

SUSTAINABILITY REPORT

2020

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إعادة
Saudi Re 

Message From The CEO



Welcome to our inaugural sustainability report, highlighting the strategy and approach that form the basis of the sustainability philosophy at Saudi Re. The Covid 19 pandemic and the climate crisis have recently increased the global focus on environmental, social and governance, (ESG) issues. Hence, we embarked on the next step in our sustainability journey by being one of the first reinsurance companies in the region to publish our ESG performance. Through this report, we are excited to share with you, our stakeholders, our initiatives and plans exemplifying our commitment to transparency across social, environmental and economic areas, which we recognize as an important component of our sustainability.

Our sustainability framework has been developed in line with national and international strategic visions and objectives such as the Kingdom of Saudi Arabia Vision 2030, the National Sustainability Standards, the GRI Standards, and the United Nations Sustainable Development Goals (UN SDGs). The framework builds on six pillars: national contribution, strong governance and economic performance, responsible customer relations, environmental protection, sustainable insurance, and community care.

This framework, and the related material issues, constitute the basis upon which we report on the most important developments in the field of sustainability. In 2020, for example, we reached the platinum category in Netaqat, achieving 71% nationalization of our total workforce, advanced our Saudi Re internship program to develop young national talent, implemented the SAMA Cybersecurity Framework, attained the Islamic Shariah Certification from SRB through our efficient environmental management, reduced our energy, electricity and water consumption. These are just a few examples of strong ESG practices in place at Saudi Re, which we believe are a pathway to long-term sustainable business growth.

During last year, we also developed a high-level ESG/Sustainability action plan and strategy, which will guide our way and help us embed sustainability in our decision-making processes, business model and operations. Going forward, to strengthen our sustainability efforts, we seek to set up a dedicated team to manage and oversee our sustainability process and expand the coverage of this ESG report. While we move forward in our sustainability journey, we are excited to build on this inaugural report and continue improving sustainable business practices throughout our organization.

Mr. Fahad Al-Hesni

Managing Director - CEO

Sustainability Report



1. Key Highlights 2020



2. Our Sustainability Approach



3. National Contribution



4. Strong Corporate Governance



5. Responsible Client Relations



6. Sustainable Insurance



7. People and Community Care



8. Environmental Protection

Key Highlights 2020

Implementing successful measures in response to Covid19 within our Company

Platinum category in Netaqat, achieving 71% nationalization of our total workforce and 77% nationalization of our senior management

Over 2,416 hours of training provided, with 27 hours of HSE training

Over 82 local suppliers engaged, representing 81% of procurement spending

SAR 935 million in revenue. We retained an average of 8% of the Saudi reinsurance market in 2016-2020

Reduction in total energy consumption by 23%

Female collaborators nominated to attend the *Women Leadership Program*

Lead reinsurer on the Inherent Defects Co-Insurance Program

Claims settled 98%

Women represent 30% of the total workforce. The proportion of women in the company increased by 13%

Credit Rating of A3 by Moody's and AA by Tasnief

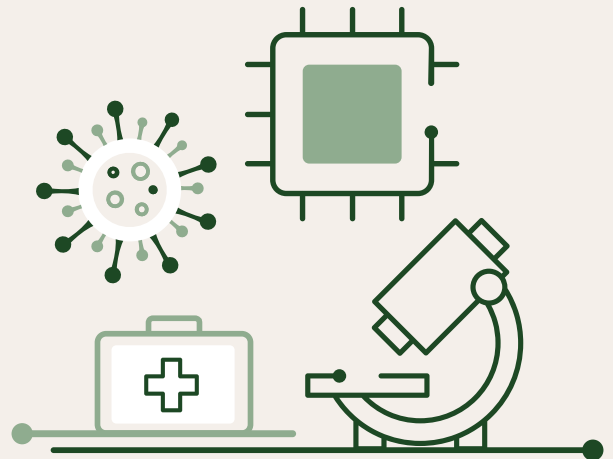
250% Solvency Ratio

Sharia compliance certificate

63% international business (export services)

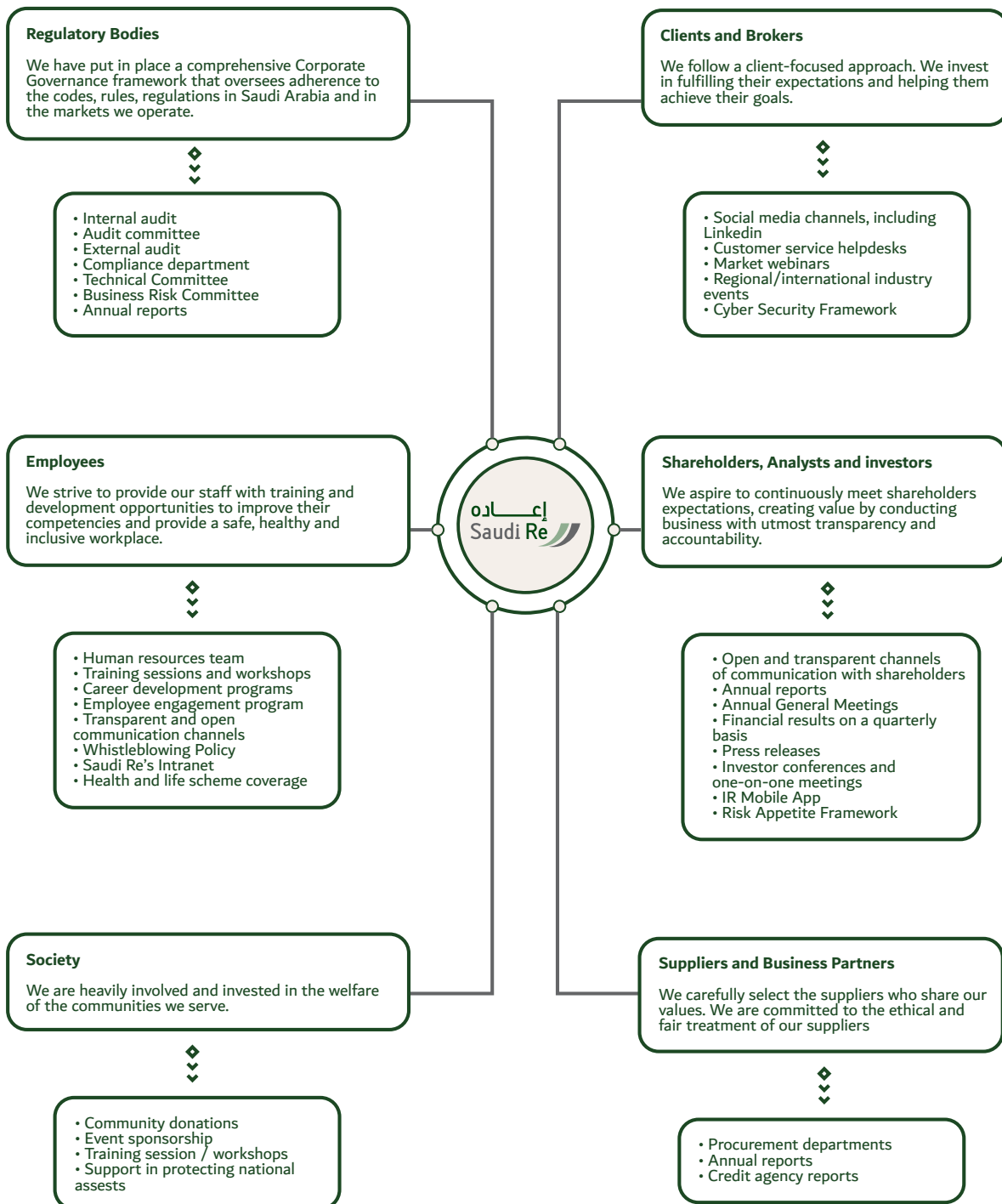
Our Sustainability Approach

As one of the region's leading reinsurers, we aim to set an example of adopting a sustainable practice.



Acting responsibly, integrity, and value preservation are part of our core business values.

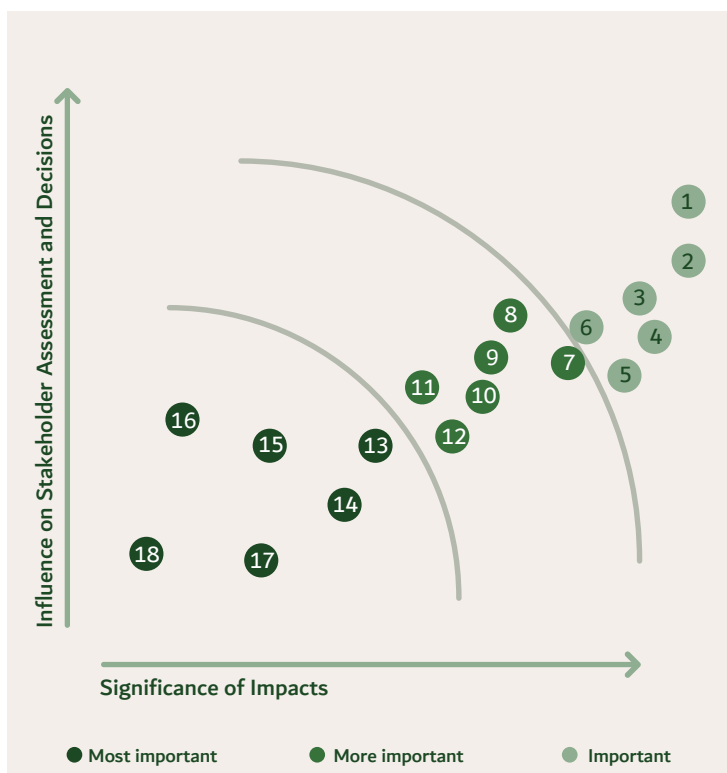
Through our business operations, we aim to have a positive impact on our society and the environment. The recent coronavirus pandemic has highlighted the importance of a more environmentally and socially conscious future. Through our strategy, we seek to champion social development, enhance our employee engagement and, participating in the global effort to mitigate climate change while improving economic value and expanding our client portfolio. Hence, we aim to embed sustainability in our decision-making process, business model and operations. We are a Sharia-compliant reinsurance company and thus our ethical foundations are strong, and we contribute to the welfare and the protection of people and businesses facing all types of risks. The foundation of our strategy is based on the value we dedicate to all our stakeholders, our clients and brokers, shareholders, analysts and investors, employees, regulatory bodies, suppliers and business partners, and society:



Materiality

In 2020, we embarked on an ambitious ESG journey by identifying our key material topics.

Our materiality analysis as presented below reflects the issues that matter most to our business and our stakeholders.



Material Topic	Rank
Corporate governance	1
Data protection and cybersecurity	2
Talent Development	3
Serving the national strategy	4
Climate change and energy transition	5
Ethics and compliance	6
Financial performance	7
Customer satisfaction	8
Diversity and inclusion	9
Integrating ESG in insurance	10
Innovation and digitalization	11
Investing responsibly	12
Access to insurance	13
Sustainable products and services	14
Community investment	15
Health and wellbeing	16
Environmental management	17
Sustainable procurement	18

Corporate governance, data protection and cybersecurity, talent development, serving the national strategy, climate change and energy transition as well as ethics and compliance are our highly material topics. An additional strategic focus is put on financial performance, customer satisfaction, diversity and inclusion as well as integrating ESG in insurance.

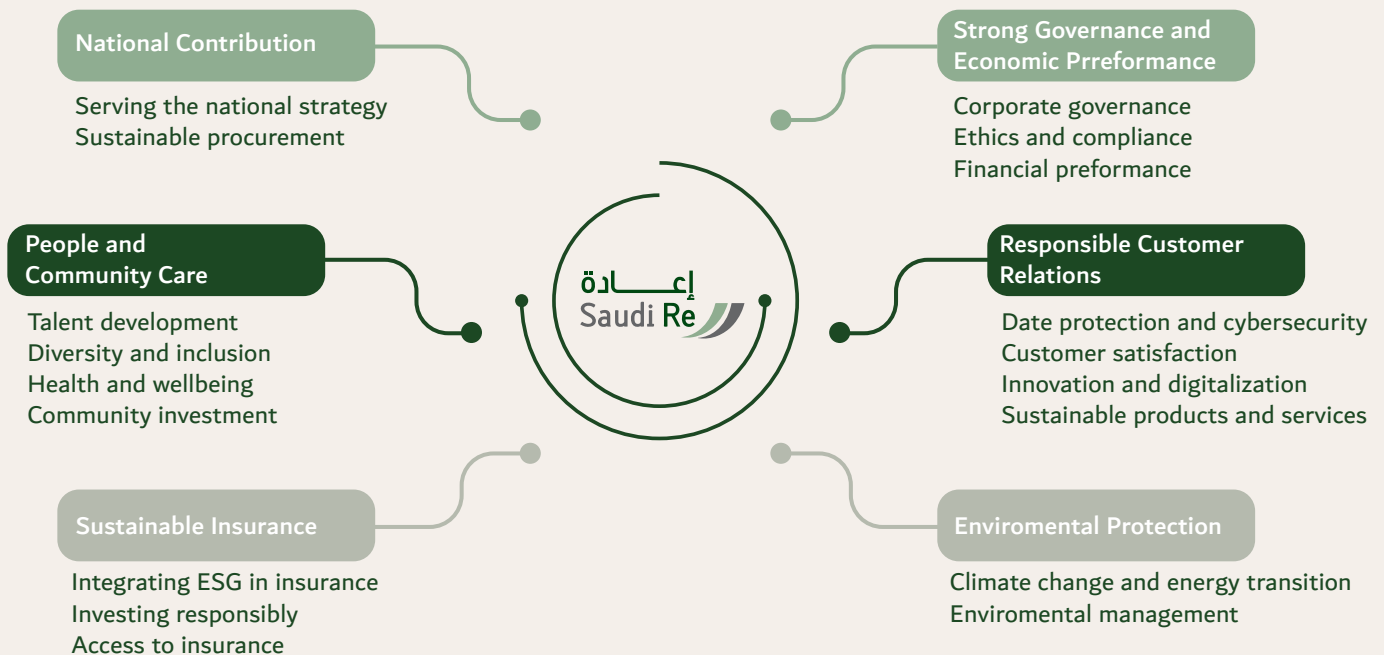
Our Sustainability Framework

Our sustainability

framework articulates our strategic commitment towards sustainability and outlines our focus areas promoting transparency and accountability and provides environmental and social impact for our business and society. Our material key topics are presented under the six pillars of Saudi Re's sustainability framework.

The framework

was developed through the combined consideration of the best interests of our key stakeholders, our investors, national and regional strategic visions (such as Kingdom of Saudi Arabia Vision 2030) and the United Nations Sustainable Development Goals (UN SDGs).



Our Commitments

01 Contribute to Saudi Vision 2030

02 Transparency, Openness and Accountability

03 Integrate ESG Criteria, Manage our Environmental Footprint

04 Maintain High Standard of Client Service

05 Foster Relationships with our Stakeholders

06 Develop and Protect our Workforce and our Community

National Contribution



Serving the National Strategy

We are committed to our national impact, strengthening the economy, and promoting societal prosperity. Our comprehensive risk expertise allows us to act as a vital contributor to the economy of Saudi Arabia. We have an important role in nationalizing the reinsurance industry. Saudi Re falls in the platinum category in “Netaqat” being the highest level in Saudization.

The proportion of our national employees rose by 18 percent in the last couple of years.

Moreover, we have developed the “Saudi Re Internship program” to contribute to the development of the Saudi market through the training of our young talents.

Nationalization	2018	2019	2020	Target
Nationalization rate of senior management (%)	43%	57%	77%	77%
Nationalization rate among the total workforce (%)	64%	71%	71%	72%
Total number of National employees (FTE)	39	45	46	51

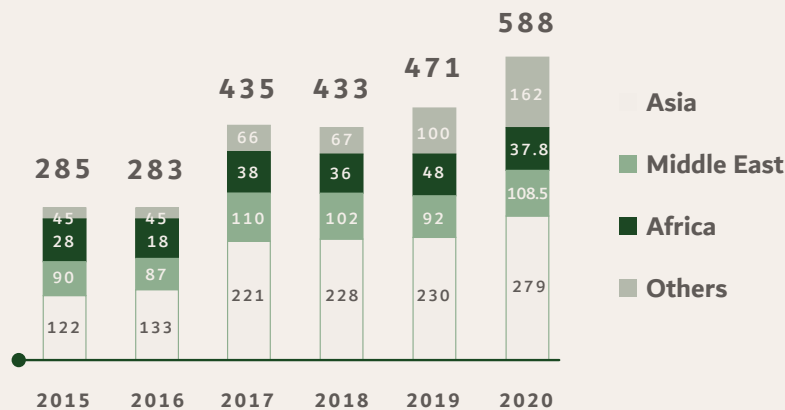


Fostering the Saudi Industry, aligning with the National Agenda

Saudi Re’s 2030 objectives are in line with the goals of Saudi Arabia’s Vision 2030 that aims to support non-oil GDP growth through the expansion of its international business which counts as service trade, participate in the protection of the national assets and security against catastrophic events, as well as align with the financial sector development. As a national reinsurer, Saudi Re aims to lead the efforts to establish a strong national industry and maximize its socio-economic value through different areas:

Area	Contribution	Highlights
1. Local Content	Maximize the local content by retention of reinsurance premium within the Kingdom and increasing its value in the local economy	Saudi Re retained around SAR 2.1 billion (representing an average of 8% of the Saudi reinsurance market) within the Saudi market over the period 2016-2020
2. Service Export	Contribution to the non-oil GDP by exporting reinsurance services to the international market Represent the Kingdom in the international arena	Saudi Re has 63% international business presence in more than 40+ markets

Service Export Highlights: GWP: International Business SAR, MM



63%
International Business

Area	Contribution	Highlights
3. Training and education	<p>Offer training to employees, clients, and students to enrich the technical knowledge and practice</p> <p>Sponsor industry events aimed at creating dialogue on key topics like developing the industry, spreading financial and insurance literacy, and addressing the protection gap</p>	<p>More than 28 hours of training per employee</p> <p>Supporting professional qualification</p> <p>Lead sponsor of Saudi Insurance Symposium, General Arab Insurance Federation Conference, Federation of Afro Asian Federation Conference Total attendees > 3500</p>
4. Youth development and nationalization	<p>Contribute to building a generation of young national professionals with strong knowledge and practice in the insurance practice</p>	<p>24% of the workforce are less than 30 years</p>
5. Product development and innovation	<p>Contribute to developing professional standards and practices and creating innovative solutions leading to wider adoption of insurance and offering first-class protection of national assets</p>	<p>Engagement in market development initiatives</p> <p>Active participation in the industry committees</p> <p>Lead reinsurer of the Inherent Defect Insurance program, a compulsory insurance that will provide protection against structural damages of commercial and private residential construction projects and will serve in improving the quality of buildings and support the governmental housing efforts</p>



In 2020,
total procurement spending
on our 82 local suppliers has
increased by
10%.

Sustainable Procurement

We seek to ensure that our supply chain is sustainable, and our procurement processes are performed responsibly. To that end, a transparent selection process for all our suppliers allowing us to document and evaluate our business partners ahead of any transaction. We aim to source locally, supporting the Saudi 2030 vision and ensuring our contribution to the development of our economy. We are exploring ways to evaluate and support local suppliers in meeting ESG criteria.

Procurement	2018	2019	2020
Total procurement spending (SAR)	18,439,701	17,287,799	17,821,956
Amount spent on local suppliers (SAR)	13,115,840	13,229,777	14,517,512
Percentage of total procurement spending on local suppliers (%)	71%	77%	81%
Number of local suppliers (#)	83	92	82

Strong Corporate Governance

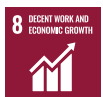
Ensuring Corporate Governance Excellence

We are committed to the highest standards of corporate governance in compliance with national and international regulations, encouraging integrity and accountability. Sound corporate governance is essential to our business continuity. It regulates the relations between the Board of Directors and all the company’s stakeholders including the senior management and our shareholders. At Saudi Re, we aim to embrace best practice requirements for disclosure and transparency. We communicate through various platforms including our website, the Saudi Stock Exchange Tadawul website, our dedicated Investors Relations App, and we provide full disclosure of our corporate governance report



annually. A highly efficient Investor Relations Department ensures that our valuable shareholders are constantly informed and supported, their votes and their voices are heard. The department ensures that key information is disseminated by handling meetings and inquiries. This year we have organized 14 investor meetings and calls and participated in three investor conferences.

Investor Relations	2018	2019	2020
Investor Conferences	2	2	3
Investor Calls / meetings	1	3	14



We are led by a highly qualified Board of Directors implementing rigorous controls for financial audit and reporting, internal control, and compliance with legal requirements. The board is composed of five non-executive members, three independent members and, one executive director. The board is subject to a performance evaluation every three years. Six board meetings were held in 2020.

We are ruled by a comprehensive set of policies, including:



Our Remuneration Policy is fair and transparent, and our executive compensation is linked to performance targets.

Business Ethics and Compliance

At Saudi Re, our Code of Professional Conduct and Ethics obligates our employees to behave ethically and to comply with laws and regulations. This Code aims to help implement an anti-corruption and anti-bribery culture within our company. Various subjects are covered such as gifts and hospitality, reporting misconduct, or confidentiality. The compliance and legal department communicates the Code to all employees and provides support through awareness sessions and mandatory training.

Implementing a whistleblowing policy allowed us to ensure that all our employees and stakeholders can report any observed violation, such as corruption or suspected embezzlement and fraud, inappropriate behavior, abuse of authority, obtaining underserved benefits and rewards, or disclosure of confidential information.

Business Ethics and Compliance	2018	2019	2020
Percentage of employees trained on risks related to corruption (%)	50	75	90
Employees dismissed and/or disciplines for corruption (#)	0	0	0
Percentage of operations assessed for risks related to corruption (%)	70	85	90
Percentage of employees trained on risks related to money laundering and financial crime (%)	88	91	93

Saudi Re Internal Audit Department undertakes an annual review of Internal Control based on (Risk -Based Audit). Dedicated functions of Compliance and Risks Management play an active role in educating employees, setting standards, and ensuring compliance with applicable regulations. Our ongoing commitment to maintaining market-leading practices helps us manage the risks arising from our business lines. In 2020, no violation has been reported and no concerns were received by the Compliance Department through our internal monitoring system, only one incident related to the update of our corporate governance policy has been reported and was dealt with. We have set up a clear process to update SAMA with required policies and procedures in a timely manner.

Non-compliance with Laws and Regulations	2018	2019	2020
Total incidents of non-compliance with laws and regulations (#)	0	0	1
Total number of non-monetary sanctions (#)	0	0	0
Total amount of legal and regulatory fines and settlements (SAR)	0	0	0

Financial Performance

We aim to develop a financially strong company for the benefit of our stakeholders and our commitment is reflected in our high credit ratings.



In 2020 we have demonstrated strong financial performance as our gross written premiums increased by 18%.

In 2020, total assets increased by 7% compared to the previous year, while net profit recorded 60 Million SR.

We have signed an exclusive contract with Malath Cooperative Insurance Company to provide reinsurance coverage on the Inherent Defects Co-Insurance Program. “IDI” This contract is expected to reflect positively on our sales and our financial performance.

Credit Rating as per rating agency	2018	2019	2020
Moody's	A3	A3	A3
Tassnief	AA+	AA+	AA+



We have been nominated for the best reinsurer
in the Middle East insurance Awards in
2019.

Responsible Client Relations

Data Protection and Cybersecurity

We are committed to our client's growth by providing comprehensive reinsurance solutions. Sustained commitment to our clients is achieved through continuous client-focused innovations.

One area of endeavor at Saudi Re is data privacy and security. To that end, we provide tailored information security training and awareness sessions to all employees. It is fundamental to us to maintain the trust of our clients.

We have applied strong measures and procedures to guarantee our client's safety and privacy through the implementation of data privacy and security solutions, in compliance with SAMA Cybersecurity Framework, the National Cybersecurity Authority (NCA) standards as well as international standards. We have performed three cybersecurity stress tests to identify significant gaps and areas of risk. No security breaches have been identified this year.

Client Satisfaction

By adhering to the Insurance Market Code of Conduct Regulation, we consider providing transparent information and fair advice to our clients fundamental to achieve greater satisfaction, and we always work to exceed our client's expectations.



Being part of the insurance industry, improving our claims management process is central to our clients' satisfaction. As a reinsurer, having no direct connection with insureds, we initiate the process of settling claims once the broker or the insurance company provides all necessary documents and proof of payment to the insured. Our Claims Team follows our Claims Policy & Procedure and is in charge of reviewing and validating the claims submitted by our business partners.



We work in compliance with reinsurance terms, processing and approving the claims within seven working days for normal claims and three days for cash calls (claims under proportional treaties). Our efficiency in handling claims is highlighted by our high customer satisfaction rates. New initiatives were adopted by Claims Department to streamline and increase efficiency in claims processing including fast-track claims procedure and additional automation of claims follow up.

Client claims & Customer Satisfaction	2018	2019	2020
Number of client new claims during the year	4,361	3,831	2,807
Number of claims requested to be settled during the year	3,224	2,271	915
Number of claims settled during the year	3,224	2,271	915
Percentage of settled claims during the year	100%	100%	100%
Percentage of claims settled within 7 working days (#)	97%	98%	98%
Amount of claims paid	368,408,063	436,701,320	481,193,889

2020 achievements & 2021 commitments



Increase the fast-track claims limit up to SAR 50,000 (applicable for non-life only).



Automation of claims follow-up.



Documents tracking system.

Innovation and Digital Transformation

We believe in innovation through digital transformation. Our innovation strategy is client-focused, aiming to improve our clients' value chain. This year, we have initiated innovative projects such as data warehouse, applications enhancement projects, security projects, infrastructure upgrades such as the SAMA Cybersecurity Framework or Safe Work From Home Platform.



01

IT Service Desk has been established.

02

Upgrade of the core synergy system to release additional security features and extended workflow capabilities.

03

Infrastructure upgrade to support new technologies.

04

Established Citrix platform to facilitate work from home.

05

Strengthened network/infrastructure security by implementing SAMA Cybersecurity Framework and DMZ network.

06

User's access to most critical data and systems is now controlled and monitored by implementing PAM (Privileged Access Management) system.

Sustainable Insurance

Integrating ESG and Investing Responsibly

Corporate social responsibility is deeply embedded into our business activities and business lines. We are committed to helping build a more sustainable, fair, and ethical future.

As a Sharia-compliant organization, sustainability is embedded within our investment decisions. Being a good steward to society and the environment is part of our DNA.

We avoid investing in businesses that are deemed harmful to our society and our transactions promote equality, inclusion, as well as economic prosperity. We have in 2020, maintained our strategic investments in a diversified asset allocation, to ensure the sustainability of asset quality, the investment return and, minimize volatility risk.



Access to Insurance



We are committed to raising the insurance literacy of our stakeholders, enabling them to make better-informed decisions. We invite insurance actors to our training workshops in addition to providing technical training programs to the market.



Besides our insurance literacy programs we also sponsor events that bring awareness about reinsurance. Additionally, as agreed with departments of actuarial sciences of several universities, we welcome students as trainees within our company.

Financial / Insurance literacy	2019	2020
Number of participants in financial / insurance literacy initiatives (#)	92	65
Number of employees trained to support on financial / insurance literacy (#)	32	25
Number of training hours spent on financial / insurance literacy initiatives (#)	24	3

People and Community Care

Training and Development

We nurture our people. Our workforce is our strength and the cornerstones of our business success, and we believe that we are a rewarding place to work for. Continuous development of the workforce, empowerment, and collaboration help us achieve our goals and retain our talents. This year, the employee turnover rate has dropped by 8.1 percent compared to 2019. This is a signal that our HR development management is effective.

Employee turnover	2018	2019	2020
Turnover rate (%)	22%	9.1%	1%
Total number of employees who left the company (#)	16	7	1
Average tenure (years)	-	-	4.5

We invest in the career development of our employees. We offer training, all tailored to each particular target group. To that end, we have developed a specialized training plan “Saudi Re Development Program (SRDP)” which aims to address employees’ specific needs through different approaches. An induction program is also in place, aiming for the attraction and retention of our talents. We have a Competency Framework Project in place, aiming to guide employees and help them develop their skills and enhance their performance. All our employees receive regular performance evaluations and career development reviews.



Training

	2018	2019	2020
Total hours of training for employees (#)	5,160	3,760	2,416
Average training man-days per employee (#)	9	6	6

We prepare our top talents for management positions by investing in their training and development to ensure smooth succession planning and prepare them for future challenges within our company. Our training contents are designed to enhance staff sensitivity around technical and analytical skills and knowledge, as well as awareness of corporate governance, anti-money laundering and financial crime, and cybersecurity.

Workforce

	2018	2019	2020
Total number of employees (full time) (#)	71	81	86
By employment level			
Senior management (#)	7	6	6
Middle management (#)	14	15	15
Staff (#)	50	60	65
By age profile			
Workforce by age 18-30 (#)	13	18	21
Workforce by age 31-50 (#)	53	56	58
Workforce by age 51+ (#)	5	7	7

Diversity and Inclusion

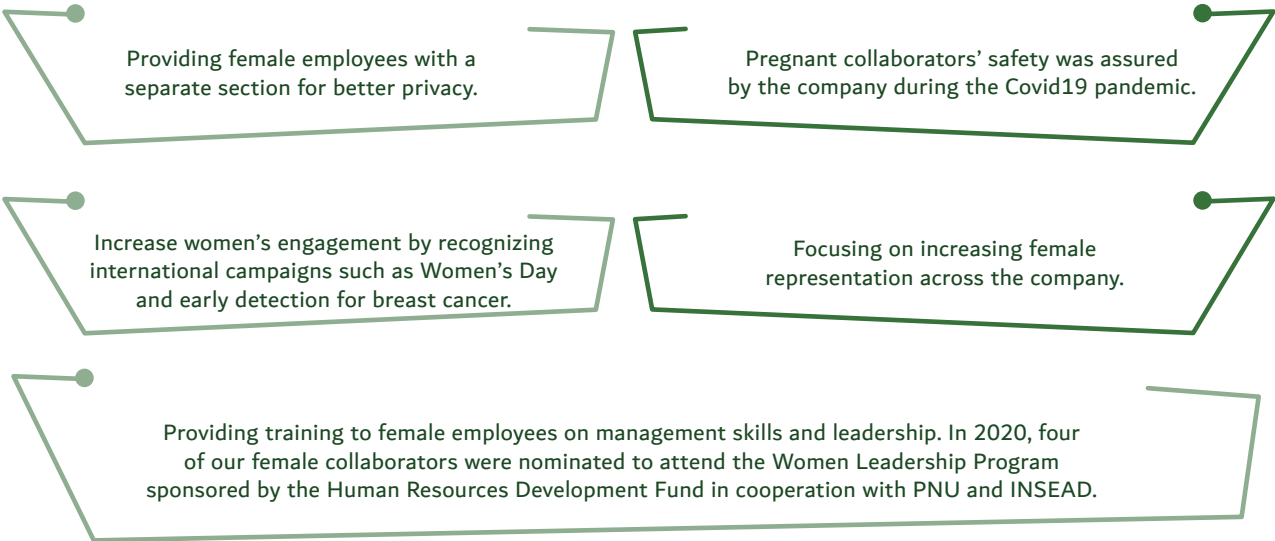


We are a responsible and fair employer providing an inclusive work environment with open communication. Dealing with misconduct is at the core of our Code of Conduct and our Whistleblowing Policy. We aim to create a stronger diversity and inclusion framework and we condemn any form of discrimination regardless of age, gender, religion, or disability. We have a grievance handling mechanism to prevent and address any incidents of workplace harassment or discrimination. We rely on a wide set of policies and procedures that allow us to protect our people from any form of violation such as the Model Work Organization Regulation, Physical Security Procedure, or Incident Procedure.

No discrimination or harassment cases have been reported in 2020.

We are proud to encourage female participation, promote diversity and equal opportunity. The proportion of women in the company increased by 13 percent in 2020 and we are targeting a 20 percent increase for the next year.

We launched several initiatives to increase the intake of female talent in our company:



Workforce	2018	2019	2020
By gender profile			
Female employees (#)	18	23	26
Male employees (#)	53	58	60

We have a Parental Leave Policy through which female employees are entitled to 10 weeks (Calendar Days) maternity leave and male employees to 3 working days. The return-to-work rate and retention rate stand at 100 percent. Retaining employees after their parental leave is also a challenges.

Health and Wellbeing



Our goal is to mitigate safety risks in our offices and promote social welfare in line with the best market standards. We have a Physical Security Procedure in place, allowing us to embed employees' safety into our company's policies.

Our Human Resource Department, Risk Management Department, and Business Continuity team are following up with all health and safety and security measures. Besides, they monitor emerging risks and hazards to ensure employees' safety. Emergency response fire drills are conducted annually.

Managing work-life balance is important. We comply with safe labor practices and laws regarding working hours. We also work on offering attractive working conditions to our people and keep them aware of health and safety updates on an ongoing basis. We offer support for family activities, give away on national and religious holidays and we conduct flu vaccination campaigns ahead of the flu season.



We aim to better engage our employees.

To that end, we have launched our “WalaPlus Engagement Program”, providing employees and their families with deals and discounts on a selected range of products and services, and better terms on loan offers from certain banks. We also conduct employee satisfaction surveys to monitor our people’s engagement.

Additionally, we have dedicated a total of 27 hours of HSE training and internal awareness sessions for employees this year. We are targeting 200 hours for the next year. We promote awareness campaigns to stress the importance of health and safety, such as the Covid19 campaigns. No fatalities were recorded in 2020.

Community Investment



Case Study: Furniture donations- Office

We are dedicated to support the wellness of the communities where we operate. This year, we have donated office furniture from our Labuan office in Malaysia to a charity organization called Pusat Jagaan Al-Fikrah Malaysia . We also invest in the prosperity of our communities through zakat in 2020 we have contributed an amount 13 mil SAR.



Climate Change, Energy Transition and Environmental Management

At Saudi Re, we lead by example.

We are mindful of the impact that our decisions might have on the market and the environment. This is why we are fully committed to address climate change and meet the Saudi Vision 2030.

The environmental impact of our activities is limited, given our business model. However, our goal is to manage our environmental footprint in terms of reducing water and energy consumption and waste management, participating to preserve future generations. This year we have improved our environmental management which led to a decrease in our GHG emissions by 10 percent. We have initiated several improvements such as replacement of defective or obsolete electric consumption devices with more efficient ones, and motion sensors for lighting being replaced when possible. In addition to these efforts, we sensitive our employees on energy management and efficiency. We have been successful in reducing our electricity consumption by 11 percent in 2020 as well as our energy consumption by 23 percent. Our total water consumption stood at 955 m³.



Indicator	2018	2019	2020
Total GHG emissions (tCO ₂)	358	316	284
Direct energy consumption (operations and vehicles, GJ)	1,163	2,240	1,709
Total electricity consumption (kWh)	465,440	402,080	355,200
Total water consumption (m ³)	1,320	1,407	955
Total paper consumption (kg)	405	405	270
Total paper recycled (kg)	15	12	4
Total waste generated (kg)	2,640	2,000	9,00
Total waste recycled (kg)	712	600	315