Environmental, Social & Governance Report (ESG)

2025

Introduction

Arab Insurance Group B.S.C. (Arig), is a reinsurance company licensed in the Kingdom of Bahrain.

At the Extraordinary General Assembly Meeting held on 13 August 2020, the shareholders of Arab Insurance Group B.S.C. (Arig) resolved to cease underwriting new insurance business. While we no longer actively participate in risk markets, our commitment to responsible governance and ethical stewardship remains unwavering. This report outlines Arig's ongoing Environmental, Social and Governance (ESG) initiatives as we manage our legacy reinsurance and investment portfolios during this transitional phase.

This report outlines the Company's ESG related activities and practices during this runoff period.

1. Environmental Responsibility

Despite our reduced operational footprint, environmental responsibility continues to guide our practices:

- **<u>Digital Operations:</u> The transition to remote work and digital documentation has significantly reduced our energy consumption and paper usage.**
- **<u>Office Consolidation:</u> Downsizing office spaces has led to decreased utility consumption.**
- **<u>Sustainable Decommissioning:</u> We encourage recycling, donation and responsible disposal of IT infrastructure.**

1. Environmental Responsibility

E.1: Environmental Oversight	We acknowledge the importance of ESG principles in driving progress and achieving long-term sustainability goals. However, the implementation of ESG-related roles has been limited at Arig, following the Extraordinary General Meeting (EGM) decision in 2020 to cease underwriting new business. As a result, the company's current operations are focused solely on servicing existing clients. The Board and Management adopt an ESG approach in line with the mandatory requirements and to the extent feasibale, taking into consideration the Company's current situation.

1. Environmental Responsibility

E.2: Energy Consumption	The Company have put efforts to reduce energy consumption after minimizing the number of floors occupied by the employees to Three floors instead of Four floors during the previous year. As per the current scenario, the power supply for the other Five unoccupied floors remains in the off state usually. However, limited indirect power is being utilized for certain HVAC equipment to protect the furniture and fabrics from high temperatures, as per civil constraints. Additionally, a capacitor panel has been installed on-site for power factor correction, which helps in saving energy by reducing the apparent power consumption. The total electrical energy consumption for the period from December 2024 To December 2025 is 1,250,560. Note: Currently, there are no renewable energy sources such as solar or other alternative measures.

1. Environmental Responsibility

E.3: Energy Intensity	Considering the current situation of the company and the limited energy consumption as per E1 and E2 above, the Company has not set standards for calculation of the energy intensity.

E.4: Energy Mix	The company's energy consumption is limited to electricity used for operating its physical office. A breakdown of energy consumption by type cannot be provided due to unavailability of detailed data. Considering the current situation of the Company, there are no plans for installation of renewable and non-renewable energy systems, except the capacitor installed to reduce electricity consumption.

1. Environmental Responsibility

E.5: Green House Gas (GHG)	The information is currently unavailable due to the nature of the Company's operations, which are confined to office space, and considering its present circumstances.

E.6: Emission Intensity	The information is currently unavailable due to the nature of the Company's operations, which are confined to office space, and considering its present circumstances.

1. Environmental Responsibility

E.7: Climate Risk Mitigation	At present, and given the Company's circumstances, there is no formal framework in place to identify or manage climate-related risks. The Company acknowledges the importance of climate risk mitigation within the financial sector and continues to work towards enhancing its understanding and capabilities in this area depending on the Company's financial position and strategic priorities. The Company has not made any investments in this area to date but may consider such investments in the future.

E.8: Water Usage	Considering the nature of the Company's operations, which are not water-intensive, no report has been prepared on the amount of water withdrawn or the total amount of water recycled by the organization, due to data unavailability and the complexity of measurement. The total amount of water consumed by the Company during the period from December 2024 to December 2025 was 1,537 m³.

1. Environmental Responsibility

E.9: Waste Generation	Considering the nature of the Company's operations, which involve a relatively low volume of hazardous or industrial waste, no formal waste management plan or standards have been applied under the waste generation initiative. The total weight of waste generated has not been calculated, given the operational nature of the Company, which produces only a minimal amount of non-hazardous office waste. In terms of sustainable management practices, the Company is currently studying the possibility of implementing a paper recycling program and other initiatives to promote environmental responsibility within its offices.

E.10: Emission Targets	The information is currently unavailable due to the nature of the Company's operations, which are confined to office space, and considering its present circumstances.

2. Social Responsibility

Arig remains dedicated to social responsibility, even in a legacy-focused business model:

- **<u>Client & Cedent Engagement:</u> We maintain proactive and transparent communication with cedents and retrocessionaires to ensure timely claims resolution and query handling.**
- **<u>Industry Contribution:</u> Arig supports ongoing industry initiatives, including data-sharing for long-tail liabilities and upholding best practices in legacy claim management.**
- **<u>Employee Conduct & Ethics:</u> An approved employee conduct policy is accessible to all staff via the internal portal, reinforcing ethical behavior and accountability.**

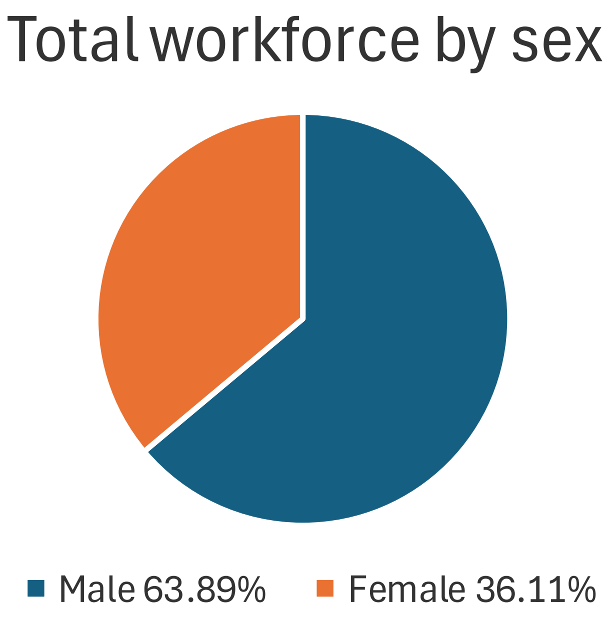
2. Social Responsibility

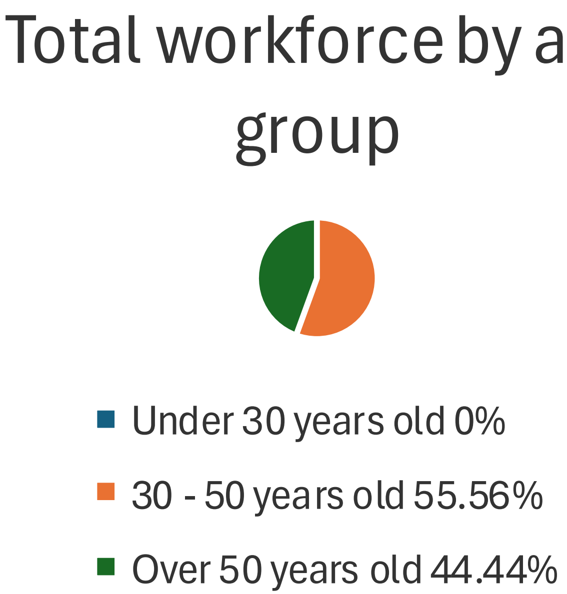
- **<u>Workforce Demographics:</u> The male employees constating 63.89% while the females 36.11%, and the age group of the employees is majority between 30 to 50 years, and the Company policies prohibits the recruitment of an employee under 18 years of age.**

2. Social Responsibility

S.1: Total Workforce by sex, age-group, and employment type

Employment type: 100% Full-time employees





2. Social Responsibility

S.2: Child and Forced Labour	Arig is committed to ethical business practice that prohibit child or forced labour and expect all its business partners and stakeholders to operate in accordance with applicable laws and internationally recognized human rights standards.
S.3: Employee Turnover	Employee turnover rate during the year 2025 is 32.10% (3 voluntary and 10 involuntary due to cessation of Company's operations.) By sex Male: 21.28% Female: 47.06% (when we calculate turnover by gender, we will consider only that particular gender employees headcount and calculate. The total of this doesn't match with total turnover percentage). By age-group: (a) under 30 years old, 0% (b) 30-50 years old, and 50% (c) over 50 years old 6.06% (When we calculate turnover by age group, we will consider only that particular age group employees headcount and calculate. The total of this doesn't match with total turnover percentage).

2. Social Responsibility

S.4: Gender Pay Ratio	Median total compensation for women is 51.62% to the median total compensation for men.
S.5: Health and Safety	Nil work injury incidents in the past 3 years. A comprehensive annual health checkup has been scheduled for all the employees every year to check for any occupational health issues and a comprehensive medical insurance has been provided to all the employees. The Company also adopts some security measure within the office spaces in accordance with the Building Security Policy.

2. Social Responsibility

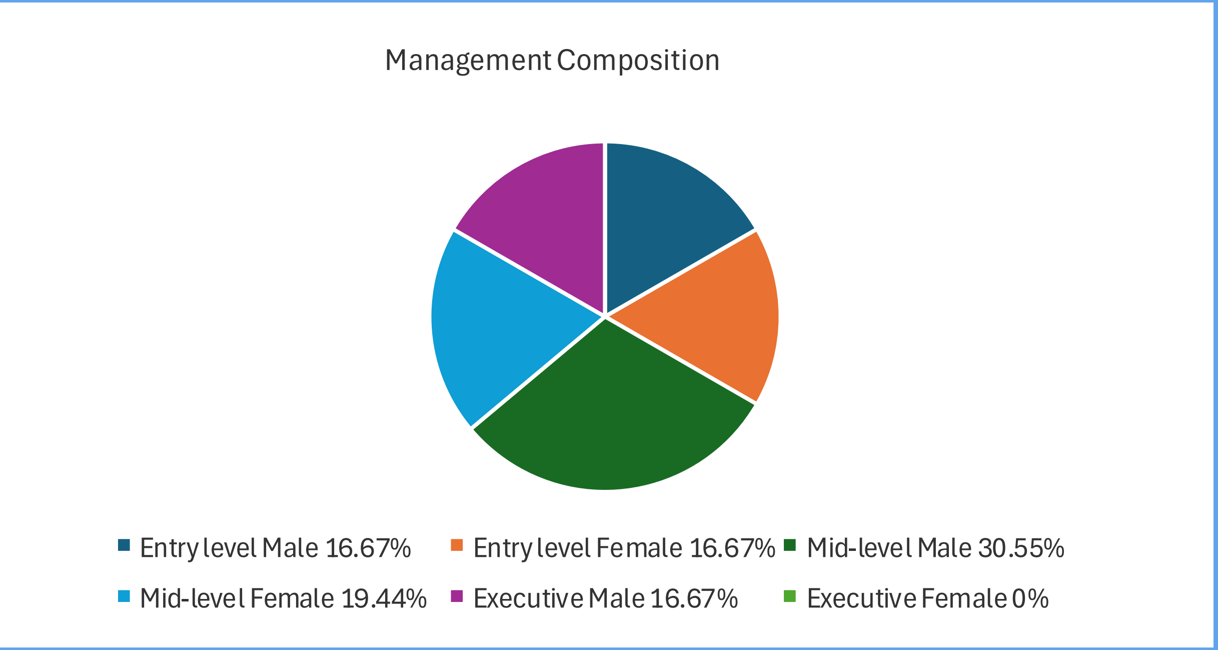
S.6: Non-Discrimination	As per Board approved Arig's policy, in case of any harassment or discrimination, it can be directly reported to the CEO and CEO shall investigate the issue and take necessary action. The Company is adopting such approach taking into consideration the national labour laws.
S.7: Nationalization	In line with national goals, Arig is always committed to the nationalization of the work force. The percentage of Bahraini employees as of 31st December 2025 is 52.78% of the total workforce.

2. Social Responsibility

S.8: Community Investment	This has been on hold since the shareholders resolved to suspend the reinsurance underwriting business.
S.9: Human Rights	Arig is giving utmost importance to the human rights. As per the Board approved Arig's policy, if an employee have a complaint or grievance, he/she can raise the grievance without any fear of reprisals. This policy is applicable to entire Arig group. Arig is committed to such standards and expect all its business partners and stakeholders to operate in accordance with applicable laws and internationally recognized human rights standards.

2. Social Responsibility

S.10: Management Composition/Diversity



2. Social Responsibility

S.11: Development and Training	Arig values the development of employees at all levels; however, training and development programs have been placed on hold since the shareholders' resolution to suspend the reinsurance underwriting business. Only mandatory trainings such as Anti-Money Laundering and Cyber Security, continuous to be conducted.

3. Governance

Strong governance remains central to Arig's legacy management approach:

- **Board Oversight: Our Board is consisting of non-executive members only and its Committees provide ongoing oversight, ensuring compliance, strategic direction, and risk mitigation.**

- **Regulatory Compliance: Arig remains fully compliant with all regulatory requirements, including routine engagement with supervisory authorities.**

- **Risk Management: Adequate risk controls are in place to manage remaining liabilities, including claim settlements and asset management.**

3. Governance

G.1: Board Composition

The Board holds the ultimate responsibility for the overall direction, supervision and control of the Company. The Board continuously oversees the corporate governance processes in order to ensure good standards within the Company. The Board formally reviews and evaluates its own performance together with the performance of the individual directors, as required by Volume 3 of the CBB Rulebook.

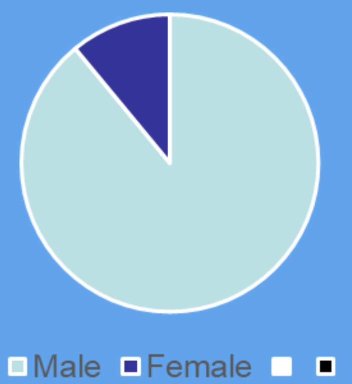
The member of the Board were elected/appointed by the shareholders at the Ordinary General Meeting held on 26th March 2025 for a period until end of March 2028 as follows (2 by appointment and 7 by election):

1. Mr. Mansour Al Khoori – Chairman – Board member since March 2025
2. Mr. Saeed Al Bahhar – Vice-Chairman - Board member since March 2014.
3. Mr. Ahmed Al Karbi – Board member since September 2022.
4. Mr. Mohamed Al Karbi – Board member since September 2022 (previous member from 2014 to 2017)
5. Mr. Abdulla Al Ghfeli – Board member since September 2022.
6. Mr. Abdull Nooruddin - Board member since March 2025.
7. Mr. Younis Al Sayed - Board member since March 2025.
8. Ms. Fetooh Al Zayani – Board member since March 2025.
9. Mr. Ashraf Mukhtar – Board member since March 2025.

3. Governance

G.1: Board Composition (Continuous)

The Board of Directors comprises nine members, of whom eight are male (89%) and one is female (11%).



All members of the Board are non-executive directors, as per the current Board composition.

The current Board structure meets the requirement for independent directors, in accordance with applicable rules.

Board Committees: While principal matters are handled by the Board, the Board formed two separate Committees mandated to assist the Board in carrying out its duties in an efficient manner (the Audit & Risk Committee and the Nomination and Remuneration Committee), which are formed in accordance to the applicable rules.

3. Governance

G.2: Collective Bargaining	There are no employees covered by collective bargaining agreement (Unions). As per Board approved Arig's policy, terms and conditions of the employment contract shall be discussed with the candidate during the interview itself and then the employment offer shall be issued. Even after issuing the employment offer, if the candidate has concerns, he/she shall negotiate with Arig. If all the terms are feasible for both Arig and the employee, only then the employment contract shall be executed.
G.3: Whistleblowing	There is a Board approved Arig's policy describing the Employee Conduct and General Responsibilities and Whistleblowing. Arig is placing such policies on the Company's portal which is accessible to all the employees. The Whistleblowing Policy provides for multiple designated officers to receive reports, including the Compliance Officer and members of the Audit and Risk Committee. Reports can be submitted verbally, via email, or in hard copy. The policy is reviewed and updated on an annual basis to ensure its continued effectiveness.

3. Governance

G.4: Data Privacy	The Company implemented some measures to the extent required to safeguard the data privacy aspects. Considering the current situation of the Company, and the nature and scale of the business where our company engages in minimal personal data processing activities that do not involve large-scale monitoring or processing of personal data. Arig is a reinsurance Company, where its clients are limited to insurance Companies who are corporate entities and the Company does not offer any online systems (e.g. website or apps) for issuing new or renewal of insurance policies. The Company commenced implementing the necessary controls, including those governing access to personal data, the Company website and necessary privacy wording in relevant documentations as applicable.

3. Governance

G.5: Sustainability Disclosure Practices	Given the absence of available sustainability data, the Company does not provide information to sustainability support organizations. The Company publishes its sustainability report based on the key performance indicators (KPIs) outlined by the CBB.
G.6: Conflict of Interest	All conflict-of-interest related transaction are disclosed to the shareholders as a sperate agenda item as part of the Annual General Meeting in accordance with the Commercial Companies Law.

3. Governance

G.7: Supplier Code of Conduct	As a reinsurance company, where suppliers' relationships are limited to office equipment and building maintenance, there is no separate Suppliers Code of Conduct in place. However, there are some processes to be followed as per the policies and procedures of the General Administration Department of the Company.

G.8: Incentivized Pay	No formal incentives are currently in place for performance related to sustainability, given the Company's present circumstances. Such incentives may be considered in the future, depending on the Company's situation.

3. Governance

G.9: Ethics and Anti-Corruption	The Company is committed to upholding the highest standards of integrity, ethics, and transparency, with zero tolerance for corruption or any form of financial misconduct, in line with CBB Governance Guideline. Board-approved policies, including the Employee Conduct and General Responsibilities Policy and the Financial Crimes Policy covering fraud and anti-corruption. Furthermore, the Board Members' Code of Conduct, incorporated into the Board Charter, reinforces ethical governance and accountability at the Board level.

G.10: Assurance	Internal reviews are conducted by the relevant departments to ensure data accuracy, with information obtained from trusted sources (e.g., EWA). Validation or assurance by an independent third party has not been undertaken at this stage.

Outlook and Legacy

Our ESG principles guide us in legacy operations with the same diligence as during active business phases. Looking ahead, we remain committed to:

- **Ensuring fair and transparent outcomes for stakeholders.**
- **Reducing environmental impact through streamlined, low-footprint operations.**
- **Upholding trust through rigorous claims management and ethical governance.**