data protection through a two-pronged approach:

- A. **Overarching Cybersecurity Protections:** This ensures robust management and protection of our IT systems across the organisation, safeguarding all information assets.
- B. **Specific Tailored Data Protection Protections:** These are focused on the management and protection of personal data, addressing the unique requirements of safeguarding sensitive customer information.

A. Overarching Cybersecurity Protections

The Information Security Policy governs our approach to cybersecurity and data breaches. Key elements include:

- **“Quality of Trust” Framework:** Focuses on building and maintaining trusted relationships between information resources and stakeholders while safeguarding both intellectual capital and sensitive customer data.
- **Independent Reviews:** Regular audits by highly technical external experts to ensure compliance with evolving standards and best practices.
- **Compliance with Legal Standards:** All practices adhere to current legal and regulatory requirements.
- **System User Training:** All system users receive comprehensive training on potential threats, cybersecurity concerns, and adherence to policies and procedures.
- **Continuous Risk Assessment:** Proactive measures are in place to identify, assess, and mitigate emerging risks.
- **Mitigate Security Breaches:** Advanced mechanisms limit the impact of potential breaches to ensure uninterrupted service.

This manual is reviewed frequently to adapt to the evolving cybersecurity landscape, ensuring robust defences against threats.

B. Personal Data Protection

The Personal Data Protection Policy outlines our commitment to sustainably safeguarding customer information in compliance with legal standards. Key elements include:

- **Encryption:** Sensitive data is encrypted during storage and transmission to prevent unauthorised access.
- **Access Controls:** Strict access controls ensure that only authorised personnel can access personal data.
- **Anonymisation and Pseudonymisation:** Personal data is anonymised or pseudonymised where possible to minimise risks in case of a data breach.
- **Data Recovery Systems:** Robust systems are in place to recover personal data in the event of a physical or technical incident.
- **Training and Awareness:**
 - Regular training sessions are conducted and documented to ensure staff are well-versed in data protection policies, procedures, and regulations.
 - Staff are updated promptly on changes to regulations and internal policies.

C. Culture of Accountability at AFIC

By integrating cybersecurity and data privacy into our governance framework, we ensure that all stakeholders, from employees to customers, benefit from a secure, innovative and resilient environment. These practices not only uphold legal compliance but also reinforce our role as a trusted partner in safeguarding sensitive information sustainably.

Governance Materiality Topic #2

4.1.2. Regulatory Compliance and Risk Management

The insurance industry operates in a highly regulated environment where robust compliance and effective risk management are critical for maintaining stakeholder trust and ensuring business continuity. Regulatory compliance and risk management are integral our governance framework, enabling us to meet legal requirements essential for maintaining licences, upholding ethical standards, and proactively addressing potential risks to operations.

Policies and Procedures for Risk Management and Compliance

A. Risk Management

We have an exceptional risk management procedure in place employing a comprehensive framework to identify, assess, and mitigate risks across all levels of the business. Key elements include:

- **Strategic Focus:** The framework aligns risk management with our overall objectives, ensuring a proactive and forward-thinking approach.
- **Collaborative Implementation:** While top management spearheads risk management initiatives, all employees are engaged in the process, performing roles such as identifying, assessing, and controlling risks.
- **Dynamic Framework:** The manual is regularly updated to reflect evolving risks and ensure relevance in a changing environment.
- **Risk Management Process:**
 - **Establishing Context:** Defining the internal and external environment within which risks are assessed.
 - **Risk Identification & Assessment:** Evaluating potential risks across categories such as fire, IT, and underwriting.
 - **Risk Treatment:** Using a risk matrix to prioritise and address risks systematically.
 - **Reviewing & Monitoring:** Continuously evaluating and improving risk management strategies.
 - **Risk Training:** Providing regular training on risk concepts to create awareness and enhance the effectiveness of risk management activities.
- **Contingency Planning:** Developing plans to address mission-critical threats if they materialise, balancing the cost of managing risks with anticipated benefits.

This structured approach ensures the organisation can systematically address risks and maintain operational resilience.

B. Compliance with Laws and Regulations

We have stringent procedures in place to uphold our commitment to adhering to all applicable laws, regulations, and governance standards. Key elements include:

- **Culture of Compliance:** Promoting a company-wide culture that values adherence to laws and ethical standards.

- **Custodian of Governance:** Acting as the custodian of the company's Code of Conduct and ensuring alignment with good governance principles.
- **Proactive Compliance Management:**
 - Identifying and assessing compliance risks associated with new products, business practices, and customer relationships.
 - Documenting and addressing compliance risks proactively to avoid legal or regulatory breaches.
- **Compliance Training:**
 - Setting training standards to ensure employees understand compliance requirements.
 - Regularly updating staff on changes to regulations and internal policies to foster awareness and accountability.
- **Advisory Role:** The Compliance Department advises senior management on compliance laws, rules, and standards to ensure informed decision-making.

Our procedures and culture ensure we meet the requirements of laws, organisational standards, and community expectations, providing a foundation for good governance and ethical sustainable business practices.

Key Objectives and Impact

1. **Maintaining Licenses and Continuity:** Regulatory compliance and effective risk management are essential for maintaining operational licenses and ensuring uninterrupted business activities.
2. **Stakeholder Trust:** By prioritising compliance and mitigating risks, we reinforce trust with regulators, customers, and other stakeholders.
3. **Forward-Thinking Governance:** A proactive approach to risk and compliance prepares us to address evolving challenges in the insurance sector effectively.

AFIC's Material ESG Topics for Governance #3

4.1.3. Ethical Business Practices and Anti-Corruption

Ethical business practices and anti-corruption measures are fundamental to our governance framework, ensuring stakeholder trust, corporate credibility, and long-term sustainability. As a regulated insurance provider, we adhere to the Code of Corporate Governance for Insurance Companies, issued by Oman's Financial Services Authority, and comply with all applicable laws and regulations in the Sultanate of Oman.

Policies and Procedures for AFIC's Code of Conduct and Ethics

A. Corporate Code of Conduct and Ethics

Our Corporate Code of Conduct and Ethical Standards sets the framework for ethical behaviour, professionalism, and integrity throughout our business. Key elements include:

- **Integrity and Honesty:** Employees and agents are required to act with honesty and maintain the highest standards of integrity in all business relationships, avoiding any form of misrepresentation.
- **Leadership:** Supervisors are expected to demonstrate ethical leadership through sound decision-making, guidance, and support for subordinates.
- **Professionalism:** Employees are required to uphold professional standards, adhere to policies, and ensure impartiality in all customer engagements.
- **Reliability:** Employees and agents are encouraged to foster trust and dependability in their interactions with colleagues, customers, and stakeholders.
- **Preservation of Confidentiality:** Procedures ensure the confidentiality of customer information through mechanisms such as password protection, training, and ongoing awareness initiatives.

The Code of Conduct is approved by the Board of Directors and disseminated to all employees and agents. It is introduced during employee induction with regular training in place to ensure continual upskilling across the business.

B. Anti-Bribery and Corruption Policies

We enforce a strict zero-tolerance policy towards bribery and corruption. Key measures include:

- **No Business Gifts:** Employees are prohibited from accepting gifts, entertainment, or incentives that could compromise business decisions.
- **Unfair Advantage:** Employees are strictly prohibited from engaging in practices that provide unfair advantages or breach ethical standards.
- **Compliance with Laws:** All actions must align with anti-corruption laws and regulations in Oman.

C. Whistleblowing Policy

We have an established a Whistleblowing Policy to enable employees to report unethical behaviour, corruption, or breaches of the Code of Conduct without fear of retaliation, dismissal or victimisation. Key features include:



Flowchart Guidance: A clear flowchart outlines the steps employees should follow when witnessing unethical practices, ensuring a structured and transparent process for reporting concerns.



Confidential Reporting Channels: Secure mechanisms are in place to protect the identity of whistleblowers, fostering a culture of accountability and transparency.



Protection Against Retaliation: The policy guarantees that whistleblowers are shielded from any form of reprisal or discrimination.

D. Compliance Procedures

The Compliance Procedures are fundamental to our ethical governance. Key features include:

- **Promoting a Culture of Compliance:** Encouraging ethical behaviour across all levels of the organization.
- **Custodian of Governance:** Acting as a guide for implementing and monitoring the Code of Conduct.
- **Training Standards:** Providing regular training on anti-bribery, anti-corruption, and ethical business practices to ensure awareness and adherence across the organisation.

Sustainable Practice

Our robust ethical practices, anti-corruption measures, and a clear whistleblowing framework underscores our dedication to maintaining the highest standards of integrity and professionalism in the insurance industry through key sustainable practices including:

1. **Building Corporate Credibility:** Ethical practices enhance our reputation and ensure alignment with stakeholder expectations.
2. **Stakeholder Trust:** Transparent and ethical governance fosters trust with customers, regulators, and partners.
3. **Reputation and Sustainability:** Anti-corruption measures and ethical practices reinforce our long-term sustainability and resilience.

The background is a solid blue color. In the center, the letters "ESG" are written in a large, bold, sans-serif font. Below "ESG", the words "ENVIRONMENTAL, SOCIAL & GOVERNANCE" are written in a smaller, all-caps, sans-serif font. Surrounding the central text are several circular icons connected by dotted lines, forming a circular path. The icons include: a hand holding a leaf, a wind turbine, a globe, a classical building with columns, two people in business suits, and a factory with smoke. At the bottom of the image, there is a large, stylized hand reaching upwards, palm facing up, as if holding the central text. The hand is rendered in a lighter shade of blue than the background.

ESG

ENVIRONMENTAL, SOCIAL & GOVERNANCE

ESG

Environment Topics

4.2. AFIC's Material ESG Topics for the Environment



Environmental considerations are integral to our Environmental, Social, and Governance (ESG) strategy. As an insurance business, we are acutely aware of the implications of climate change and natural disasters on our operations. This section outlines our approach to natural disaster risk assessment and management, climate change risk, and sustainable finance initiatives, including green bonds.

Developing our sustainability strategy has allowed us the opportunity to understand ways in which we can take forward future initiatives to mitigate environmental impacts and support Oman's commitment to achieving net-zero emissions by 2050.

Environment Materiality Topic #1

4.2.1. Natural Disaster Risk Assessment and Management

It is clear that climate change is worsening natural disasters like flooding, fires and other weather-related catastrophic events. For the insurance industry, these events can disrupt business operations, cause financial losses and impact the continuity of services.

We have a responsibility to:

- Mitigate risks for customers – by, for example, promoting awareness campaigns on climate related health risks and preventative measures and encouraging telemedicine solutions to ensure continuous access to medical care during climate-related disruptions. We also have expanded Life & Medical insurance to cover pandemics, including hospitalisation, vaccination and critical care costs.
- Safeguard our internal operations, particularly our IT services – through robust natural disaster risk strategies and policies to ensure we are resilient as a business, disruptions are minimised, and stakeholder confidence is reassured.

Mitigating Risks for Customers: Initiatives

Innovation in Technology, Training & Products

To stay responsive in a rapidly changing environment, we continuously seek innovative technology, advanced training methods, and new service developments. In doing so, we enhance accuracy, reduce risk, and save time—ultimately lowering costs while ensuring customers receive high-quality, adaptable services.

- **Predictive Risk Modeling:** By leveraging AI, historical data, digital mapping and analytics to predict future natural events, we identify and mitigate risk with greater precision and timeliness.
- **Digital Claims Processing:** Our online claims system streamlines processing for a faster, hassle-free experience. As part of this, with ongoing training, our teams are equipped to respond swiftly to climate-related events like major storms and floods, ensuring efficient claim settlements when they're needed most.
- **24/7 Emergency Support:** Immediate assistance, including towing and temporary vehicle replacement, to minimize losses and enhance customer experience.

- **Protecting Against Extreme Weather:** We have developed policies dedicated to protect customers against cyclones and flooding, ensuring financial security for businesses and families when it matters most.
- **Catastrophic Risk Pooling:** We are also exploring a shared insurance model to mitigate financial risks from rare, large-scale events.

Safeguarding Internal Operations: Company Policies, Procedures and Initiatives

To address the risks posed by natural disasters, we have comprehensive policies and procedures that ensure we as a business are prepared for continuity and recovery. Critically assessing how our policies meet ESG standards has reinforced our confidence in our operational resilience, as well as our commitment to safeguarding our business, employees, and customers.

- A. Disaster recovery plan (IT Management)
- B. Business continuity plan
- C. Health, Safety and Environment (HSE)

A. Disaster Recovery Plan for IT

Our Disaster Recovery Plan for IT mitigates the impact of natural disasters such as flash floods and fires on critical IT infrastructure. Key elements include:

- **Dedicated Backup Facilities:** Separate facilities ensure data integrity and continuity in the event of a disaster.
- **Data Recovery Procedures:** Established protocols for secure and timely data retrieval ensure minimal downtime.
- **Trained Teams:** A dedicated team is trained to handle IT-related disaster recovery efforts efficiently.

This plan ensures that IT systems, which are the backbone of our operations, remain operational and resilient in the face of unexpected challenges.

B. Business Continuity Management Plan

Our Business Continuity Management Plan (BCMP) is integral to our underwriting and risk management strategy. It emphasises the importance of business sustainability in handling unforeseen events that could potentially disrupt operations. Key objectives and actions include:

- **Minimising Disaster Impact:** Proactively reducing the operational and financial impact of disasters.
- **Downsized Critical Operations:** Maintaining essential processes at reduced capacity during recovery phases.
- **Structured Resumption:** Ensuring that operations resume in a phased, organised manner.
- **Team-Based Recovery:** Designated teams are responsible for:
 - Recovering critical business processes.
 - Providing logistical, technological, and infrastructural support.
 - Managing the entire recovery process effectively.

The BCMP incorporates business impact analysis, continuity management plans, awareness sessions, and disaster management training for staff, ensuring preparedness and effective response to potential risks.

C. Health, Safety, and Environment Procedures

At AFIC, our Health, Safety, and Environment (HSE) procedures complements our disaster risk management strategy by addressing employee safety and compliance with local laws. Key elements include:

- **Compliance with Local Regulations:** Ensuring adherence to laws and standards for health, safety, and environmental protection.
- **Workplace Safety:** Providing a safe workplace equipped with measures to protect employees during natural disasters.
- **Proactive Safety Culture:** Promoting awareness and preparedness through regular education and training programs.

By implementing robust IT disaster recovery protocols, comprehensive business continuity management plans, and a proactive health and safety culture, we ensure that we are prepared to face unforeseen challenges, minimise disruptions, and maintain operational excellence. These measures safeguard the business but also reinforce the trust of stakeholders in our ability to navigate risks effectively.

Environment Materiality Topic #2

4.2.2. Climate Change Risk

Climate change presents a significant challenge for the insurance industry with the increase of both the frequency and severity of weather-related claims. We acknowledge the importance of assessing climate-related risks and opportunities, developing strategies to mitigate potential impacts, and exploring initiatives to promote climate resilience. We are cognisant of the pertinent link between climate change and Oman's commitment to achieving net-zero emissions by 2050 and our role in making it a reality.

Climate Change in Oman: Health and Economic Risks

Oman faces significant climate-related challenges, including heatwaves, air pollution, and natural disasters, which contribute to rising health risks such as respiratory diseases, cardiovascular conditions, and vector-borne illnesses like malaria and dengue. Higher temperatures also exacerbate chronic conditions such as diabetes and asthma. Extreme weather caused by climate change, not only affects health, but drives economic instability and the evolution of new regulatory demands.

The compounding result is that climate change impacts insurance premiums and affordability. To address these challenges, we are implementing proactive solutions that enhance resilience, support customers, and contribute to a more sustainable future.

Our Actions to Address Climate Risks



Smarter Pricing & Risk Assessment: By leveraging innovative technology, including satellite data and climate models, we enhance our risk assessment capabilities. This allows us to set fair and accurate insurance prices, ensuring that coverage remains accessible while reflecting evolving climate risks.



Encouraging Safer Buildings: We incentivise policyholders to build more resilient homes by offering lower premiums for properties constructed with disaster-resistant materials and energy-efficient features. This promotes sustainability while reducing long-term risks.



Building Stronger Communities: We collaborate with governments, research institutions, and NGOs to enhance early warning systems, improve flood defenses, and mitigate wildfire risks. By working together, we strengthen the resilience of communities against climate-related disasters.



Supporting the Transition to Electric Vehicles (EVs): As EV adoption increases in Oman, we are actively analysing performance and claims data to refine our pricing models. By doing so, we aim to encourage the use of EVs, contributing to lower emissions and reduced climate-related risks.



Automating Motor Claims for Climate Resilience: We are exploring AI-driven claims automation to improve real-time risk assessment and streamline claims processing. This innovation will enhance efficiency and help mitigate the financial impact of climate-related events on policyholders.



Educating Drivers on Climate Resilience: Through targeted social media campaigns, we provide valuable guidance on protecting vehicles from extreme weather. These initiatives include practical tips for navigating flood-prone areas, maintaining vehicles in high temperatures, and preparing for cyclones.

Environment Materiality Topic #3

4.2.3. Sustainable Finance and Access to Capital including Green Bonds

We recognise the growing importance of sustainable finance in both driving long-term value and to align with stakeholder expectations. Sustainable finance is an opportunity to contribute to broader environmental and social goals while exploring innovative approaches to investment and capital allocation. While we continue to explore how sustainability considerations may inform its investment strategies and product development, we remain aware of the increasing relevance of green finance and its role in fostering sustainable economic growth.

The background is a solid blue color. In the center, the letters "ESG" are written in a large, bold, sans-serif font. Below "ESG", the words "ENVIRONMENTAL, SOCIAL & GOVERNANCE" are written in a smaller, all-caps, sans-serif font. A large, stylized hand is shown at the bottom, palm up, as if holding the text. Surrounding the central text are several circular icons: a classical building (governance), a hand holding a leaf (environment), a wind turbine (environment), a globe (environment), two people (social), and a factory (environment). There are also dotted lines and a large circular arc behind the text.

ESG

ENVIRONMENTAL, SOCIAL & GOVERNANCE

ESG

Social Topics

4.3. AFIC's Material ESG Topics for Social



We recognise the role the private sector must play as a corporate member of society in the realisation of the Oman 2040 vision. This section sets our commitment to attracting and retaining top talent, responsible underwriting practices, and expanding financial inclusion through innovative products.

We recognise that driving positive social impact is part of the ecosystem of our sustainability strategy and we hope to develop people first initiatives throughout our future sustainability journey.

As part of our community engagement efforts, AFIC has undertaken several initiatives to support vulnerable groups and enhance social well-being including:

- **Royal Hospital Pediatric Oncology Visit:** In collaboration with the Sanubadir Team and under the umbrella of Dar Al Atta'a, our team visited young cancer patients at the Royal Hospital, spending time with them and distributing gifts as part of our ongoing commitment to social responsibility.
- **Ambulance for Ihsan Association:** In 2024, we funded the Ihsan Association to purchase and modify a bus into an ambulance, providing specialised care for the elderly and those in need, reinforcing our commitment to accessible healthcare support.

Social Materiality Topic #1

4.3.1. Talent Attraction and Retention Practices

Retaining skilled employees is essential for both our business continuity and uninterrupted operational excellence. Our vision to be the leading consumer-centric insurance provider in Oman means building a workforce that is skilled, motivated, and aligned with the needs of our customers.

We are clear that exceptional customer service relies upon the quality and dedication of our employees. As such, attracting and retaining top talent is one of our top priorities to ensure we maintain a competitive edge in the market. We continually evolve our policies and initiatives to ensure we are offering top tier pay packages, equal access to training, promotions and career development opportunities to mitigate employee turnover and loss of essential skills and knowledge.

By fostering a positive and engaging work environment, our employees support our vision of delivering customer-focused solutions with professionalism and care.

Company Policies, Procedures and Initiatives

A. Our People Management Approach

People management means that we lead with integrity and ethical practices within the overall regulatory framework of Oman. Key elements include:

- **Strong Female Leadership in a Balanced Workforce:** We are proud to have HH Sayyida Meyyan Al Said as our Chairperson, exemplifying strong female leadership at the highest level to guide our balanced workforce, with 60 female employees and 63 male employees.

- **Continual Investment:** We invest in our employees through continual training, whether it be strategy training, task-specific training, or focused on individual learning needs, to ensure employees can grow and learn.
- **Supporting Ambition:** We encourage employees to pursue their professional interests in higher studies and development.
- **Inclusive Employment Practices:** We are committed to fostering a diverse and inclusive workplace where everyone has the opportunity to thrive. In collaboration with the Al Noor Association, provide our employees who require additional support with the resources needed to thrive.
- **Impressive Benefits:** Dynamic leave policies include vacation and annual leave, study leave to support professional growth, and competitive maternity and paternity leave to support family life.
- **Flexible Work Practices:** We embrace modern work-life practices by implementing initiatives like "Casual Thursdays."
- **Encouraging Feedback:** We welcome all employees to take an active role in developing and improving our people management approach.

With transparency and objectivity, we aim to work with the best people to ensure our services are delivered with sound and sustainable business operations. People are our greatest resource, and we are committed to continually reviewing how we can enhance professional well-being, skill development, and progressive benefits for a committed, consistent workforce.

Social Materiality Topic #2

4.3.2. Responsible Underwriting Practices

Underwriting is an essential part of an insurance business. It impacts our risk assessment, pricing, and the sustainability of the overall portfolio. This sustainability report has provided us with the opportunity to recognise the growing importance of incorporating sustainability considerations into underwriting practices to align with evolving expectations from investors, regulators, and environmentally conscious customers.



As outlined in detail in the governance section above, we are committed to complying with all applicable laws and regulations ensuring compliance with the broader governance framework established by the Financial Services Authority. While we remain conscious of the importance of developing underwriting practices, We are aware of its potential role in fostering sustainable risk assessment and decision-making processes that align with national and global sustainability priorities.

Social Materiality Topic #3

4.3.3. Financial Inclusion and Accessibility of Insurance Products

We recognise the importance of making insurance solutions accessible to all demographics, ensuring that individuals and businesses across various income levels can benefit from financial protection. AFIC is aware of the role inclusive financial services play in expanding market reach and fulfilling social responsibilities under the ESG model.

AFIC'S TOP MATERIALITY ESG TOPICS AND ALIGNMENT WITH SDGS & OMAN VISION 2040

	AFIC's Materiality Topics	Related SDGs	Alignment with Oman Vision 2040
ENVIRONMENT	Climate Change Risks	 SDG 13: Climate Action	Supports resilience against climate change and promotes sustainable development.
	Sustainable Finance and Access to Capital including Green Bonds	 SDG 9: Industry, Innovation & Infrastructure	Encourages green investments and financial sustainability, aligning with economic diversification goals.
		 SDG 12: Responsible Consumption & Production	
	Natural Disaster Risk Assessment and Management	 SDG 11: Sustainable Cities & Communities  SDG 13: Climate Action	Enhances disaster preparedness and urban resilience, crucial for sustainable infrastructure.
SOCIAL	Responsible Underwriting Practices	 SDG 8: Decent Work & Economic Growth	Ensures fair insurance policies and ethical risk management, aligning with governance transparency.
	Talent Attraction and Retention Practices	 SDG 4: Quality Education	Supports a skilled workforce and economic competitiveness in Oman.
		 SDG 8: Decent Work & Economic Growth	
	Financial Inclusion and Accessibility of Insurance Products	 SDG 1: No Poverty  SDG 10: Reduced Inequalities	Promotes financial security and inclusivity, contributing to social welfare and economic participation.
GOVERNANCE	Cybersecurity and Data Privacy	 SDG 9: Industry, Innovation & Infrastructure	Strengthens digital security and innovation, supporting Oman's technological advancement.
	Regulatory Compliance and Risk Management	 SDG 16: Peace, Justice & Strong Institutions	Enhances regulatory adherence, fostering a transparent and resilient financial sector.
	Ethical Business Practices and Anti-Corruption	 SDG 16: Peace, Justice & Strong Institutions	Reinforces ethical governance and corporate integrity, crucial for Oman's economic reforms.

5. PERFORMANCE DATA AND METRICS

30 MSX ESG METRICS TO DISCLOSE			
Metric		Details	Response
ENVIRONMENT METRICS	E1.1) GHG Emissions	Total amount in CO ₂ equivalents, for Scope 1	47.04 tCO ₂ e
	E1.2) GHG Emissions	Total amount in CO ₂ equivalents, for Scope 2	9.37 tCO ₂ e
	E1.3) GHG Emissions	Total amount in CO ₂ equivalents, for Scope 3	We are not reporting on Scope 3 emissions in 2024
	E2.1) Emissions Intensity	Total GHG emissions per output scaling factor	0.0000018924 tCO ₂ e per OMR.
	E2.2) Emissions Intensity	Total non-GHG emissions per output scaling factor	No reportable non-GHG emissions are generated by AFIC
	E3.1) Energy Usage	Total amount of energy directly consumed	180.1286699 MWh
	E3.2) Energy Usage	Total amount of energy indirectly consumed	24.57 MWh
	E4.1) Energy Intensity	Total direct energy usage per output scaling factor	0.0000060429 MWh per OMR.
	E5.1) Energy Mix	Percentage: Energy usage by generation type	100% from National Grid
	E6.1) Water Usage	Total amount of water consumed	Total Water Consumption is 25,892
	E6.2) Water Usage	Total amount of water reclaimed	We do not recycle or reclaim wastewater
	E7.1) Environmental Operations	Does your company follow a formal Environmental Policy? Yes/No	Yes. It is not a standalone document however its covered under company HSE policy.
	E7.2) Environmental Operations	Does your company follow specific waste, water, energy, and/or recycling policies? Yes/No	Yes, as part of the HSE policy.
	E7.3) Environmental Operations	Does your company use a recognized energy management system? Yes/No	No
	E8.1) Environmental Oversight	Does your Management Team oversee and/or manage sustainability issues? Yes/No	Yes, company has a management committee dedicated to sustainability-related issues
	E9.1) Environmental Oversight	Does your Board oversee and/or manage sustainability issues? Yes/No	Yes, as part of our board meetings, sustainability issues are covered.
	E10.1) Climate Risk Mitigation	Total amount invested, annually, in climate-related infrastructure, resilience, and product development	0. No investments fall under this category.

Metric	Details	Response
S1.1) CEO Pay Ratio	CEO pay ratio: CEO total compensation to median FTE total compensation	-
S1.2) CEO Pay Ratio	Does your company report this metric in the regulatory filings?	No
S2.1) Gender Pay Ratio	Gender pay ratio: Median male compensation to median female compensation	Gender pay ratio: 2.2%
S3.1) Employee Turnover	Percentage Year-over-year change for full-time employees (%)	Employee Turnover Ratio 2.2%
S3.2) Employee Turnover	Percentage: Year-over-year change for part-time employees	No part time staff were recruited in 2024
S3.3) Employee Turnover	Percentage: Year-over-year change for contractors/ consultants	Contractor Turnover -14.28%
S4.1) Gender Diversity	Percentage: Total enterprise headcount held by men and women	49.22% Women 50.78% Men
S4.2) Gender Diversity	Percentage: Entry- and mid-level positions held by men and women	52.78% Women 47.22% Men
S4.3) Gender Diversity	Percentage: Senior- and executive-level positions held by men and women	86% Men 14% Women
S5.1) Temporary Worker Ratio	Percentage: Total enterprise headcount held by part-time employees	No part time staff were recruited in 2024
S5.2) Temporary Worker Ratio	Percentage: Total enterprise headcount held by contractors and/or consultants	5.5%
S6.1) Non-discrimination	Does your company follow a non-discrimination policy? Yes/No	Yes, as part of our Human Resources & Whistleblower Policy
S7.1) Injury Rate	Frequency of injury events relative to total workforce time	No accidents recorded during 2024
S8.1) Global Health and Safety	Does your company follow an occupational health and/or global health & safety policy? Yes/No	Yes, as part of our HSE policy
S9.1) Child & Forced Labour	Does your company follow a child and/or forced labour policy? Yes/No	Yes, as part of our HR Policy in alignment with Oman's labour law.
S9.2) Child & Forced Labour	If yes, does your child and/or forced labour policy also cover suppliers and vendors?	Yes
S10.1) Human Rights	Does your company follow a human rights policy? Yes/No	Yes, this is an essential part of several internal AFIC policies
S10.2) Human Rights	If yes, does your human rights policy also cover suppliers and vendors? Yes/No	Yes
S11) Community Investment	Amount invested in the community, including philanthropic donations, as a percentage of the company's pretax profits	0.543%

SOCIAL METRICS

Metric	Details	Response
G1.1) Board Diversity	Percentage: Total board seats occupied by men and women	85.71% Men 14.29% Women
G1.2) Board Diversity	Percentage: Committee chairs occupied by men and women	Audit and Risk Committee: 100% Men Nomination and Executive Committee: 25% Men 75% Women
G2.1) Board independence	Does your company prohibit the CEO from serving as board chair? Yes/No	Yes
G2.2) Board Independence	Percentage: Total board seats occupied by independents	71% Independent
G3.1) Incentivized pay	Are executives formally incentivized to perform on sustainability? Yes/No	No
G4.1) Supplier of Code of Conduct	Are your vendors or suppliers required to follow a Code of Conduct? Yes/No	Yes, additionally our contracts explicitly include a requirement to adhere with all applicable frameworks.
G4.2) Supplier of Code of Conduct	If yes, what percentage of your suppliers have formally certified their competence with the code?	87%
G5.1) Ethics & Prevention of Corruption	Does your company follow an Ethics and/or Prevention of Corruption policy?	Yes
G5.2) Ethics & Prevention of Corruption	If yes, what percentage of your workforce has formally certified its compliance with the policy?	100%. All employees are contractually required to adhere to all company manuals and procedures
G6.1) Data Privacy	Does your company follow a Data Privacy policy? Yes/No	Yes. AFIC has robust personal data protection policy and data security policy
G6.2) Data Privacy	Has your company taken steps to comply with the GDPR rules? Yes/No	Yes
G6.3) Data Privacy	Has your company taken steps to comply with Oman Personal Data Protection Law rules? Yes/No	Yes
G7.1) Sustainability Reporting	Does your company publish a sustainability report? Yes/No	Yes
G7.2) Sustainability Reporting	Is sustainability data included in your regulatory filings? Yes/No	No
G8.1) Disclosure Practices	Does your company provide sustainability data to sustainability reporting frameworks? Yes/No	No
G8.2) Disclosure Practices	Does your company focus on specific UN Sustainable Development Goals (SDGs)? Yes/No	Yes
G8.3) Disclosure Practices	Does your company set targets and report progress on the UN SDGs? Yes/No	No
G9) External Assurance	Are your sustainability disclosures assured or verified by a third party audit firm? Yes/No	No

GOVERNANCE METRICS

