

SUSTAINING THE FUTURE



BNH ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We are excited to share our first ESG report, which details our overall approach to ESG topics and our progress so far. We recognise that we are at the beginning of our ESG journey and have more to do. We plan to report annually on our ESG progress and performance. This report focuses on the calendar year 2020 environmental, social and governance commitments of the Group, which we believe will contribute to a more sustainable future for our market, customers, and society. These commitments have been developed in alignment with the United Nation's Sustainable Development Goals and Bahrain Vision 2030.

We at BNH believe that building a sustainable business means, increasing transparency and fostering dialogue about how we operate, aiming to lead the industry by embedding vital ESG considerations in everyday decision-making across our insurance and investment businesses. We do so with the determination to ensure everything we do is rooted in supporting better long-term outcomes for all our stakeholders.

We are proud that despite the challenging conditions unleashed by the COVID-19 pandemic, we did not waver from our commitment to our stakeholders, helping clients achieve their goals upskilling our people, serving our communities and creating a sustainable future.

HIGHLIGHTS

ZERO

Data security breaches

Monetary and non-monetary sanctions

BD75,600

Contribution to the national taskforce for combating the coronavirus (covid-19)



19,008

Total hours of staff training



9 WOMEN

in top and middle management positions

77.11%

Group bahrainization rate

49.07%

of group staff sent for COVID testing

87%

of procurement spending was with local suppliers

RESPONSIBLE OPERATIONS

BNH aims to be one of the most trusted financial services providers, creating sustainable economic value through a commitment to strong corporate governance and transparent performance.

We aim to ensure our governance infrastructure support equitable, transparent and responsible business conduct.

STAKEHOLDERS'

Trust in BNH is based on our integrity, excellence and pioneering of every part of our businesses and people. We consider Customers, Employees, Shareholders, Regulators, Community, and Suppliers as our partners in achieving our corporate mission. We recognise that our stakeholders expect us to be transparent in how we operate, report on our own environmental and social impact and create value. We believe that our mission is to build long-lasting relationships with our stakeholders and continue sustainable management of the Group.

OUR GOVERNANCE

The Group has strong governance structures to comply with the regulators' rules and guidelines and as a tool to continuously improve our business and ensure that all stakeholders' interests are balanced and protected. BNH's Board of Directors is focused on strong leadership and sound governance practices and considers strong corporate governance as a critical competitive differentiator. Our Board and committee structure is well attended and ensures healthy debate and decision making. Emphasis is on operations being responsive to a continually evolving business landscape.

BOARD OF DIRECTORS

A group representing a cross-section of leading Bahraini businesses, brings a potent combination of experience and skills aligned with our business and strategy. It currently consists of 6 Non-Executive Directors and 4 Independent Non-Executive Directors. The current Board of 10 members was elected at our 2020 annual general assembly.

COMPLIANCE AND ETHICAL BEHAVIOR

The Kingdom is at the forefront of ushering in the latest in digital technology in the financial services sector. This results in dynamic and evolving regulatory requirements and laws. The Group is committed to adhering to all regulatory rules and regulations. It has formalised regular monitoring programs, continuously updating its policies, procedures and practices and providing adequate and verifiable, awareness training. The Group has several related resources on the intranet to actively participate and educate themselves in this critical area.

RISK MANAGEMENT FRAMEWORK

Risk management lies at the center of our operations and the two significant risks the Group is exposed to are underwriting risk and investment risk. BNH's risk management framework is based on a clear understanding of various risks, disciplined risk assessment, measurement procedures and continuous monitoring. The Board of Directors has an oversight on the Group's risks and sets the overall risk appetite. To facilitate, the Board of Directors has delegated the responsibility to oversee the risk management framework to the Audit, Compliance and Risk Committee (ACRC), consisting of selected board members. The Risk Management department independently reports to the ACRC. The ACRC also reviews the Risk Appetite and Enterprise Risk Management frameworks, economic capital adequacy and stress testing.

The Risk Management Committee is made up of senior management, regularly meet to assess emerging risks, capitalisation trends, counterparty risks, operational risks, liquidity risks and business continuity management. The Group was amongst the first in Bahrain to embrace and invest in infrastructure to produce Solvency 2 based Economic Capital Model calculations, informing all critical decisions of the Group.

ANTI-MONEY LAUNDERING/ COMBATING THE FINANCING OF TERRORISM (AML/CFT)

BNH is committed to a strict compliance program with all applicable AML/CFT laws and regulations to prevent using its products and services for money laundering and terrorist financing purposes. The Group AML & CFT Policy and Guidelines set out the detailed requirements of the related procedures. This includes a risk-based approach to conducting customer due diligence, ongoing monitoring, suspicious activity reporting, training and record keeping. BNH uses an AML/CFT screening and tracking software and in-house developed tool to screen and monitor customer activities and transactions. All employees are required to complete AML and CFT training annually. New joiners undergo training within three months of the joining date. Moreover, we have introduced KYC training to all employees, specifically the customer-facing Staff.

Regular, independent external audits and internal compliance monitoring reviews are conducted to ensure that the Group fulfils its obligations under the AML/CFT rules and other insurance-related regulatory requirements. Apart from internal audit reviews, these reviews help identify any weaknesses that enable the management to take remedial actions and maintain full compliance.

WHISTLEBLOWING POLICY

The Group has established a whistleblowing policy and system, in line with its commitment to the highest standards of good governance, transparency, honesty, integrity and accountability. The whistleblowing channels enable all employees and independent third parties associated with BNH (including customers and suppliers) to report various types of misconducts to the concerned authority in BNH in a confidential manner.

The Chairman of the Audit, Compliance and Risk Committee is responsible for overseeing the reported misconducts. BNH Whistleblowing Policy’s ownership rests with the Group Fraud Control Officer, who is also the Group Internal Audit Manager, thus ensuring independence in handling the reported misconducts.

In 2020, one misconduct was reported using the anonymous reporting channel. The relevant departments investigated the issue, and the Group took necessary mitigating steps before closing the case. Whistleblower cases are taken very seriously at BNH, and we continuously enhance the awareness around good conduct through education and awareness to minimise similar instances in the future.

DATA PROTECTION

BNH respects the privacy of the individuals and entities from whom it collects and processes personal information. We have a comprehensive data privacy compliance program that aims to implement appropriate controls on what personal information we collect and process & how we safeguard it. We follow applicable data privacy laws and complete privacy impact assessments for new and modified tools, service providers, and products and services that involve collecting or processing personal information.

We also perform an annual self-assessment of our privacy compliance program, using appropriate security safeguards & adopting detailed policies and related rules prescribed by the Central Bank of Bahrain (CBB).



CYBER- SECURITY

As the Group increases progress with its digital initiatives, protecting BNH, our workforce and our stakeholders from cyber risks is a shared responsibility across our Group. It begins with our cybersecurity team with oversight from an independent Information Security Officer. They advance a proactive cyber-defence strategy seeking to detect, mitigate and respond to ever-changing cyber threats. We engage experts to conduct regular assessments to validate defensive measures, assess vulnerability, employing a comprehensive risk management framework to enable effective escalation and management. As part of governance practices, the Audit, Compliance and Risk Committee of the Group reviews BNH’s privacy and the cybersecurity compliance programs regularly to facilitate sound investments in people, process and technology. All employees must complete a Cybersecurity Training module annually, which includes an exhaustive review of our internal policies relating to Cybersecurity and Data Privacy. In 2020, 167 employees completed the training.

LOCAL SUPPLIERS

We make it a priority to ensure our purchases activities directly contribute to local businesses in Bahrain. To achieve that, we procure goods and services from local suppliers whenever it is feasible. Investing in local suppliers creates jobs, builds local capacity and supports a more stable business environment. We encourage our associate companies to prioritise local purchases wherever possible. Our purchases activities are centralised through our Group Procurement department, which sets policies and guidelines, handles major purchases, facilitates contracts with suppliers and develops sourcing strategies. Individual business units manage some purchasing decisions depending on their needs.

	No	%	Amount (BHD)	%
No.Of Suppliers in Bahrain	159	87%	1,341,314	89%
No.Of Suppliers Out Side Bahrain	24	13%	173,800	11%
	183	100%	1,515,114	100%

WORK SUSTAINABILITY

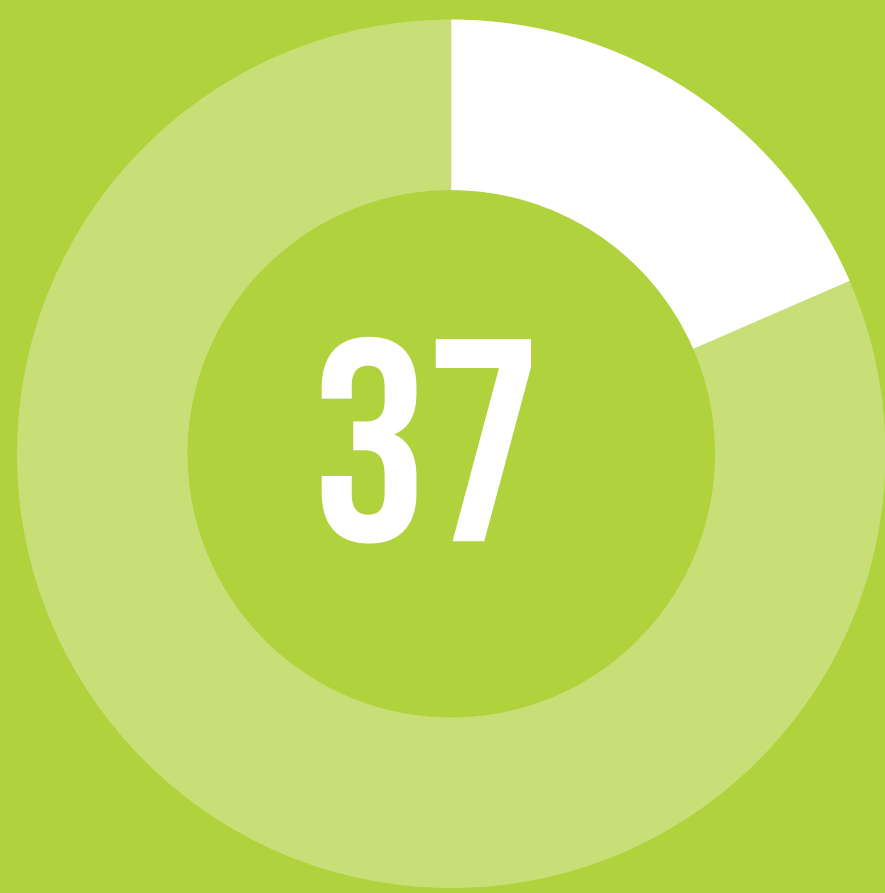
Our culture and people are our most important resource and a critical competitive advantage. We have a culture focused on our people, setting big goals, execution, continuous improvement and accountability in everything we do.

Integrity and ethical behavior are at the very foundation of who we are, what we do and how we do it.

2020 WORKFORCE OVERVIEW



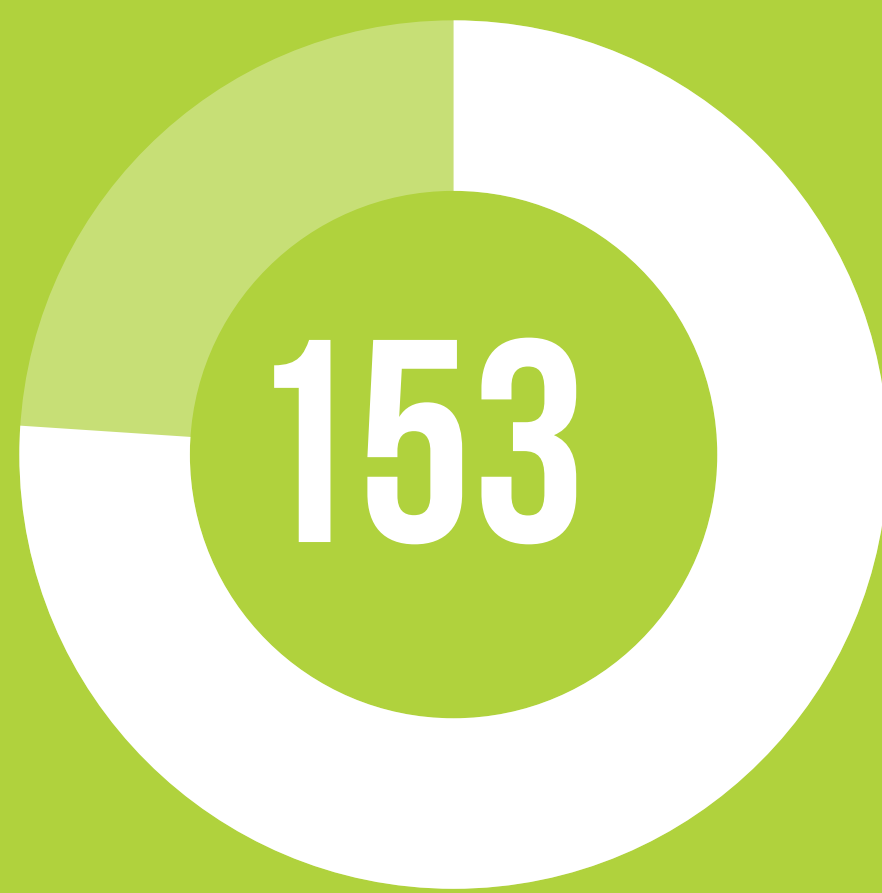
* Excluding trainees and temporary staff



SENIOR MANAGEMENT



MIDDLE MANAGEMENT

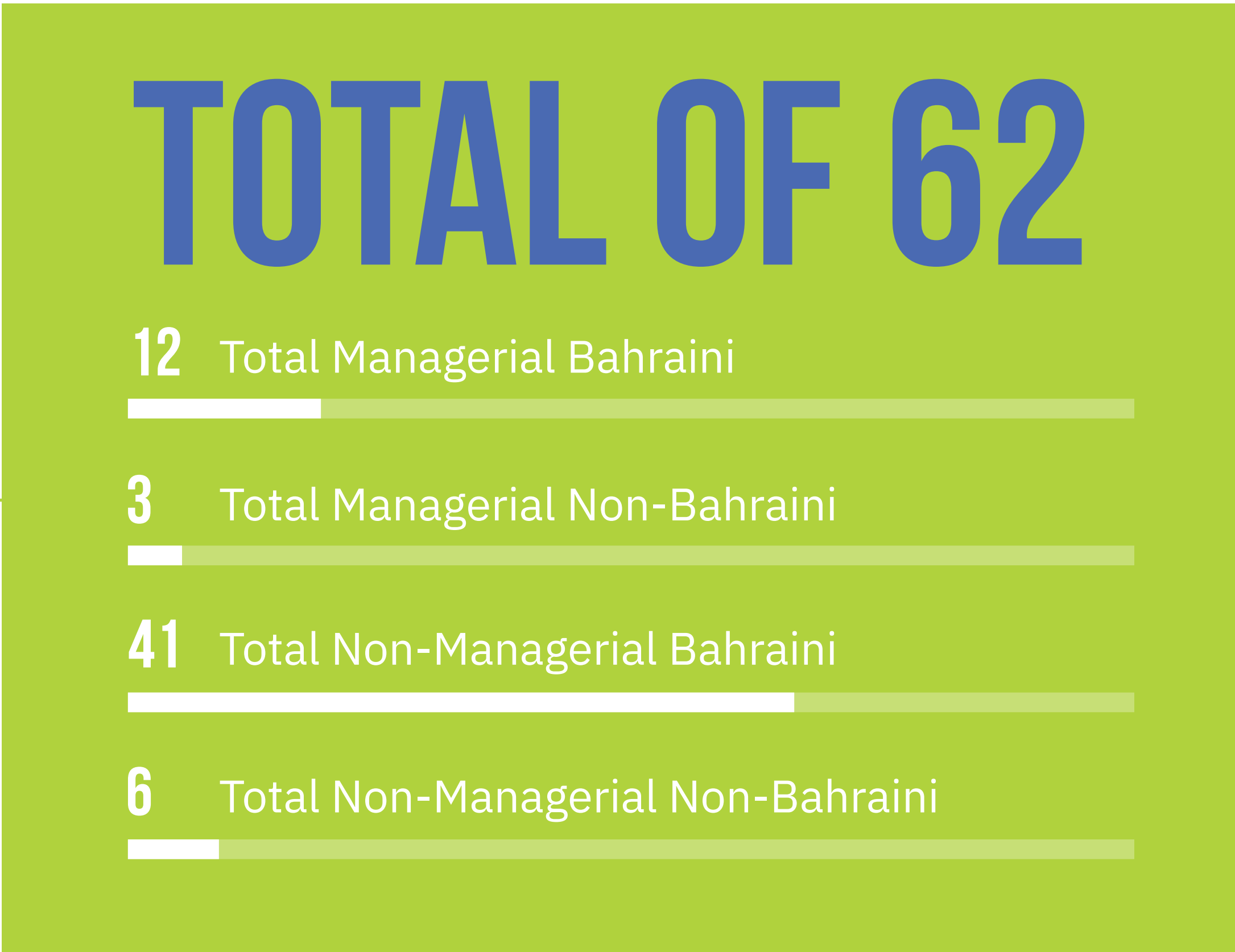
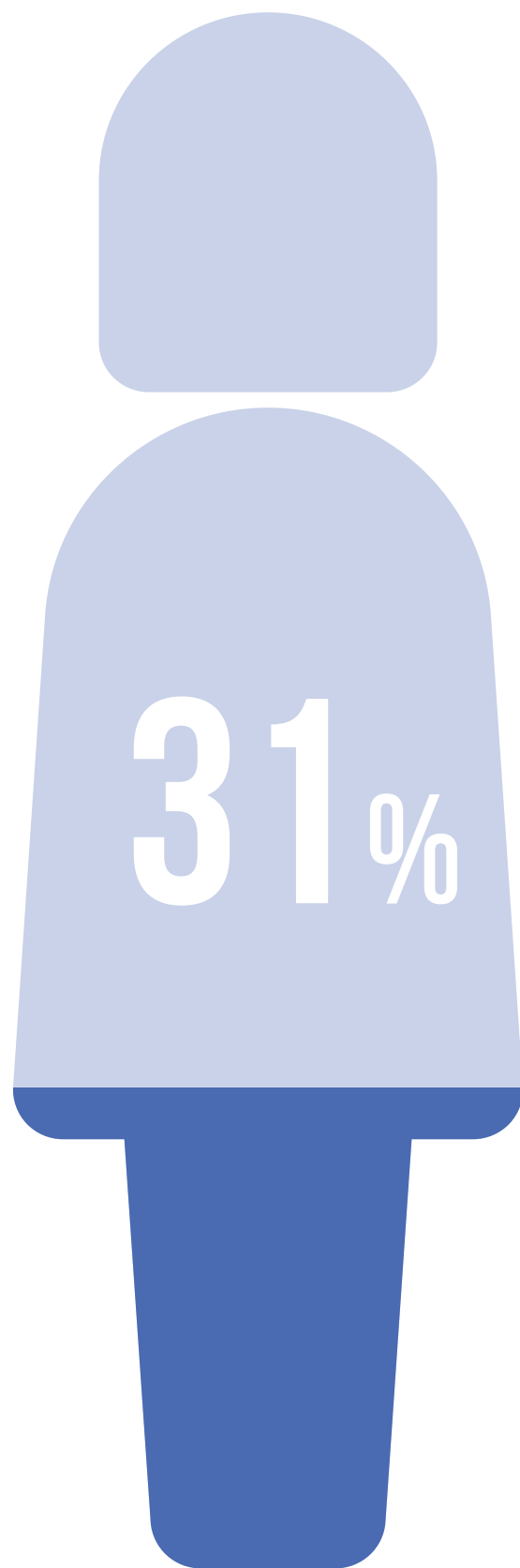
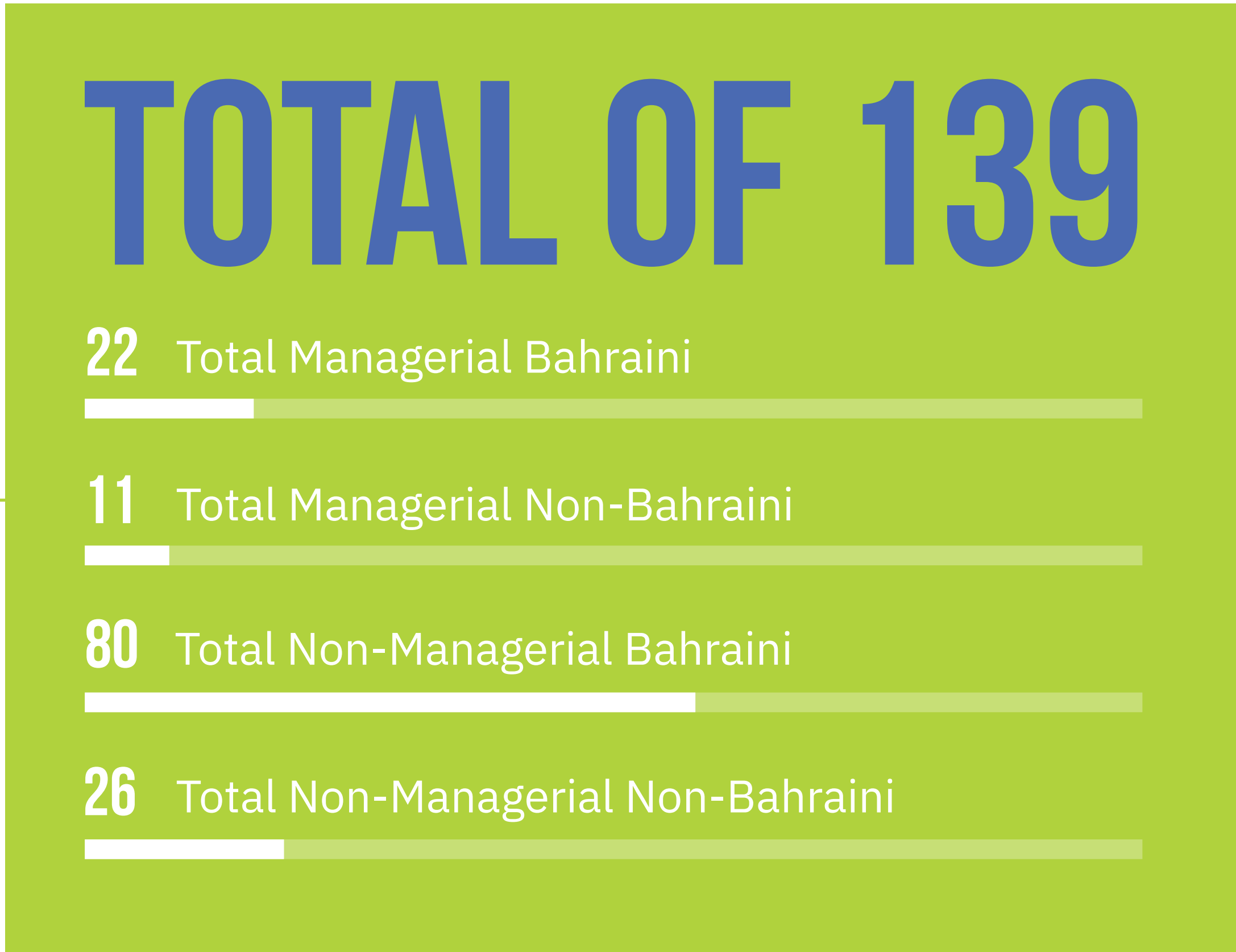
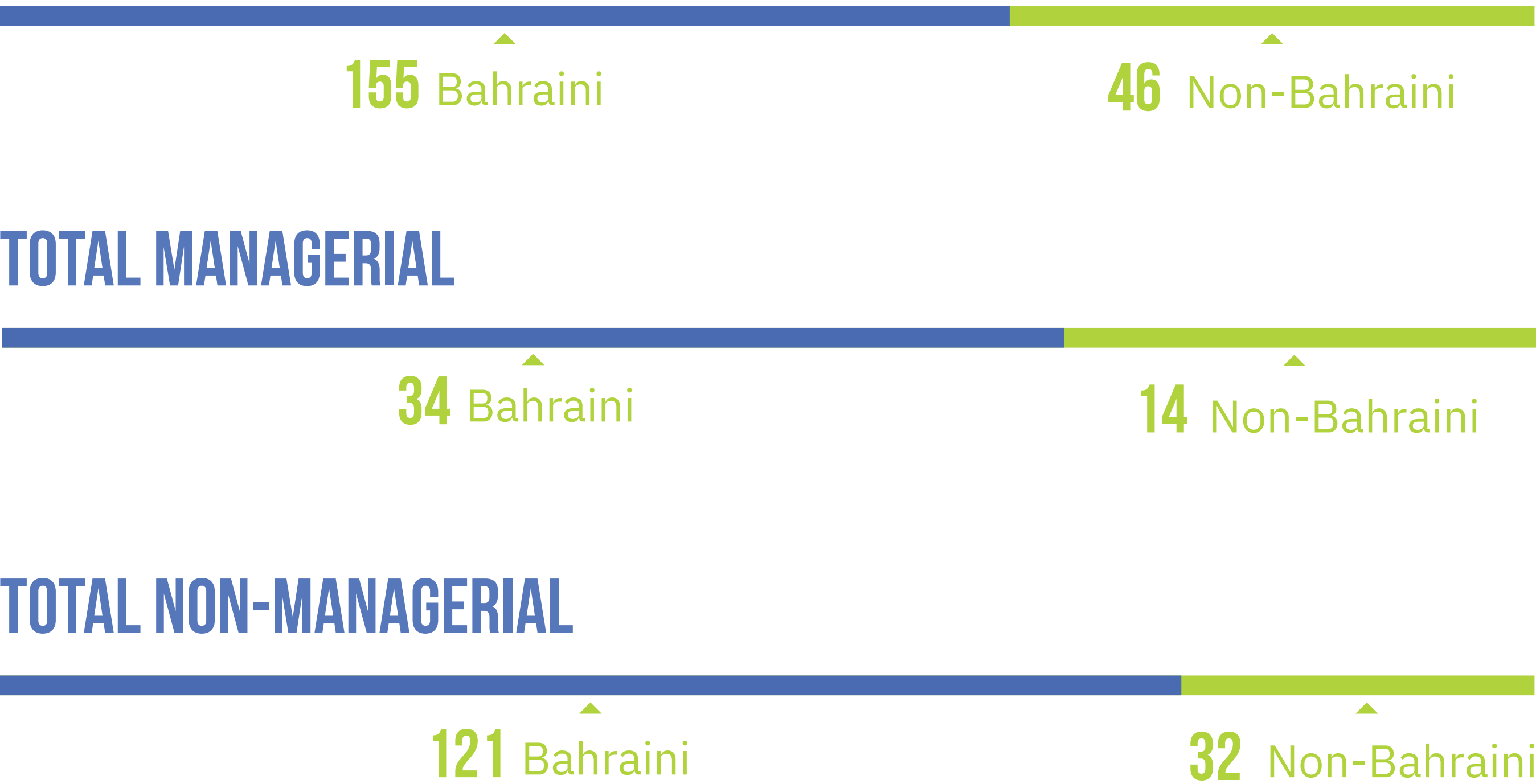


NON-MANAGEMENT (STAFF)



* Out of 201 full-time workforce

BAHRAINIZATION



DIVERSITY AND INCLUSION

BNH is committed to providing equal employment opportunities and, as such, has a workforce consisting of many individuals with diverse skills, values, backgrounds, ethnicity and experiences. The Group works to ensure that its selection processes for recruitment and employee development opportunities are free from bias and are based on merit. Wherever applicable the Group shortlists candidates based on performance in aptitude tests. The Board recognises that building diversity across BNH will deliver enhanced business performance.

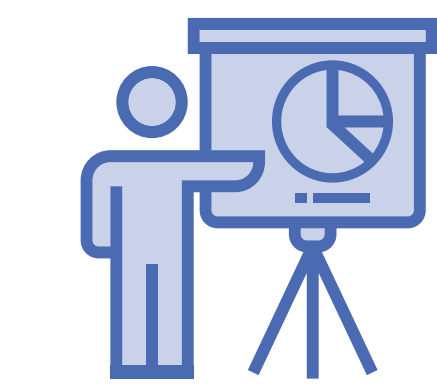
HIRING AND TURNOVER

	Male	Female	Total
Total new employee hires	6	12	18
Employee turnover (voluntary & involuntary)	17	10	27
Employee turnover (voluntary & involuntary) %	%14.77		

TRAINING AND DEVELOPMENT

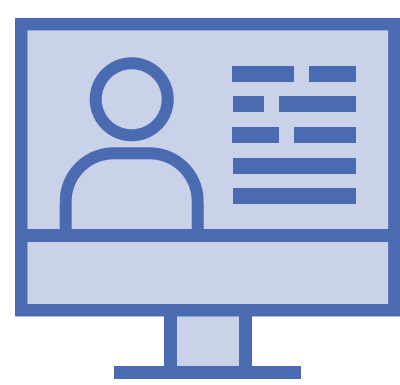
Development of our employees is a critical strategic priority. We foster a learning culture that supports the development of our people’s key capabilities. We believe that this will help them succeed in their current roles and provide a platform for meaningful, long-term careers with BNH. We practice a holistic approach to learning and development. Knowledge and skills are accumulated from on-the-job experiences, collaborative projects, classroom and digital learning, supported by activities such as mentoring and coaching. We also support Bahraini universities by providing internship opportunities with the group companies in a range of functions.

2020 TRAINING AND DEVELOPMENT



19,008

Total Number of Training Hours



108

Total Number of Training Courses
(Online courses and in-house training)



176

Total Number of trained employees



108

Average Number of Training Hours
per employee

CODE OF CONDUCT

At the heart of our approach to good governance is our Code of Conduct. The Code provides clear guidance on how we conduct business and applies to everyone who works at BNH. It reflects our Operating Philosophy, namely “Protecting Prosperity.” It also defines how we hold ourselves to the highest standards of professionalism, which is key to maintaining the trust and building sustainable relationships with our stakeholders – customers, agents, partners, regulators and investors. On joining, all employees are required to undertake training to familiarise themselves with the Code. All employees are also required to complete an annual certification of familiarity and compliance with the Code. We expect all employees to act with the highest personal and professional integrity standards and comply with all applicable laws, regulations, and Group policies.

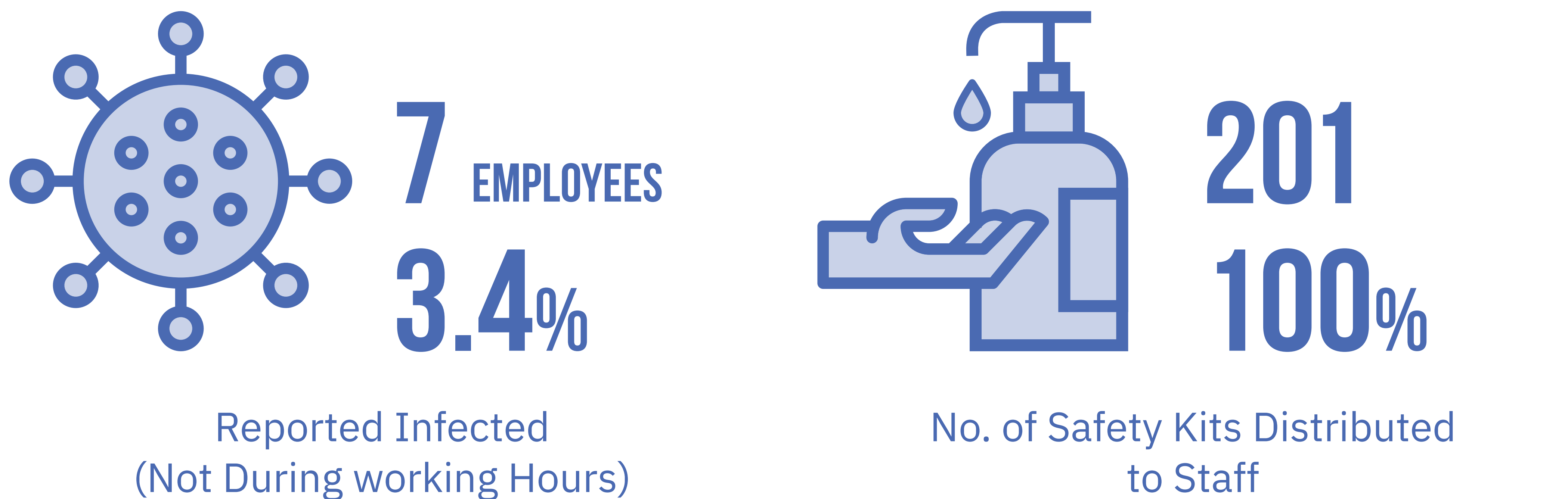
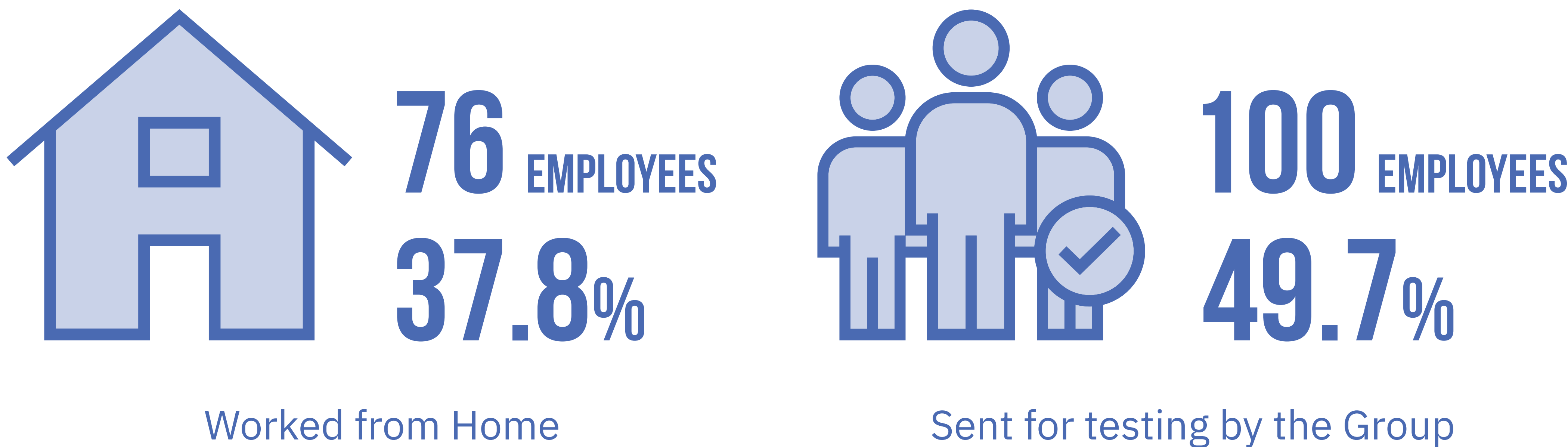
HEALTH, SAFETY, AND WELL-BEING

It is critical to our success that we support our employees’ health and well-being with programs that drive high performance, development, and engagement while also providing work-life balance.

COVID-19 RESPONSE

In the wake of the COVID-19 pandemic, the Group’s priority was focused on employee well-being and flexible work. One of the first steps taken in protecting employees was to create a plan that lays out the potential risks to the business and responses in the event of an outbreak. The Group put in place several measures, including those affecting workplaces, to fight the disease’s spread. These included policies on flexible leave and remote working to limit workplace presence and coordinate with the Ministry of Health to send Staff for COVID-19 test continuously. We provided Staff with a protection kit and appropriate hand sanitiser at convenient places on all floors and offices, regular sanitizing work areas, temporarily suspending outsourced workers such as office boys.

We also placed posters that encouraged sick employees to stay at home when sick, communicated cough and sneeze etiquette and hand hygiene. The signs were placed at the workplace entrance and in other visible areas, assigned a person at all doors to check the visitors’ temperature and note their details, installed an impervious barrier for customer-facing areas. We also focused on limiting if not eliminating physical interaction with and between customers, such as launching bni Virtual branch, bni Drive-Thru branch, enhancing bni’s WhatsApp chatbot service, and introducing the motor claim registration online. Financial settlements were carried out online via banking systems, to avoid the need for cheque signing and associated risks of spread.



OUR PEOPLE

BNH and its subsidiaries are committed to providing customers with innovative and relevant products that offer value and choice. They are underpinned by excellent customer service from issuing a policy through to settling of a claim.

We set robust expectations and standards of customer service to maintain their trust and confidence. This includes groundbreaking and focused product design and development, providing clear information to customers, and ensuring claims are handled fairly and promptly.

DIGITALISATION

Our ambitious future strategy has been set up to improve the customers' digital experience and create better value products and services. Our significant investment in data and digitalisation will reduce costs and make it quicker and easier to do business.

Building on a framework created in 2019, we track our digitalisation and automation levels in operations across all our divisions. Our focus is on digitalising more of our customer interactions, to create better service options and to reduce the amount of paper we consume. As of the end of the year, most payments processing and claims related interactions with customers were made via digital devices. After our sustained efforts to encourage our customers to use digital channels, customers submitted at least half of all service requests and claims digitally this year.

In 2020 we introduced bni's WhatsApp for business. Customers and potential clients can engage with us and conduct most of their insurance-related transactions through WhatsApp messages, including customers with 3rd party claims. We also launched bni's Virtual Branch, where clients could interact with customer service representatives via video call to complete their insurance-related transactions. Another digital initiative was the launch of online claims on bni's website. The feature enables clients to file and track claims on bni's website.

To further enhance customer satisfaction and experience, we have internally developed a Complaints Management system that is user-friendly and accessible by the concerned Staff to record, investigate, and resolve all complaints to address customer complaints promptly. Once a complaint is registered, an automatic SMS and email sent directly to the complainant with the complaint code for future follow up.

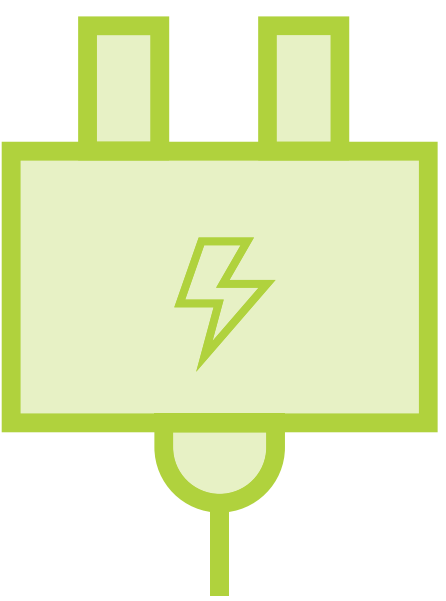
Bahrain's National eGovernment Strategy 2010 is focused on ensuring the delivery of eServices to all customers - citizens, residents, and businesses - effectively and efficiently under the motto "Delivering customer value through a collaborative government." In line with this vision, bni launched bni Ecard, which allows customers to process all transactions related to the General Directorate of Traffic, file claims, and other motor insurance-related transactions.

DEVELOP NEW WAYS OF WORKING WITH YOUR CUSTOMERS.

COVID-19 has fundamentally changed how we live and work. It has heightened our focus, sped innovation to respond to real-world needs, and reframed how we support our communities. We remained laser-focused on reaching out to our customers, especially during the pandemic related shutdowns. Innovations, such as bni Virtual branch, bni’s online claim registration service, bni DriveThru branch and bnl’s revamped website enables customers to purchase some products online.

ENVIRONMENT SUSTAINABILITY

We are committed to reducing our environmental footprint, by improving energy efficiency, using resources responsibly and reducing waste. Employees are provided with resources to help them work sustainably.



ELECTRICITY CONSUMPTION

BNH’s target is to reduce energy consumption throughout its buildings and branches per employee by 20 per cent by 2022 by introducing initiatives such as replacing the traditional incandescent bulbs with energy-efficient alternatives to reduce the energy consumption. We consumed an estimated 3,594,585 kWh of electricity in 2020.



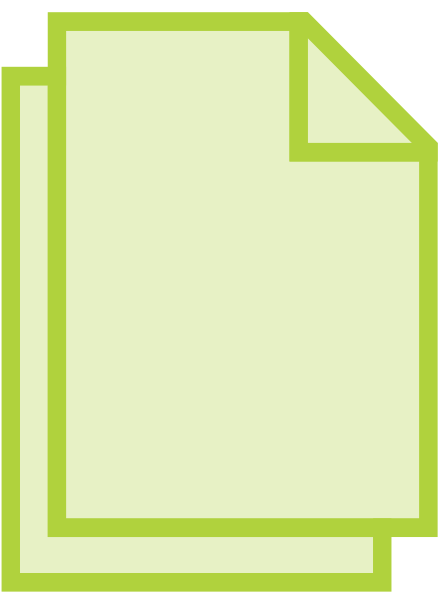
WATER

Minimising water use is a principal commitment. We have not adopted an overt target as BNH’s water consumption is not a significant driver of our environmental impact. However, we reduced water consumption in our offices through employee awareness campaigns and by investing in water-efficient technologies. We estimate that our Group consumed about 10,835,000 liters of water in 2020.



WASTE

We seek to minimise the waste we generate and to re-use or recycle materials wherever possible. BNH’s subsidiary bnl has partnered with Bahrain Association for Parents and Friends of the Disabled. All plastic waste is donated to them and the proceeds of selling the plastic goes towards purchasing wheelchairs for underprivileged patients.



PAPER USAGE

While insurance sector is notorious for physical forms and paperwork. BNH is working hard to change this by starting with ourselves. We have prioritised addressing paper wastage and exploring ways to digitalize more aspects of our operations and reduce our reliance on paper. We first started with moving to standard multi-function printers in 2019, with advanced features to control wastage. We invested in a board meetings management software, and meetings became paperless in 2017.

Our focus is on digitalising more of our customer interactions, to create better service options and to reduce the amount of paper we consume. As of the end of the year, our customers can digitally purchase policies and manage service and claims related interactions digitally. Electronic signatures are the best way to eliminate the shipping of documents and the use of paper. In 2020 we introduced the digital proposal forms that helped us reduce the Number of paper transactions significantly. We introduced Business-to-Business (B2B) online payments in 2020 to reduce paper wastage.

CORPORATE SOCIAL RESPONSIBILITY

We at BNH believe that our success is connected with that of the local community. We live by the concept “Creating prosperity through security” and our commitment to the development & welfare of our community is apparent through the work we do to create positive and ceaseless impact in the lives of our people and the society.

“We believe that good corporate citizenship is intrinsic to our success and we are committed to improving the quality of life in our communities, investing in education, sports, and empowering people to live greater lives.”

We are proud to be amongst the first corporates to respond to the immediate and long-term needs of people dealing with the impacts of COVID-19 by committing BD75,600 to The National Taskforce for Combating the Coronavirus (COVID-19) to help drive positive social and environmental impact.

This year we sponsored a virtual forum titled “Digital Transformation in Insurance – Elevating the Customer Experience”. This unique and timely insurance event aims to enable senior-level executives from insurance companies, financial services and insuretech innovators to evaluate and discuss solutions that will increase customer engagement and improve operational agility. The conference was organised by the Bahrain Institute for Banking and Finance (BIBF) and was held under the Central Bank of Bahrain (CBB). BNH is proud to sponsor BD8,000 for this event that attracted local and international speakers and was attended by more than 550 participants from all over the world.

bni continues supporting The General Traffic Directorate initiatives and awareness campaigns. It contributed BD6,500 towards activities, such as; rewarding responsible drivers, sponsoring the annual Traffic Village activities and creating awareness videos circulated on social media.

At BNH, we believe in social inclusion, particularly among special needs and youth. The “Response” Program is a national initiative aimed at developing the sports and youth sector in line with the vision of His Majesty King Hamad bin Isa Al Khalifa and HRH Prince Salman bin Hamad Al Khalifa, the Crown Prince and Prime Minister. This is a part of the Economic Vision of Bahrain 2030. In line with this vision, bnl sponsored the Bahrain Deaf Sports Club team at the 2020 Al Areen Spartan Trifecta, where we arranged for the team to be privately trained by Reps Fitness Studio provided them with the necessary gear to complete the race. We will continue to support the differently-abled community to integrate with society and lead daily and fulfilling lives.

Small local businesses and their hard-working owners are at risk of losing their place in our communities due to minimized sales during COVID-19. bnl, extended their support to these businesses by running a social media promotional campaign and the winner was gifted a reward of BD1,000.

We supported the Rotary Club of Salmaniya fundraising Raft Race which was held under the theme “Home of Hope” to use all proceeds to restore and rehabilitate Bahraini families’ homes with low incomes.

We also continued supporting the Hope Institute for Special Education and UCO Parents Care Center by extending free motor insurance on their vehicles to facilitate their students and the elders’ transportation, respectively.

Each year, we commit a part of our net profits for donations. In 2020, we proposed allocating a sum of BD80,000 towards donations (2019 BD30,000), subject to our shareholders’ approval.

CONCLUSION

While the Group has been committed to various aspects of the ESG paradigm, we are excited to integrate these disparate activities in a formal framework. This will help us communicate with our stakeholders and measure our progress in this sphere of utmost importance to our Group. As a group, there is a commitment to increasing the integration of ESG framework across our process and business operations.

We look forward to sharing our continued ESG journey with our stakeholders in the future.

We welcome the views and suggestions of our stakeholders and actively seek their input. This will help us evolve our ESG strategy to the needs of the stakeholders. For any feedback or questions, please contact Bashayer Dhaif, Corporate Communications Senior Manager, at **bashayer.dhaif@bnhgroup.com**.