



**ESG REPORT 2021** 

### **ABOUT THIS REPORT**

This is Riyad Bank's first environmental, social and governance (ESG) report. It provides an overview of the processes and governance structures the Bank has put in place to ensure ethical practices and sustainable value creation. The report illustrates how we embed a strong culture of accountability, ethical and appropriate conduct, as reflected in our interactions with our clients and suppliers, and with the regulatory environment and communities in which we operate. Our ESG report builds on our annual Corporate Social Responsibility (CSR) report, which can be accessed at www.riyadbank.com.

#### **Boundary and Scope**

The report covers the period from 1 January to 31 December, 2021, in line with our annual financial reporting cycle and includes the Bank's operations in Saudi Arabia. Unless specified, information on the Bank's subsidiaries is not included in this report. Financial data is expressed in Saudi Riyal (SAR).

#### **Target Audience**

This report intends to address the information requirements of our key Stakeholders. It presents information relevant to how we create, preserve, and minimize the erosion of value for these key Stakeholders, including our employees, clients, regulators, and society.

#### Materiality

We apply the principle of materiality in assessing what information should be included in our ESG report. As such, this report focuses particularly on those issues, opportunities and challenges that impact materially on our ability to preserve and create value for our Stakeholders, Material matters and the process we follow to determine these matters are outlined on page 34 of this report.

#### Forward-looking Statements

This report contains certain forward-looking statements relating to the financial performance and position of the Bank. All forward-looking statements are solely based on the views and considerations of the Bank. Actual results may differ materially from the Bank's expectations if known and unknown risks or uncertainties affect its business, or if estimates or assumptions prove inaccurate. Factors that could cause actual results to differ materially from those in forwardlooking statements include, but are not limited to, global and local market and economic conditions, industry factors as well as regulatory factors. Riyad Bank disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available because of future events or for any other reason. The forward-looking financial information disclosed in this integrated report has not been reviewed or audited or otherwise reported on by our auditors.

# Using this document as a baseline for future reports, we aim to improve our reporting year on year. Please email your views on our progress and ambitions to csr@riyadbank.com

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Introduction • •



Welcome to Riyad Bank's first ESG, in which we show how the Bank has aligned with Vision 2030 on sustainability and environmental security.



### Message from the Chairman

#### Welcome

Riyad Bank has intensified its focus on our environmental, social and governance matters (ESG) in line with the Kingdom's Vision 2030 and the Bank's own Strategy 2025. We have taken a more coordinated approach by developing our ESG initiatives around four fundamental pillars - community, knowledge, economy and environment. Riyad Bank is laying the foundation for sustained and positive ESG impacts in the short-, medium- and long-term future.

In this context, I take pride in presenting the Riyad Bank's first ESG report. In this report we share in depth how the Bank is embracing sustainability through ESG planning and how its requirements are being embedded in our operations.

I welcome you to share this ESG journey with us.

#### Economic background

\* \* \* \* \*

Unlike in many countries around the world, the pace of Saudi Arabia's economic growth was barely slowed by the advent of the COVID-19 pandemic. The Kingdom's 2030 vision had come into full force in the years immediately before the pandemic and was already attracting substantial foreign investment into our economy, in tandem with commercial diversification and infrastructural development.

As a direct outcome the Saudi Arabian banking sector, including Riyad Bank, experienced a relatively small decline during the height of the pandemic and rebounded strongly as the impact of COVID-19 began to be managed diligently across the Kingdom. In fact, Saudi Arabia's economy grew quicker during parts of 2021 than in the entire previous decade. This shows the overwhelmingly positive impact of Vision 2030 on our national economy and the cause of sustainable and diverse economic development.

We are honored to be part of the strong Saudi Arabian banking sector performance during this time, which remains as one of the strongest pillars of the Kingdom's future development.

#### Sustainable opportunities through Vision 2030

Vision 2030 is all about Saudi Arabia's future sustainability, and it motivated Riyad Bank to prioritize strategies that will help deliver a sustainable economy. These included enhancing our digital platforms, investing into green energy, financing sustainable projects in collaboration with government, supporting Saudi Arabia's young people and providing funds for homeownership.

For example, the Bank's Green and Renewable Banking offering includes nine programs designed to support the Kingdom's transition to clean energies. Covering the aspects of Environment, Energy Efficiency, Renewable Energy, Consumption Rationalization, Recycling and Water and Energy Management, potential clients specializing in these areas can be fast tracked and even subsidized.

Riyad Bank is already renowned for its support of the small and medium enterprise (SME) sector, but we redoubled our efforts and offerings in this area. As a result, Riyad Bank received the Outstanding Performance Award and an award for Best Small and Medium Enterprises Bank by Euromoney - a highly regarded international publication.

Furthermore, Riyad Bank engaged 96 specific Vision 2030 key performance indicators (KPIs) by launching four high impact initiatives, and signing five MoUs and 10 execution agreements. These are supported by the launch of our Business Initiatives and Enablers Development Center – the first of its kind in Saudi Arabia – and 29 Small Business Centers across the Kingdom.

#### Alignment with ESG best practices

Global society is facing up to the challenges of climate chance and sustainable commerce by adopting ESG frameworks that guide and coordinate organizational reporting. At present there is an array of reporting standards to choose from, but fortunately these are being steadily consolidated into universal frameworks. At this time Riyad Bank aligns with the standards most applicable to running ESG compliant and sustainable operations in support of Vision 2030 and Saudi Arabia. These include The Guidance on Social Responsibility (ISO 26000), Accountability Principles Standard (AA1000), the Global Reporting Initiative (GRI), and the UN Global Compact.

The Bank was recognized for its diligence in this area when we won a Gulf Sustainability Award for the 'Best Sustainable Education Program'.

### Award-winning recognition

Besides the several awards that I've already mentioned, Riyad Bank has been widely recognized for our outstanding offerings across various banking channels, with our customer service being a particular strength. We were delighted to be awarded the high-profile **Outstanding Winner Award for Customer** Excellence, presented for the first time as part of the Mohammed bin Rashid Al Maktoum Business Award. Riyad Bank also won the Mohammed bin Rashid

Award for Customer Excellence.

Satisfying our customers through our services and offerings is at the core of banking sustainability and we are pleased and proud to be widely recognized for excelling in customer service.

#### Governance

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Our Board and executive management colleagues know that I am uncompromising on proper corporate governance. I am therefore pleased to report that Riyad Bank's internal governance controls are comprehensive and mature.

This ESG report being published by Riyad Bank for the first time takes Riyad Bank's governance to a new level. Although we have reported publicly on our corporate social responsibility (CSR) programs for several years, this report delves into the rationale behind Riyad Bank's ESG philosophy and initiatives. We believe that it has become as important to disclose our ESG activities as it is to report on financial performance.

#### Acknowledgments

Riyad Bank is kept proudly aloft in the hands of the thousands of great people who work for and with us. We couldn't possibly succeed and thrive without your constant diligence and care.

Finally, I acknowledge the willingness of the Board and executive management to embrace ESG and walk the extra mile in getting it implemented throughout Riyad Bank, its channels and systems. This is not an easy journey, but we are walking hand in hand to create a sustainable future for Saudi Arabia. I have every confidence that I'm in the company of people who can navigate the transitions and help create a better Saudi Arabia for all its people.

Abdullah Mohammed Al-Issa Chairman of the Board

Vision 2030 is all about Saudi Arabia's future sustainability, and it motivated Riyad Bank to prioritize strategies that will help deliver a sustainable economy.



# Message from our Chief Executive Officer

I am pleased to welcome you to Riyad Bank's first ESG report, in which we examine the critical issues facing the Bank's business from a social, environmental and governance standpoint. Since the launch of our strategic sustainable development plan in 2018, we have spent considerable time and effort aligning with the Saudi Government's Vision 2030 - announced in 2016 - and the UN Sustainable Development Goals (UN SDG), to ensure a sustainable, equal future for our Stakeholders and the country.

While Riyad Bank has been committed to sustainable development and social responsibility goals for years, this is our first ESG report presented to the public. We have worked hard to align with the Government's Vision 2030 goals and are excited to share the projects and initiatives we have undertaken and will continue to pursue to achieve these goals.

Since developing our CSR strategy, we have focused on aspects that our customers and our Stakeholders prioritize. These include security, supply chain, carbon footprint reduction. energy efficiency improvements, employee health and safety, business ethics, diversity, and labor practices. To cement our commitment to these goals, we recently included ESG-related targets in senior Executive KPIs. We have integrated all our ESG operations and objectives into the Bank's risk assessment process, considering environmental risks such as carbon emissions, energy efficiency, waste management, supply chains, human capital, and product security.

#### **Gender Equality**

\* \* \* \* \*

25 years ago, Riyad Bank was among the first organizations to actively recruit female employees, and we are proud to applaud those Riyad Bank women who celebrated 25 years' service with us this year. At present, Riyad Bank is the largest employer of women in Saudi Arabia's banking sector. We have experienced a 7.45% growth in women

employees since 2015, bringing our female workforce up to 27.3% of our total workforce. The 1,459 women employees consist of 361 middle managers and 18 senior managers.

We have a robust female empowerment program in place that guarantees equality in the workplace. I personally meet my female colleagues twice annually to discuss any issues they may be experiencing, and to ensure they are not facing any discrimination. I ensure that they receive every opportunity to succeed and grow at work.

The Bank conducted a survey during the year to measure job satisfaction among female employees and are pleased to announce that we were certified as the Best Place to Work for Women in Saudi Arabia in 2021.

#### **Employees with Disabilities**

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We have a significant number of employees with disabilities working within Riyad Bank, and I take this opportunity to acknowledge how well many of these employees are doing. I was honored to meet with them recently, to discuss their recruitment and their place within our organization, and I felt it important to reiterate that these employees were hired based on their skills and merits, not simply because of their disabilities.

Our employees with disabilities are proving to be invaluable members of their teams. Some have been deeply involved with developing innovations

that will help our customers access financial advice. We have also taken the time to investigate how they experience the Bank as customers, which has enabled us to provide improvements, such as ATM services that are better suited for blind or deaf customers.

During 2021, we worked to ensure that 7 of our branches across the Kingdom are accessible to our disabled employees and customers. This included training over 5,000 employees on how to deal with disabled customers and hiring 19 additional specialized employees to facilitate banking services for customers with hearing impairments. Thanks to the efforts of our Management team and Staff, we were proud to receive the Mowaamah Golden Certificate for our commitment to applying best practice and creating an enabling environment for employees and clients with disabilities.

#### **Social and Business Support**

\* \* \* \*

Riyad Bank is an enthusiastic and committed supporter of SME businesses in the Kingdom of Saudi Arabia. We are the leading bank in Saudi for SMEs and, during February 2022, opened a flagship center for SME development to ensure the Bank can fully support this vital segment of the economy. We were privileged to have His Excellency Dr. Majed Al Qasabi inaugurate the SME center in Riyadh together with announcing the opening of our Jeddah SME center. The Bank has plans to open its flagship SME center in Alkhobar in the near future.

Our SME customers have experienced considerable year on year growth while partnering with us. We actively encourage and support their entrepreneurial goals of graduating from micro-enterprises to small businesses, small to medium, and medium to large. Some of our fledgling entrepreneurs have grown into multi-million businesses during Riyad Bank's 55 years in business.

Our SME loan approval rate grew during the year under review, from 93% in 2020, to 97% in 2021. To maintain such a high approval rate, we advise SMEs on developing robust business plans and processes that support their applications for finance. Our SME advisors endeavor to iron out all snags and problems before applications are submitted. This forms an integral part of our strategy, whereby we develop a deep understanding of our clients' businesses and can offer insightful support. We recognize that this kind of advisory service not only leads to a higher approval rate, but greater success for our clients.

#### **Environmental Issues**

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Our Government's Vision 2030 plan prioritizes environmental sustainability which is also an important aspect of Riyad Bank's business and strategic plan launched in 2018. This ESG and CSR strategic plan was also aligned with the UN SDGs, to ensure we are on track to deliver the highest standards of environmental sustainability.

The Bank's CSR Committee created in 2018, meets monthly, and is headed by the Chairman, with me as CEO and our Chief Experience Officer as permanent members. This Committee, by design, includes several young employees, as we aim to encourage new ideas. Committee members are asked to submit innovative ideas or proposals at each meeting, and are encouraged to engage with family, friends, and the community at large to identify issues and develop ideas and proposals to address these concerns.

Thanks to the efforts of the Committee, we continually enhance our Corporate Social Responsibility (CSR) strategy, named "Bukra". This strategy is aligned with the best practices of the most important local, regional, and global frameworks, including Vision 2030, the UN SDGs, the Ten Principles of the UN Global Compact, and the UN Convention on the Rights of Persons with Disabilities.

Riyad Bank will lead in Saudi sustainability through green financing and accelerating our own recycling and environmental initiatives.



# Message from our Chief Executive Officer continued

Our Bukra strategy is designed to holistically address sustainable development by integrating initiatives that include recycling, waste reduction, tree planting and cleanup initiatives. I warmly acknowledge the ongoing recycling activities taking place at both our head office and within our branches. These activities, which include economic, social, and educational activities, are well embedded in the business, and now intuitively accepted by employees.

We also recently initiated the Riyad Bank sustainability Sukuk, issuing our first Tier 1 green sustainability bond during February 2022. This Sukuk was the first of its kind globally and was 4.3 times oversubscribed, peaking at USD 3.2 Bn.

During 2021, Riyad Bank announced our Green and Renewable Banking offering covering 9 programs to support the Kingdom's energy transition. These programs cover Environment, Energy Efficiency, Renewable Energy, Consumption Rationalization, Recycling and Water and Energy Management initiatives. We are funding, fast-tracking, and even subsidizing these projects.

In 2021 Riyad Bank allocated USD 750 Mn. to ESG projects and activities, with most of this funding earmarked for environmental projects.

#### Governance

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We recognize that, while our internal governance is mature, there is always the opportunity to improve and do more. After formally reporting on our CSR program for the last few years, our commitment to transparency has led us to this point of producing a detailed ESG report for the first time. Our Chairman is highly committed to governance, and his discipline and influence is a driving force throughout the organization.

Riyad Bank is committed to a fair and equitable workplace, which includes accountability. We have whistleblowing policies in place that extend throughout the business, all the way to the Chairman. An ethical culture is part of our Bank's DNA, and our attitude is that we will react swiftly to rectify any problems that emerge, without compromising the good we are already doing. We have zero-tolerance for unethical behavior and have embedded our "care" elements - We Care, We Win, We Are One Team - into every aspect of the organization.

#### Vision for the Future

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Our CSR focus has traditionally been on social and economic development within the Kingdom, and we acknowledge that environmental sustainability is a new focus for Saudi Arabia. That said, we are excited and pleased about the Government's Vision 2030, which shines a spotlight on sustainable development and environmental security.

Saudi Arabia is experiencing considerable construction and development. The Government's pledge to build new projects without negative impacts on nature is encouraging, to say the least.

Over the coming year Riyad Bank is focusing on aligning CSR and ESG initiatives and becoming an established leader in Saudi sustainability. This drive will involve considerable work from our Committee and employees, starting with education across the entire bank, working our goals into all our products and services, improving our reporting, and building on what we have already

#### Acknowledgments

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There are a great many noteworthy individuals who work with and for Riyad Bank, and I would like to take this opportunity to thank them for their hard work and commitment to our business.

I want to thank the CSR Committee and the Chairman for his commitment and guidance in leading the team. His deep interest and commitment to our ESG initiatives and projects, and his passion for social responsibility and sustainability is an inspiration to us all.

I would particularly like to draw attention to the Bank's team of employee volunteers. We recently started rewarding our volunteers with tickets for events happening across the city of Riyadh, as they are truly our stars. These employees gave up their own time to distribute food to the elderly during Ramadan, participate in blood donation drives and visit hospitals, while also donating iPads and technology to orphaned students. There is an incredible amount of passion behind our vision and mission. and these volunteers deserve credit for what they have achieved.

Finally, I would like to thank the people who are the heart and soul of Riyad Bank, without whom we would not be where we are today. Your commitment, passion and dedication make a daily difference to our customers' lives and businesses. From my part, we intend to ensure that Riyad Bank remains proud and dedicated to being one of Saudi Arabia's best places to work.

Tareq A. Al-Sadhan Chief Executive Officer



# **About Riyad Bank**

Established in 1957, Riyad Bank is one of the largest financial institutions in Saudi Arabia, ranked 3rd in assets with a current paid up capital of SAR 30 Bn. In 2021, foreign shareholdings increased to 10%. Riyad Bank conducts banking and investment business in the Kingdom of Saudi Arabia and abroad. We provide an integrated system of banking services for companies and individuals, and finances commercial and industrial activities and projects.



Our service offering is split across the following segments:

#### Retail Banking

Deposits, credit and investment products for individuals and small to medium-sized businesses

#### Corporate Banking

\* \* \* \* \*

Principally handling corporate customers' current accounts, deposits and providing loans, overdrafts and other credit facilities

# Treasury and Investment

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Principally providing money market, trading and treasury services, derivative products as well as the management of the Group's investment portfolios

# Investment and Brokerage Services

\* \* \* \*

Investment management services and asset management activities related to dealing, managing, arranging, advising and custody of securities



Year established

1957

Paid-up capital

SAR 30 Bn

### **Vision**

To be the most innovative and trusted financial solutions partner.

### **Mission**

To help people, organizations and society achieve their aspirations by being their trusted and caring financial solutions partner.

### **Values**

- We care
- We win
- We are one team



# **Operating Footprint**

340



Saudi Arabia **Branches** 

Our operating footprint spans a network of 340 licensed branches within the Kingdom, a London branch in the United Kingdom, a Houston agency in the United States of America, and a representative office in Singapore and soon in China.

### **INTERNATIONAL OFFICES**

London, UK Branch



Houston, USA **Agency** 



Singapore Representative Office

Soon in China





Riyad Bank is one of the Top Ten largest banks in the Gulf Cooperation **Council Region** 

Riyad Bank is one of the 40 most powerful Arab companies in the world

2,242 **ATM** machines



138,511 Points of sale



340



5,200+

**Employees** 



RIYAD BANK ESG REPORT 2021 INTRODUCTION

# 2021 Sustainability **Performance Highlights**

SAR 326 Bn in Assets

SAR 212 Bn in Deposits

Added 30

dedicated SMF

centers across the Kingdom

20 Social responsibility programs in 30 cities



7.45% growth in female employees since 2015



Total plastic and paper recycled 5,050 Kg

7 accessible branches for People with **Disabilities** (PWDs)







Saved 20% of electricity cost in our head offices and warehouses



Reduced electricity consumption by 41.2% in Branch 234



#### **Financial Performance**



#### **Digital**



#### Workforce



- SAR 326 Bn in Assets
- · SAR 217 Bn in Loans, Net
- SAR 212 Bn in Deposits
- SAR 11.6 Bn in Operating Income
- SAR 6.0 Bn in Net Income
- Launched our 'WSL Platform' in July 2021 as a simulation platform designed for entrepreneurs and innovators
- Revamping and scaling the Bank's Al and Machine Learning Platform helped to further utilize Data Science and machine learning to generate value
- 35,162 total training days
- 19 new employees with disabilities
- 7.45% growth in female employees since 2015
- 27.3% total percentage of female

#### **Data Privacy** and Security



#### Community Support



#### Supporting **SMEs**



- Cybersecurity ISO/IEC 27001:2013
- (PCI DSS) Certification
- · ISO business continuity. ISO22301:2019
- Donation accounts: 410,954 transactions to the amount of SAR 15.7 Mn
- 20 social responsibility programs in 30 cities
- 395 volunteers contributed a total of 811 volunteering hours • Over SAR 48 Mn total donations
- and philanthropy
- Autism center sponsorship: 16 ABA graduates in 2021 / total 37 graduates

- Over SAR 42 Bn in financing facilities
- Added 30 dedicated SME centers across the Kingdom
- Ranked number one in number of entities and volume of loans granted to SMEs through KAFLAH
- Digitization of lending process for SMEs\*
- \*This project is still under development

#### Sustainable **Finance**



#### **Financial** Literacy



#### Customer **Experience**



- Funding for 28 Green and Renewable Projects
- Cost: SAR +52 Bn
- RB financing: SAR 7.4 Bn
- · Best Sustainability Education or Awareness Program
- Gulf Sustainability Awards 2021

- 30 workshops and training courses
- 123,255 total number of attendees
- 20% improvement in Net Promoter Score (NPS) compared to last year
- Faster turnaround time for mortgage loan, auto loans, auto leases, personal loans, and credit
- 7 accessible branches for People with Disabilities (PWDs)

#### **Electricity** Consumption



#### Recycling

5,050 Kg



#### Governance



- Saved 20% of electricity cost in our head offices and warehouses, and reduced consumption by 30%
- · Reduced electricity consumption by 41.2% in Branch 234
- Total plastic and paper recycled
- Saved: 35,315 gallons of water, 85.7 trees, 11.6 cubic meters of landfill, 20.18 tons of CO2, and 20,180 kW of energy by recycling 5,045 Kg of materials
- 4 Independent Board Directors
- 8 Sharia meetings and 8 Fatwas in 2021 / total 143
- 55 policies, 21 committee charters and 384 processes

RIYAD BANK ESG REPORT 2021 INTRODUCTION 02

# Sustainability at Riyad Bank •



Over the past 2 years we have embedded an internal culture that is centred on sustainability. This strategy is starting to bear fruit.



# Strategy, ESG Framework and Governance

### Our Approach to Sustainable Transformation

In 2018, Riyad Bank launched a 5-year business transformation strategy (2018 - 2022). Through this strategy, we aim to help our partners and society achieve their aspirations by being the most reliable and attentive financial partner. We aim to be the best bank in Saudi Arabia by 2025.

#### Our business strategy is based on 4 main pillars



#### Most Profitable

We aim to be the most profitable bank in the Kingdom



#### **Most Efficient**

We aim to be the most efficiently and effectively run bank in the Kingdom



#### Bank of Choice

We aim to be the Kingdom's Bank of Choice for both customers and employees



#### **Digitally Enabled**

Me aim to be the most
Choice modern, innovative, and
digitally enabled bank in
the Kingdom

To achieve this goal, we redefined our values to We Care; We Win; We are One Team. This will contribute to the development of an appropriate environment in which to achieve our vision. Our values also enable us to focus on the interests and needs of our customers and work to meet their financial needs, while developing the capabilities of our people to exceed customer expectations. We pledge to take responsibility for our actions and to work with enthusiasm, credibility, transparency, and clarity.

We also recognize that Riyad Bank plays a strong role in contributing to the growth of Saudi Arabia, and even more so to its sustainable development. For this reason, we have integrated Environmental, Social and Governance (ESG) principles into our corporate strategy, thereby reinforcing our sustainability considerations when making financing decisions.

Riyad Bank's commitment to corporate responsibility is critical to the future of the Bank. Our sustainability focus strengthens our position and visibility in the marketplace while allowing us to support global ambitions in the realm of the environment, society, and the economy. In the past 2 years, we have developed and embedded an internal culture that is centered on sustainability. The strategy has started to bear fruits. Our employees are outstanding ambassadors and genuine humanitarians.

With this essential cultural foundation in place, the Bank is now extending its focus and looking at how we can contribute towards broader external issues. Our ESG focus for 2021 was to expand our influence and adopt new priorities, including a much more comprehensive approach to driving sustainability by supporting and safeguarding our people, society, and environment. We built every initiative around 4 key pillars – community, knowledge, economy, and environment. This was based on the understanding that our position in the community gives us not only the ability, but also the responsibility, to make positive contributions and deliver tangible results.

The outcome was remarkable in that we not only made important progress in our initiatives, but we also changed community habits and mindsets, while receiving several awards, recognitions and certifications for our successful initiatives and commitments.

Although our focus is shifting more towards the environment, we remain invested in our initiatives targeting health, education, people with disabilities and our employees. We will look back on 2021 as a year in which our sustainability and corporate social responsibility efforts were at their most ambitious and most effective, laying the foundation for an even greater impact in the years ahead.

# Embedding Corporate Responsibility and Sustainability: Bukra Initiatives

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Launched in 2019, our Bukra Strategy aims to deliver quality corporate social responsibility initiatives in alignment with the Bank's strategy and operations, the United Nations Sustainable Development Goals (SDGs), and the Kingdom's Vision 2030.



The strategy was developed following extensive research and analysis, in consultation with various Stakeholders. This allowed the Bank to identify the crucial elements of an appropriate and effective roadmap. In addition to the SDGs and Vision 2030, Bukra is aligned with the best practices of the most important local, regional and global frameworks, including the Ten Principles of the UN Global Compact, and the UN Convention on the Rights of Persons with Disabilities.

#### Bukra has 4 main pillars:



Economy



Environment



Knowledge



# Strategy, ESG Framework and Governance continued



The Bukra Sustainability Strategy at a Glance

\* \* \* \* \*

#### **Vision**

To be a leading member of sustainable practices that would add value to employees, customers, Stakeholders, and the whole community of Saudi Arabia

#### **Mission**

To deliver quality corporate social responsibility practices of impactful values and benefits in alignment with the Bank's strategy and operations, the United Nations Sustainable Development Goals (SDGs), and the Kingdom's 2030 Vision



#### **Objectives**

- Align our practices with The Guidance on Social Responsibility (ISO 26000), Accountability Principles Standard (AA1000), The Global Report Initiative (GRI), and the UN Global Compact
- Be recognized for our professional and collaborative approach to protecting the environment, contributing to education and to supporting our employees, the communities in which we operate, and society at large
- Measure the impact of our programs internally and externally, and share reports, insights, and statistics with our Stakeholders
- Play a meaningful role in the Kingdom's community service programs by involving our employees in relevant initiatives
- Be diverse, inclusive, transparent and accountable in all our projects and practices

Our Bukra focus for 2021 was to include environmental protection and sustainability as a key priority without compromising the quality or quantity of our previous commitments which have made such a massive impact on the community. To achieve this, we aligned all members and departments within the Bank to contribute and support our CSR progress and initiatives. Their input was invaluable and helped us to build on our past successes while breaking new ground.

In 2022, we aim to develop a robust ESG strategy that aligns closely with the Bank's 2025 business strategy as well as the UN SDGs and the Kingdom's Vision 2030. Our ultimate objective is to continue with our Bukra strategy and become a leading example of how sustainable business practices can add value to employees, customers and the broader Saudi society.

#### Our Bukra Strategy in Action

\*\*\*\*

#### **Pillars**



**Economy** 



**Environment** 



Knowledge



Community

#### **Activities**

Economic support initiatives intended to improve the national economy and the social welfare of the Kingdom's people in line with Vision 2030 Initiatives to protect the environment and promote awareness Developing the nation through education, and by creating and enabling new skills to empower successful communities Programs and activities, including health, art, sports and culture initiatives, that enhance communities across the Kingdom

#### Focus areas

- Entrepreneurial initiatives
- Financial literacy programs
- Saudization of vendors
- Supporting SMEs and business related to diversity
- Recycling
- Electricity saving
- Tree plantingBeach and parks
- cleaning

   Art exhibitions
- Art exhibitions in support of people with disabilities
- Supporting educational / mentorship programs
- Utilizing employees' skills and knowledge to support 3rd sector entities needs
- Education for people with disabilities
- Training for SMEs
- Social responsibility awareness messaging

- Employment of people with disabilities
  - Providing accessible branches
  - Blood donation initiatives
  - Vocational training for people with disabilities
  - Bukra Ambassadors volunteering program
  - Accessible public buildings, especially schools
  - Pro bono program
  - Utilizing Riyad Bank facilities to host educational workshops

Each pillar of the Bukra strategy is reviewed monthly, with results tracked and monitored on an ongoing basis.



## Strategy, ESG Framework and Governance continued

### **Sustainability Governance**

Strong governance is the foundation of our sustainability agenda. Our robust sustainability governance principles and practices allow the Bank to clearly define its sustainability ambitions and establish the structures and processes required

#### Corporate Social Responsibility (CSR) Committee Key duties of the CSR Committee:

Our CSR initiatives take the Bank's overall strategy and operations into consideration. This helps to keep us on course as we work towards achieving our objectives. The alignment of our CSR strategy to our overall corporate strategy also allows us to navigate the key risks and opportunities presented by sustainability issues.

Riyad Bank's Board of Directors accomplishes environmental and social sustainability oversight through a dedicated CSR Committee, which is headed by the Bank's Chairman. Members of the CSR Committee include the Chief Executive Officer (CEO), Chief Experience Officer (CXO), representatives of the Bank's operating divisions and the CSR Management team in the Communication and Customer Experience Department.

- Guide the Bukra strategy and its implementation
- Set standards and targets
- · Determine new initiatives
- Review and assess ongoing programs and projects

The CSR Committee is tasked with analyzing all new proposals to ensure those initiatives are aligned with the Bank's Bukra strategy, the SDGs and the Saudi's Vision 2030 and quality of life program.

#### **ESG Risk Assessment Framework**

Our Board recognizes that resilient business strategies require an Enterprise Risk Management Framework (ERMF) approach that effectively incorporates the Bank's material sustainability risks, such as climate change and social volatility. As part of our formal risk assessment process, we identify the full spectrum of potential risks and focus on:

**Environmental Risks** 

Carbon emissions, energy efficiency, and waste



**Social and Human Capital Risks** 

Supply chain, product safety, data security, labor practices, employee health and safety

**Governance Risks** 

Business ethics, management remuneration, Board/ ownership structure, transparent accounting and disclosures

We have robust mechanisms in place to ensure that environmental and social risks are considered in all investment decisions



# Aligning to National and Global Sustainability Goals

We are committed to improving the wellbeing of the communities in which we operate and aim to achieve this for both present and future generations. As part of this effort, we align our CSR initiatives with industry best practice and measure and report our performance against several leading sustainability initiatives.

### Saudi Arabia's Vision for 2030

Vision 2030 is the overarching framework that drives the aspirations, policies, and plans of the Kingdom of Saudi Arabia. The Vision is founded on 3 themes: a vibrant society, a thriving economy, and an ambitious nation. It aims to achieve the following strategic objectives: enhancing government effectiveness, enabling social responsibility, growing and diversifying the economy, as well as increasing employment.

With many of the goals of Vision 2030 either directly connected with finance or having a financial implication, Riyad Bank plays a vital role in contributing to the Vision. Areas of alignment include the financing of Government projects, advancing digital inclusion, cybersecurity, women's empowerment, and support for SMEs.

In 2019, Riyad Bank launched a Vision Realization office to coordinate our Vision 2030 efforts. An advanced version of

this office, known as the Business Initiatives and Enablers Development Center (BIED), was unveiled in 2021. The center is the first of its kind in the Kingdom. It is specifically designed to support business and Government in working together to achieve Vision 2030. The establishment of BIED is part of our commitment to stimulate the domestic economy and diversify national revenues for a new phase of development.

Within the same year of its inception, BIED proved itself as an active implementer by launching 8 more programs into the market compared to just 2 programs in previous years. BIED also managed to sign 14 new agreements with different government entities which are going to be implemented in the near future.

It is noteworthy that Riyad Bank contributes to 12 of the Vision Realization Programs. These programs support the 96 strategic objectives of the Kingdom's Vision by implementing 205 initiatives, representing 39% of the strategic objectives of Saudi Vision 2030.

#### **BIED Initiative Summary**



It is noteworthy that Riyad Bank contributes to 12 of the Vision Realization Programs. These programs support the 96 strategic objectives of the Kingdom's Vision by implementing 205 initiatives, representing 39% of the strategic objectives of Saudi Vision 2030.

During 2021, Riyad Bank put several MoUs and execution agreements in place to support high-impact initiatives across key strategic sectors:





#### March

 Memorandum of Collaboration (MoC) and Agency Agreement signed with National Companies Promotion Program (NCPP) to support and motivate large and promising Saudi companies  Collaboration Agreement signed with National

Industrial and

**Logistics Sector** 

Industrial Development and Logistics Program (NIDLP) to enable businesses in the industrial and logistics sector

April

 SAR 2.95 Bn. participation in the Red Sea
 Development's syndicated facility

Participation in

the Red Sea and

**Programs** 

with TDF

 3 programs (Agency, 100% and 90%) signed with Tourism Development Fund (TDF) SAR 2 Bn Tourism Projects



#### May

 Tourism Partners Program launched with Tourism Development Fund (TDF) with financing of up to SAR 2 Bn. to support tourism projects

#### King Salman Energy Park



#### June

- Collaboration Agreement signed with King Salman Energy Park (SPARK) to develop future initiatives for the present
- Real Estate Developer
   Financing Agreement with
   Real Estate Development
   Fund

# Corporate Real Estate Sector and Cultural Sector

#### July

 Memorandum of Understanding (MoU) signed with Developers Services Center (ETMAM) to enable businesses in the real estate sector

#### August

 MoU signed with Cultural Development Fund (CDF) to enable businesses in the cultural sector



#### October

- MoU with Roshn, a Saudi community developer powered by PIF, to finance Roshn housing units
- SAR 1.5 Mn. agreement with Association of Al-Wafa Oasis signed to fund a sports center for the elderly

#### New Initiatives



#### November

- MoU signed with Desert Technologies to support green and renewable banking projects
- MoU signed with Umm Al Qura Development and Construction to develop MASAR Business Center
- 2 Initiatives worth SAR 6
   Bn. launched with NIDLP to support and localize manufacturing

# Aligning to National and Global Sustainability Goals continued

Riyad Bank's Initiatives Contribution to Vision 2030 KPIs

\* \* \* \* \*

Programs launched

Programs have been launched and went live

23

Agreements have been signed

**33** <sup>5</sup>

Entities have been provided with initiatives

63

Proposed initiatives related to Vision 2030 have been submitted

**Number of Initiatives** 

23

**Number of Entities** 

12

BIED

acilii Cilicia ang Cipolas yapitai yibyai
nesa hilistrins & Gratinas Devolupment Center

VISION ČLJÓJ

2 30

IlooLeb Iloquib Ilumpeub
KINGDOM OF SAUDI ARABIA

The initiative contributions to 2030 Vision

3

6

20

51

3

**Pillars** 

6

Level 1 "overarching objectives"

27

Level 2 "branch objectives"

96

Level 3 "strategic objectives"



Number of KPIs in the KSA 2030 Vision

• • • • •

12 Project Support Fund No. 1

12 Sustainabilit

Sustainability Support program **L2** 

Projects Co-Financing Bundles 12

Unique Projects Support

8

Financial Support Initiative for NCPP 8

05

09

17

21

Agency Services

22

06

Facility Guarantee

22

07

Project Finance

22

Program 100%

22

Program 90%

22

Agency Program

22

Tourism Partnership Program (TPP)

20

Letter of Credit Program (LC) **33** 

Developing Execution Tools for NIDLP Strategic Dimensions (5) **33** 

Finance to Manufacture 33

Invest to Manufacture

22

Cultural Development Initiatives 25

Future Initiatives for the Present (10)

8

18

22

Support Program for Renewable Energy Products 33

19

Massar Business Enablers Initiatives

SUSTAINABILITY AT RIYAD BANK

20

11

Financial Support Initiative for Real Estate Developers 11

Real Estate Financing Program Partnerships 18

Supportive Initiatives for Developing Business Enablers in Entertainment Sector

# Aligning to National and Global Sustainability Goals continued

Number of Initiatives Relevence within Economic and Social Development Sector















Industry and Mining Commerce and Agriculture

Intelligence. Innovation and Entrepreneurship

Communication and Digitalization

International Partnerships

9

18 Entertainment. Sports, Tourism and Culture

Women Empowerment

16 Human Development



Logistic

Non-Profit

Housing

Energy

-,47.-

Health, Food and Water

**O** 

Green Development

#### The Initiatives Contribute in KSA International Indicators

Sustainable

Development

- Digital Capability Indicator
- World Economic **Forum**

- Financing the **Technology Development** Indicator
- World Economic **Forum**

- Artificial Intelligence Indicator
  - World Economic Forum

- Work **Environment Improvement** Indicator
- Doing Business

- Corporate **Digital Transformation** Indicator
- World Economic **Forum**

- Business **Entrepreneurs** Indicator
- Global **Entrepreneurship** • World Economic Monitor

- Technology Implementation and Development Indicator
- **Forum**

- Banking Credit for Private **Sector Indicator**
- World Development Indicators

- Electronic Government **Payment** Indicator
- Digital Wallet Utilization Indicator

In addition, Riyad Bank contributes to the achievement of Vision 2030 through its role in financing and accelerating the energy transition and driving a new wave of investment in line with the Kingdom's goal to achieve Net Zero Emissions by 2060. The Bank's Green and Renewable Banking (refer to Green and Renewable Banking on page 39) offering is the cornerstone of our efforts in this regard. Further, as part of our Bukra strategy, Riyad Bank is one of the most significant financers of small and medium-sized enterprises (SMEs) in Saudi Arabia. This is an important contribution given the SME segment is expected to be one of the future pillars of the Kingdom's economy and therefore key to achieving Vision 2030.

#### How we Contribute to the 3 Pillars of Vision 2030

**Vibrant** Society



#### Thriving **Economy**



#### **An Ambitious** Nation



#### Strengthen Islamic and national identity

#### Offer a fulfilling and healthy life

- Providing Islamic Banking services
- Supporting national vaccination campaigns
- Supporting blood donation campaigns
- · Hosting World Health Day campaign (walking competition)
- Supporting Ministry of Health during COVID-19 pandemic
- Supporting cancer patients
- · Recycling, beach cleaning and energy savings initiatives
- Providing food baskets and running meal campaigns during Ramadan
- · Signing an MoU with Bab Al Khair Medical Services to establish the first non-profit hospital in the Kingdom
- · Signing a MoU with 'The Stage' on inclusion of PWDs
- Supporting the Ministry of Housing and the Real Estate Development Fund through the provision of affordable mortgage financing

#### **Grow and diversify** the economy

#### Increase employment

- Supporting SMEs through various financial products and services
- · Signing MoU with 'The Stage' on entrepreneurship, Fintech and the economy
- Promoting financial literacy and facilitate long-term savings
- Employing people with disabilities · Employing women
- · Raising awareness on and inclusion of PWDs
- Saudization

#### **Enhance Government** effectiveness

#### **Enable social responsibility**

- Supplying essential items to the needy, totaling over SAR 14 Mn. in donations to charity organizations
- Extending our support to the Autism Research Center at King Faisal Specialist Hospital and Research Center
- · Working with the Tourism Development Fund to provide financing for the development of tourism in the Kingdom
- · Establishing a Business Initiatives and Enablers Development Center (BIED) to support Vision 2030
- · Focusing on digital platforms, SMEs, green energy, and project financing with government entities
- Submitting 23 proposals and initiatives related to Vision 2030 to various entities during the year through our dedicated government segment
- Developing and reviewing bank policies for the protection of all
- Engaging society by using the Bank's channels to communicate regularly with all Stakeholders
- · Being responsible to society through customer awareness activities

SUSTAINABILITY AT RIYAD BANK

# Aligning to National and Global Sustainability Goals continued

### United Nations' Sustainability Development Goals (UN SDGs)

\* \* \* \* \*

#### **UN SDG Goal**

#### How Riyad Bank contributes to these goals



We are working towards ending poverty by:

- Providing convenient access to a broad range of financial services, including products and services for those on low incomes
- Paying fair prices to all suppliers, particularly small and medium enterprises (SMEs)
- Providing earnings, wages and benefits to our employees
- Driving economic development through or focus on supporting SMEs
- Supporting economic inclusion for all, especially people with disabilities
- Paying our fair share of taxes to support key state-funded services



Riyad Bank helps to achieve food security and improved nutrition by:

- Changing the productivity of the whole economy through SME support, thereby raising the standard of living across the Kingdom
- · Providing healthy and affordable food by supplying food baskets and meals to those in need
- Adhering to sustainable sourcing policies and practices



We promote healthy lives and wellbeing for all through:

- · Various health and wellness drives throughout the year, including a focus on international days related to health
- Providing our employees with access to COVID-19 essentials (masks and sanitizers) and vaccinations
- COVID-19 campaigns
- $\bullet \ \ \text{Improving air and water quality as a result of our environmental initiatives}$
- Ensuring a high standard of occupational health and safety
- Responsible handling of waste



Riyad Bank drives inclusive and quality education and promotes life-long learning

- For our employees:
- Industry-related training
- Including career development plans
- Leadership and management development programs
- Learnerships and apprenticeships
- Skills training and workshops
- For our communities:
- Workshops and seminars regarding saving and financial literacy
- Strategic partnership to provide quality education to more than 1,000 students annually
- Contributing to early childhood development through back-to-school campaign donations
- Accessible education facilities through funding autism centers and an educational laboratory



We encourage gender equality and empower women through policies regarding gender equality, equal remuneration for women and men, non-discrimination and workplace violence and harassment.

Our workplace practices furthermore eliminate gender-based discrimination by enabling and encouraging women in leadership.



Riyad Bank contributes to affordable, reliable, and sustainable energy by focusing on energy efficiency and reducing energy consumption in our own operations. We are also designing our new headquarters in line with 'green' building principles, and all new branches will be built to preserve precious natural resources and improve quality of life.



We promote inclusive and sustainable economic growth by unlocking opportunities for SMEs and people with disabilities across the Kinadom. We provide employment and decent work:

- · A safe working environment with initiatives to ensure the wellness of people
- Clear remuneration structures acknowledging individual merit
- Fair treatment for employees and suppliers
- Employment of PWDs
- Working towards achieving Saudization targets
- Internal and external enterprise-development initiatives

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015 provides a shared blueprint for peace and prosperity for people and the planet, now and into the future.

At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries – poor, rich and middle-income – to promote prosperity while protecting the planet. The UN SDGs recognize that ending poverty must go together with strategies that build economic growth and address a range of social needs including

education, health, social protection, and job opportunities, while tackling climate change and environmental protection. More important than ever, the goals provide a critical framework for COVID-19 recovery.

While our work covers all of the 17 SDGs, our Bukra strategy directly contributes to the following 14 goals. We analyze all planned initiatives against these UN SDGs to ensure alignment, and our CSR Committee regularly evaluates performance against these goals.

#### **UN SDG Goal**

#### How Riyad Bank contributes to these goals



Riyad Bank builds resilient infrastructure, promoting sustainable industrialization and fostering innovation, through:

• Ensuring resource efficiency, resilience and sustainability in our buildings and information and communication

- Stringent management systems based on international benchmarks
- Investments in strategic infrastructure projects aligned with Vision 2030
- Developing platforms that provide SMEs with useful banking services
- Integrating environmental and social issues within core business operations



We are reducing inequality by providing:

- Equal access to responsible and affordable financial services
- Financial literacy training to all
- Equal remuneration for men and women workers for work of equal value
- Employment policies that do not exclude or restrict access to employment to currently marginalized/ underrepresented groups

We also aim to increase the income level of SMEs through procurement practices and training.



The Bank contributes to inclusive, safe, resilient, and sustainable cities by providing financing solutions for sustainable infrastructure, technology, and services. We complement the Government's action to achieve the strategic objectives of the Kingdom's Vision. Riyad Bank is proud to be funding a Health Club for the elderly in Onaizah.



As a responsible corporate citizen, Riyad Bank ensures that our business activities result in sustainable resource consumption and waste management. We monitor our impacts on the environment and constantly seek to improve energy and water efficiency. We also strive towards optimizing resource efficiency when developing products and services. For example, by developing and promoting more digital banking channels we are using less paper.



We are combating climate change and its impacts by implementing targeted reduction in emissions and improved water security and waste management.

We are also raising awareness and understanding among customers and employees about climate change and natural disaster reduction by spreading information on relevant topics.



Riyad Bank supports the promotion, building or strengthening of legal frameworks and accountable institutions. We comply with laws and regulations, and practice effective, accountable, and transparent governance. Internally, we are raising awareness about the relevant rules and regulations among employees.

Our codes of conduct and standards of behavior are enforced, and we implement internal and external mechanisms for reporting unlawful behavior, with appropriate escalation methods in place.



We actively partner with the Government in supporting actions that promote the public's interest.

In addition, we partner with external advisors to ensure that our financing activities and ESG policies are in line with international best practice.

# Stakeholder Engagement



	STAKEHOLDER GROUP	THEIR NEEDS AND EXPECTATIONS	OUR RESPONSE	HOW WE ENGAGE	
	Customers				
	Riyad Bank aims to be the first choice for customers. Our ability to deliver on our vision and strategic objectives depends on our continued ability to deliver new and diversified services and products to meet customer needs and expectations. We strive to understand our customers so that we speak to them in a way that is relevant and offer products that are right for them.	Appropriate and accessible financial solutions     Convenient access to services, increasingly through digital channels     Data security     Compliance with Islamic/Sharia principles     Friendly and efficient service     Information empowerment that leads to financial wellness     Transparency     Ethical and fair treatment	<ul> <li>Retail Banking services</li> <li>Corporate Banking services</li> <li>Treasury and investment services</li> <li>Investment and brokerage services</li> <li>Excellent customer service</li> <li>Convenient access to banking, increasingly through digital channels</li> <li>Stable and secure IT systems</li> </ul>	<ul> <li>Marketing campaigns</li> <li>Customer polls and surveys</li> <li>Branches</li> <li>Website</li> <li>Call centers</li> <li>Customer service channels</li> <li>Social media</li> </ul>	
	Employees				
	Our people are integral to Riyad Bank. It is through them that we are able to deliver value to our customers and Stakeholders and build the growth and success of our business. Our people's confidence in our strategy, collaboration in performance and delivery, as well as commitment to creating a memorable experience for our customers is a crucial element of long-term success.	Fair remuneration, effective performance management, and recognition     Training, skills development and talent management     Career development and advancement opportunities     Fostering a diverse and inclusive work environment     Clear communication     A safe and healthy work environment	<ul> <li>Learning and development opportunities through the Riyad Bank Academy</li> <li>Equipping Staff with the necessary skills to stay abreast of digital changes</li> <li>Flexible working arrangements for the "new normal"</li> <li>Career path and succession programs</li> <li>Employment and development of PWDs</li> </ul>	<ul> <li>Email updates</li> <li>Training</li> <li>Policies</li> <li>Surveys and reports</li> <li>Employee social events</li> <li>Employee roadshow</li> <li>Employee performance reviews</li> <li>MyHC app</li> <li>Employee engagement surveys</li> </ul>	
	Investors				
-\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	We engage with our investors to:	Sustainable financial returns	Sound business strategies aimed at	Financial results and releases	
	<ul> <li>Build their confidence in Riyad Bank</li> <li>Ensure access to funding</li> <li>Foster open dialogue to understand and address their concerns.</li> <li>Our equity and debt investors provide the capital and financial support that enables Riyad Bank to deliver appropriate financial solutions for our customers, invest in our operations and channels, and deliver greater value to Shareholders in the longer term.</li> </ul>	<ul> <li>Attractive and sustainable growth strategy</li> <li>Strong balance sheet and profitability</li> <li>Strong risk management</li> <li>Transparent reporting and disclosure</li> <li>Sound governance</li> <li>Long-term stability</li> </ul>	delivering growth and value  Maintaining strong financial performance  Transparent communication of opportunities, risks, and performance  Strong corporate governance structures	<ul> <li>Earning calls</li> <li>Engagement events</li> <li>Annual report</li> <li>Website updates</li> <li>Shareholders General Assembly Meeti</li> </ul>	
	Suppliers and Business Partners				
Que de la companya della companya de	Effective strategic commercial partnerships facilitate Riyad Bank's ability to deliver innovative customer value propositions and superb customer experience. Business partner engagements are key to developing lasting relationships with vendors and service providers through mutual trust, ensuring beneficial outcomes for both parties.	Mutual benefits and profitability     Clear agreement on terms and adherence to agreements     Ethical principles and business practices.	<ul> <li>Selecting partners that are aligned to our key values and objectives</li> <li>Primarily engaging local suppliers for procurement</li> <li>Clear and transparent agreements</li> <li>Terms of payments schedules</li> </ul>	RFPs Scope of work agreements Audits	
	Governments and Regulators				
	In the highly regulated banking sector, engagement with government and regulatory authorities/bodies builds confidence and trust and enhances brand reputation and the ease of doing business.  Regulators not only provide the framework for a robust and productive financial sector, but also offer opportunities to work together to secure the interest and benefits for all participants within a financial ecosystem.	Compliance with all legal and regulatory requirements Capital adequacy and liquidity Anti-Money Laundering (AML) procedures and Know Your Customer (KYC) programs Combatting Terrorist Financing policies Risk and cybercrime management	Compliance with all legal and regulatory requirements Regular, timely, and accurate reporting with the required level of detail Attending meetings, arranging for on-site visits, and maintaining communication with regulators Being a responsible taxpayer	Shareholder and Stock Exchange notice     Investor and funder updates     Website updates     Audits	
	Communities				
	We believe that thriving communities enable businesses to succeed. We engage to understand societal needs and to further align our business to meeting these needs.  Communities gain indirect benefits from our operations, through which we seek to improve the lives of our customers on a sustainable basis.	Access to advice, products and solutions to enhance financial wellbeing     Social investment     Community upliftment     Financial education/inclusion	<ul> <li>Community support and investments</li> <li>Supporting people with disabilities</li> <li>Financial literacy programs</li> <li>Community health and wellness initiatives</li> <li>Internships</li> </ul>	Corporate social responsibility initiati     Volunteering     Donations     Campaigns	

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### **Our Material Matters**

Material matters are issues that are critical to Riyad Bank's value creation, value protection, or value erosion. They reflect our economic, environmental, and social impacts, and our ability to create value in the short, medium, and long-term. We consider an issue to be material if it has the potential to substantially impact our commercial viability, our social relevance and our relationships with our Stakeholders. Identifying our material matters is an organization wide activity and considers input from a range of business units and divisions. The process includes identification of our Stakeholder's expectations as well as industry and market trends. Our material matters are presented in the table below.



**Our Materiality Determination Process** 

• • • • •

1

# Identify material topics

We analyzed our business context, our operating environment, and the resources we rely on to identify a preliminary list of material matters that could have financial, reputational, operational, environmental, social, strategic or legislative significance to Riyad Bank.

We consider these matters to be contextually relevant to the Bank, rather than generically applicable across all organizations.

2

#### **Prioritize**

Identifying our potential material matters is an organization-wide activity and requires input from all business units and divisions. It also considers the feedback received from Stakeholders.

Riyad Bank's key internal Stakeholders completed a survey to assess the importance of each material matter. 3

### Report

The survey results were analyzed and integrated for application in this ESG report. Our performance against these material matters is disclosed throughout this report.

We will continue to evaluate these topics annually to reflect the views of our internal and external Stakeholders.



#### Our Material ESG Matters in 2021

\* \* \* \* \*



A	Digitalisation and technological resources
В	Customer focus and operational excellence
C	Financial performance
D	Data privacy and security
E	Employee development and wellbeing
F	Supporting SMEs
G	Governance, ethics and compliance risks
H	Responsible procurement and supply chain
	Sustainable investments and financing
J	Localization
K	Direct environmental impact

Financial inclusion and accessibility

Community support and investments

	Торіс		Description
	A.	Digitization and technological resources	Leveraging technology to increase self-service and efficiency for customers, as well as internal processes
_	В.	Customer focus and operational excellence	Improving customer experience and delivering efficient, innovative products to existing and new customers
Critical	C.	Financial performance	Maintaining strong financial growth that delivers sustainable returns to Shareholders
O	D.	Data privacy and security	Ensuring that data privacy and security approaches result in the utmost confidentiality and security of data across the entire business.
	E.	Employee development and wellbeing	Creating a work environment where individuals can grow through career development and advancement opportunities and enjoy a high degree of job satisfaction
	E.	Supporting SMEs	Contributing to the diversification of the national economy by supporting local entrepreneurs and SMEs $$
ant		Governance, ethics and compliance risks	Ensuring that robust ethical principles underlie all business conduct, and that solid governance structures manage risks while ensuring transparency and compliance with national regulations
Very Important	H. Responsible procurement and supply chain		Working with vendors and suppliers to manage risks and enhancing Riyad's positive impacts through responsible procurement practices
Very	l.	Sustainable investments and financing	Integrating environmental, social, and governance (ESG) considerations in investment decisions, focusing on more long-term investments in sustainable activities and projects
	J.	Localization	Recruiting and developing local talent and empowering Saudi nationals by offering them fulfilling careers and development opportunities
	K.	Direct environmental impact	Recognizing that climate change is a critical challenge facing the planet, and committing to protect the natural environment by managing the direct impacts on the environment
Important	L.	Financial inclusion and accessibility	Serving all customers regardless of gender, ethnicity, nationality, religion, or profession and seeking to increase financial inclusion by offering products and services catering to typically underserved individuals
	М.	Community support and investments	Contributing to local economic development through dedicated investments, sponsorships, and campaigns

03

Providing
Sustainable
Finance





# Sustainable Investing and Financing

### Integration of ESG Criteria in Financing Activities



Banks, in particular play a major role in our economy, as they provide vast amounts of capital and have the ability to influence other companies and customers across sectors through their products and services. It has been more than a decade since the financial crisis of 2008, and while the financial services sector has made progress, it is still in many ways working to earn back Stakeholder trust. Riyad Bank views sustainability efforts as a major opportunity to demonstrate our commitment to operating responsibly and making a positive impact through sustainable financing.





Riyad Bank's mission is 'To help people, organizations and society achieve their aspirations by being their trusted and caring financial solutions partner.' An example of how Riyad Bank is achieving this mission is through financing various initiatives - including green and renewable energy projects - as well as supporting SMEs. We are proud to manage 21% share of loans granted by commercial banks to SMEs in Saudi Arabia. It's a priority for us to grow this portfolio, as it allows us to deliver effective social value and contribute towards the sustainability of Saudi Arabia.



Riyad Bank is working on several environmental and social projects. One of these is the green nursery that we are establishing, which will produce 400,000 trees annually over the next 10 years. This is a total target of 4 million plants. The initiative is in line with the Government's ambitions to plant 1 million trees across the Kingdom by 2030. In addition, the nursery will also be creating jobs and will serve as an education center.



Integrating ESG criteria into our financing products was a key focus area in 2021. To this end, we added ESG criteria to our Credit Facility system (ALGO). This allows us to map each financed project with the related category in ESG and obtain an accurate classification of Riyad Bank's financing facility for each

#### Sustainable Sukuk<sup>1</sup>

• • • • •

In 2021, Riyad Bank began working on its inaugural Sustainability Sukuk, In February 2022, the Bank successfully closed its inaugural USD 750 Mn. Additional Tier 1 (AT1) Sustainability Sukuk, making it the first sustainable AT1 Sukuk globally. The profit rate of 4% per annum is equivalent to the lowest credit spread ever achieved by a Gulf Cooperation Council bank for an AT1 Sukuk. The orderbook was 4.3 times oversubscribed, which affirms the confidence placed by investors in the Bank's strategic direction, Board, and Management team.

To structure this transaction as a sustainability AT1 Sukuk, the Bank has published its debut Sustainable Finance Framework in line with the International

Capital Market Association's green, social and sustainability principles. The framework covers a diverse range of eligible sustainable activities which are linked to Riyad Bank's ambition to become a regional ESG leader as it looks to drive green and social development in the Kingdom in line with Vision 2030 and Riyad Bank's own flagship sustainable finance program, namely its Bukra strategy. Furthermore, the framework is aligned to the global best practice, and has received a Second Party Opinion from S&P Global Ratings confirming its alignment with all the sustainable finance principles. S&P awarded Riyad Bank with a "Strong" scoring for its Use of Proceeds section noting positively the link of each category towards the Bank's wider sustainability agenda.

### **Green and Renewable Banking**

In line with Riyad Bank's strategy 2025 to be the best bank in Saudi Arabia, and as part of our social responsibility towards the environment, Riyad Bank coordinated the launch of our Green and Renewable Energy banking initiatives with the launching of the Saudi Green Initiative.

**Financed Projects** 

28



**Projects Value** 

**SAR 52+ Bn** 

Riyad Bank's Financing Contribution

Green

**SAR 7.4 Bn** 

#### **Providing Sustainable Finance**

Riyad Bank

contributed to the Saudi Green Initiative and renewable energy through the launch of 9 programs as part of the Green and Renewable **Banking Programs** to align with the Saudi Vision 2030.

**Smart Green Buildings** 

Housing, Offices and

Commercial Projects

**Green SMEs** 

Small and Medium

projects

Green Land

Green Landscape Projects

**Green Supply Chains** 

The Project Suppliers

Green **Industries** 

**Local Factories** 

Green

tion

Projects

Transporta-

Transportation

**Green Energy** 

International

Investments

Overseas Projects

Sales of Solar and Renewable Energy

Green **Fintech** 

> **Digital Solutions and** Startup Financing



RIYAD BANK ESG REPORT 2021 PROVIDING SUSTAINABLE FINANCE

# Sustainable Investing and Financing continued

Reinforcing our strategic focus on green investments, we successfully closed several major syndicated facilities for solar projects and energy players and supported the green-funded Giga-projects with manufacturing entities as well as syndicated facilities. Riyad Bank values being a key partner with TRSDC in social and environmental sustainability, though a groundbreaking partnership in Green financing with SAR 2.95 Bn. participation in the Red Sea Development's syndicated facility.

During 2021 Riyad Bank also signed an agreement with Desert Technologies to support and promote the sale of renewable energy projects.

The program contributes to:

- Enterprise support to transform to green and efficient energy products
- Supporting Saudi initiatives for renewable energy
- Support the manufacturing of green products and services
- Accelerated usage of green and efficient energy products and services

Additionally, Riyad Bank's recently signed Collaboration Agreement with King Salman Energy Park (SPARK) is another clear testimony to the Bank's dedication to promote sustainability through innovative solutions while keeping the current and future wellbeing of the society at the heart of these developments.

Looking ahead, the incorporation of ESG criteria will become mandatory in all new products and services that Riyad Bank introduces.

# Agreement with Spark for Future Initiatives



King Salman Energy Park (SPARK) and Riyad Bank signed an Agreement of Cooperation on studying future initiatives, including the SPARK Projects Initiative and SPARK Business Initiative.

SPARK is being developed into a major integrated global energy and industrial hub founded on innovation, collaboration, and strong governance. It offers smart infrastructure and world-class services that facilitate customer business growth and add sustainable value to society, in line with the goals of the Saudi Vision 2030. SPARK is the first industrial energy ecosystem in the region to lead sustainability efforts based on its innovative solutions.

It has become the first industrial city in the world to receive Silver Level accreditation for Leadership in Energy and Environmental Design (LEED). Moreover, the project was recognized as the first industrial city to obtain the Golden Sustainable Certification with distinction from the Saudi Arabia Ministry of Housing.

The cooperation agreement includes exploring several initiatives and valuable services, such as SPARK Projects, SPARK Pay, SPARK Sustainability and Efficiency, SPARK Scientists, SPARK Business and SPARK Business Enablers, SPARK Local Content, SPARK Think, SPARK Quality of Life, and SPARK Pass.

A Collaboration Agreement...

# Future Initiatives for Present

With King Salman Energy Park (SPARK)

10

#### **Initiatives**

#### **SPARK Projects**

- Spark Projects
- Spart Pay
- Spark Sustainability and Efficiency of Spending
- Spark Scientists

#### **SPARK Businesses**

- Spark Business Center
- Spark Business EnablersSpark Local Product
- Spark Think

#### SPARK Life

- Spark Quality of Life
- Spart Pass

The initiatives contribute to...



25

out of the 96 goals of the Saudi Vision 2030

VISION قــــاڤال 2 كال 2 كال 2 كال 2 كال 2 كال كال كوملكة العربية السعودية المراحة ال



Developing...

**12** 

# economic and social focal points

- Sustainable Development
- Energy
- Health, Food and Water
- Women Empowerment
- Climate and Environment
- Logistics
- Intelligence, Innovation and Entrepreneurship
- Education, Training and Employment
- Industry, Commerce and Agriculture
- Communications and
   Digitization
- Housin
- Entertainment, Sports, Tourism and Culture

#### Affordable Housing

\* \* \* \*

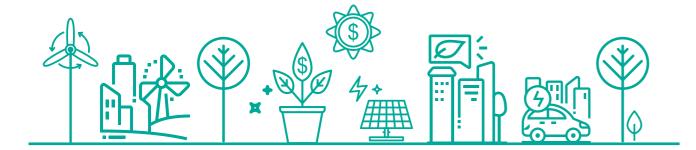
Riyad Bank is proud to support the initiatives of the Ministry of Housing and the Real Estate Development Fund through the provision of affordable mortgage financing under government-subsidized schemes. The Housing Program seeks to provide housing solutions that enables Saudi families to own suitable housing based on their personal needs and financial capabilities, with a particular intent to secure housing for the underprivileged.

Under the first phase of the program (2018-2020), it was recognized that notable success in accelerating home ownership was achieved through the modernization of

housing finance, while also catering to those with income vulnerabilities through the Developmental Housing Program. The second phase (2021-2025) will entail a series of paradigm shifts, including targeting the needlest segments and determining support levels based on the financial capability of beneficiaries.

Under the Sakani Program, the Kingdom is seeking to increase the percentage of Saudi families owning houses to 70% by 2030, as well as create over 38,000 direct job opportunities for Saudi citizens.

Consequently, Riyad Bank has partnered with the Real Estate Development Fund to create a special financing program for real estate developers to support and accelerate the housing project execution.



PROVIDING SUSTAINABLE FINANCE 41

# Sustainable Investing and Financing continued

#### Partnering with the Government to deliver Social and Environmental Goals

Riyad Bank has a history of financing government projects. We extended this commitment in the year under review and continued working with government entities and departments during 2021 though investment, partnerships, and strategic projects. Our dedicated government segment submitted 22 Vision 2030-related proposals and initiatives to various government departments during the year. As a result, the Bank has also been able to contribute towards the goals of Vision 2030.

### **Business Initiatives and Enablers Development**

In 2021, we also established a Business Initiatives and Enablers Development Center (BIED), the first of its kind in the Kingdom, to provide financial consultations and help to design creative initiatives and financial programs for Vision 2030. In the same year, BIED submitted 23 proposals and initiatives related to Vision 2030 to 13 government entities. As a result of this effort, 14 Execution and Collaboration Agreements were signed, and 10 programs were launched.

Moreover, we worked closely with the Ministry of Finance (MoF) to support the sustainability and completion of projects by providing project financing in sectors ranging from healthcare and education to retail and large real estate development. We were the lead bank in several PPP privatization initiatives in the power, water and wastewater arena and the lead bank in supporting Aramco on all its PPP initiatives such as Tanajib and Jazan IGCC.

Riyad Bank also supports some of the largest tourism initiatives, including the Red Sea Project. We recently

partnered with the Tourism Development Fund (TDF) to launch the Tourism Partners Program, allocating funding capital to enable the development of the Kingdom's key destinations.

The program is the first of its kind, in which the public and private sector work collaboratively against individual performance indicators on each side, ensuring the highest standards of governance to achieve program objectives.













#### **Vision**

"To be a strategic partner in designing, developing and implementing the business enablers support initiatives."

#### Mission

"Providing advanced and innovative business models in integrated packages that support business enablers in order to facilitate business practice and develop its capabilities and efficiency with effectiveness and high quality."

#### **Center Mandates**

- 1. Aligning 2030 Vision objectives and Riyad Bank objectives
- 2. Providing financial consultations and designing creative initiatives and financial programs
- 3. Providing customized comprehensive financial solutions for the entity's employees
- 4. Designing financial business models between the entities and their individual and corporate clients
- 5. Providing credit and non-credit solutions for the entity's departments e.g. Finance, Human Capital and Sales

#### Launching

### The Business Initiatives and **Enablers Development Center**



The 1st center in the Kingdom specialized in designing and developing the initiatives of business enablers' support for government entities and business sector.



Designing initiatives to achieve the maximum goals of Saudi Vision 2030, G20 recommendations and Kingdom indices in global competition and ease of business.



The possibility of government entities contributing by joining "Cross-Success" program which aims to enhance the integration between entities' initiatives and programs of Business Enables Support.

#### **Objectives**

Providing different support options based on the Business Enablers in each sector

Testing the initiatives by the entities through the center before the official launch

3

Benefiting from the center's database in identifying the proper initiatives and avoiding duplications

Touch Point between the entities and business sector on one consolidated platform

#### **Tourism Partners Program**

The Tourism Development Fund and Riyad Bank launched the Tourism Partners program on 29 April, 2021. This was the first public and private sector project of its kind to enable the development of quality tourism facilities and activities across the Kingdom. In 2021 the program had a financing value of up to SAR 2 Bn.

This program is in line with the Kingdom's drive to strengthen partnerships between the government sector and the private sector through the "Shareek" initiative and opens the way for a wider base of private enterprises to seize the opportunities resulting from the Kingdom's economic renaissance through the promising tourism sector. This initiative aims to support local companies and provide hundreds of thousands of new jobs in the tourism sector.

Our strategic partnership with the Tourism Development Fund reflects the level of partnership between Riyad Bank and the Government and it has launched its first financing products. The "Tourism Partners" program includes 3 financing options that serve private sector facilities of various sizes, with the value of financing ranging from SAR 1 Mn. to more than SAR 100 Mn. Financing varies from direct financing from the Fund to joint financing with private banks - including Riyad Bank - in addition to providing guarantees on credit facilities of up to 90%. These options attract investors and make financing more accessible.

Riyad Bank is proud to contribute towards financing solutions that draw investors into Saudi Arabian tourism projects.



#### Launching for the first time in the Kingdom...

### **Tourism Partners Program**

Financial and Non-Financial supporting Tourism sector allocated to 5 Business Segments: Small, Medium, Large, Extra-Large and Iconic Projects

will be realized in 2021

#### **Joint Key Performance Indicators** between Public and Private Sectors

Financing Transactions

SAR 2 Bn



Accommodation

36 Projects

**7** Tourism Destinations across the Kingdom and part of the National Tourism Strategy "NTS"

Experience and Adventures

Modern Lifestyle 31 Projects 46 Projects

**Activating** the signed agreements between both parties

**Executing** the strategy of both parties towards the **Tourism Sector** 

**Complementing** private sector partnership reinforcement program "Shareek"

Achieving tourism targets in Saudi Vision 2030

RIYAD BANK ESG REPORT 2021 PROVIDING SUSTAINABLE FINANCE

# Sustainable Investing and Financing continued

#### Finance to Manufacture and Invest to Manufacture Initiatives

Riyad Bank and the National Industrial Development and Logistics Program (NIDLP) have launched 2 initiatives to support and finance the local manufactures with SAR 6 Bn.

The first initiative aims to finance the localization of 50 products in 5 sectors, at a value of SAR 4 Bn., according to a statement from the Bank. The second initiative focuses on financing investment funds specialized in the industrial sector in 3 businesses, at a value of SAR 2 Bn.

The 2 initiatives aim to support the Kingdom's BoP, raise the local content's percentage, enhance the financing environment to localize the industry, and motivate local and foreign investors to enter the industrial sector.

The 2 initiatives were designed to have common goals between the NIDLP and Riyad Bank, aiming to localize 50 priority products in 5 important sectors, including the

Kingdom's BoP, transportation sector, machinery and equipment, food, and pharmaceutical and medical devices

The initiatives include 3 segments for small, medium, and large enterprises and serve local and foreign investors.

These 5 targeted sectors recorded an import value of more than SAR 70 Bn. in 2020, the statement stressed.



#### **Launching Two Initiatives**

### To Support and Localize the Projects Industries with a value of SAR 6 Bn

First Initiative... Finance to

**Manufacture** 

Financing the localization of 50 products

#### **Targeted sectors**

- Balance of Payments
- Food
- Transportation
- Machinery and equipment
- Medicines and Medical Devices

SAR 4 Bn

Second Initiative... Invest to **Manufacture** Financing Investment Funds

#### **Targeted sectors**

- Machinery and equipment
- Medicines and Medical Devices
- Food

SAR 2 Bn

2020 import value of target products **SAR 70+ Bn** 

Entity segments Small, medium and large

Beneficiary factories Existing and **New factories** 

Supported investments **Domestic and** Foreign Investments

Added Values and Contributions of the Two Initiatives

Goals of 2030

Kingdom International

Economic & Social **Development Dimensions** 

#### **MASAR Business Center**

Riyad Bank signed a memorandum of understanding with Umm Al-Qura Company for Development and Construction, the owner and executor of the destination Massar.

The aim is to establish a business center for the Massar destination project to include the company's projects, private sector projects and serve investors from establishments and individuals, as well as serving 15 possible businesses.

They include foundation, operational and digital, logistics, supply chains, green environment, renewable energy and local content, which support attracting investors and accelerating the development of the destination, which is one of the most important pioneering projects in Makkah.

The center will contribute to the achievement of 33 goals of Vision 2030 and the development of 14 economic and social hubs.

It will also support the Kingdom's ranking in 10 indices of ease of doing business.



#### Signing a Memorandum of Understanding

### To establish and develop the "Masar" **Business Center**

Between Umm Algura for Development and **Construction Company and Riyad Bank** 

#### **About the Center**

#### **Provides**

- Financial programs
- Non-Financial programs

#### Includes

- The company's projects
- Private sector projects

#### Serves

- Corporate Investment
- Individual investors

#### **Supports Business Enablers**

- 1. Foundation
- 2. Operational 3. Logistics
- 4. Partnerships
- 5. Humanity
- 6. Systems Solutions 7. Digital Transformation
- 8. Supply Chains
- 9. Intelligence and Innovation
- 10. Green Environment
- 11. Renewable and Clean Energy
- 12. Local Content
- 13. Rationalization and Efficiency
- 14. Entities' Customers
- 15. Procedures and Regulations

#### The center contributes to...

of 2030 Vision



10 International indicators for the Kingdom



RIYAD BANK ESG REPORT 2021 PROVIDING SUSTAINABLE FINANCE

# Sustainable Investing and Financing continued

# Following the Guidance of Islamic Banking Principles

\*\*\*\*

Islamic banking fundamental principles came from the Islamic religion, which urges honesty, trust, fulfillment of contracts and other morals that are based on justice. It also prohibits lying, cheating, deception and behaviors based on injustice.

Islamic banking refers to a system of banking or banking activity that is consistent with the principles of the Sharia (Islamic rulings) and its practical application through the development of Islamic economics. Sharia prohibits the payment or acceptance of interest charges (riba) for the lending and accepting of money, as well as conducting trade and other activities that provide goods or services considered contrary to its principles.

While elimination of riba or interest in all its forms is an important feature of the Islamic financial system, Islamic banking is much more. At the heart of Islam is a sense of cooperation, to help one another according to principles of goodness and piety, and not to cooperate in evil or malice. In essence, it aims to eliminate exploitation and to establish a just society by the application of the Sharia or Islamic rulings to the operations of banks and other financial institutions.

Riyad Bank has applied a robust and effective Sharia governance framework in line with the 'Sharia Governance Framework for Local Banks Operating in Saudi Arabia' issued by SAMA in order to ensure an effective internal control environment and the Islamic banking transactions are Sharia compliant.

Riyad Bank values Islamic banking principles and has a reputable Sharia Committee to which it presents all the different Sharia-compliant banking products and activities. This Committee also pays attention to the ethical aspects of tolerant Sharia. As a result, the Bank adheres to the Sharia Committee's recommendations and does not implement anything our Sharia Committee forbids. During 2021, 9 meetings were held between the Islamic Banking Department and the Sharia Committee, during which 18 products and financing solutions were approved.

Riyad Bank offers a wide range of banking products and solutions that are Sharia-compliant. In the year under review, we continued to expand our portfolio of Islamic products, which includes financing and investment services and solutions to serve our customers and those of Riyad Capital.

Vision 2030 includes the objective of increasing household savings rates. As a result, a greater sense of financial awareness has led to customers demanding more services catering to their own specific needs. In response, we offered Edikhar and Wazen Islamic saving products and are working towards introducing several others, including new saving plans and advance profit accounts.



Riyad Capital's Riyad Saudi Equity Sharia Fund was awarded 'Best Islamic Equity Fund 2021' by the Global Islamic Finance Awards (GIFA).



# Supporting Financial Inclusion

\* \* \* \* \*



Riyad Bank is dedicated to being an inclusive institution and committed to serving all customers regardless of gender, ethnicity, nationality, religion, or profession. Undoubtedly, enabling financial inclusion has become significantly easier in the wake of technology-led innovation. With increasing smartphone penetration, banks are increasingly able to offer highly accessible, low-cost digital financial services to previously underserved populations.

#### Micro, Small and Medium Enterprises (MSMEs)

Riyad Bank is committed to playing an influential role in all sectors of the economy. Therefore, supporting MSME businesses through a range of product offerings to service their unique needs is a key priority for the Bank.

The Bank's MSME programs are delivered in support of the 'Kafalah Program', a government-led strategy that is backed by Kafalah, the SMEs Bank and channels lending to smaller enterprises. Through the provision of financing guarantees by the Government, the Kafalah Program helps to fund small and medium enterprises (SMEs) that might not be able to source financing through normal banking channels.

Riyad Bank was the first bank to finance smaller firms since the inauguration of the Kafalah Program.

#### Riyad Bank Market Share SME Credit Facilities

KSA Banks



Q3 2021 Against KSA Banks

In response to the pandemic, the program was expanded by a government initiative in March 2020 to channel another USD 13.33 Bn. in financial aid to smaller firms. In recognition of Riyad Bank's contribution to the Kafalah Program, the Bank was ranked number one in financing MSMEs in cooperation with the Kafalah Program in 2021 for the second year in a row. In 2021, the Bank was also awarded Best Bank for SMEs in the Middle East 2021 by both Euromoney and AsiaMoney.

Riyad Bank

Riyad Bank values our pioneering role in creating SME success stories, in particular our commitment to empowering young Saudis to turn aspirations into reality and diversifying the economy away from oil.

More information regarding the support and development of SMEs during 2021 is available on page 59 of this report.

PROVIDING SUSTAINABLE FINANCE

PROVIDING SUSTAINABLE FINANCE

# Sustainable Investing and Financing continued



We drive financial inclusion across all levels of society by focusing on providing accessible branches and suitable services for people with disabilities. During the year under review. we:

- Ensured accessibility of 7 branches around the Kingdom to meet the needs of customers and employees with disabilities
- Conducted training for 5,050 employees on dealing with disabled customers
- Hired 19 new qualified employees with different disabilities during 2021 (2020: 20)

During 2022, ATMs with accessible software features will be installed in 5 model branches to ensure financial independence for our customers with disabilities.

More information regarding our support for people with disabilities during 2021 is available on page 81 of this report.

#### **Financial Literacy Classes**

We support low-income individuals and educate a range of customers on financial management by providing financial literacy sessions on an ongoing basis.

During 2021, we helped students, graduates and young people manage and understand the value of their finances by collaborating with the National Center of CSR to deliver workshops and seminars regarding saving and financial literacy. The initiative was available nationally and internationally with more than 123,000 people taking part. We encouraged our employees to register their children for the sessions.

#### **Youth Financial Inclusion**

To capture the interest of younger generations, Riyad Bank launched the 'Token Junior Banking' program for children and adolescents. The program provides an appropriate banking experience for each age group and is delivered with an educational tone under parents' supervision. The offering includes a:

- Prepaid card
- Token bracelet
- Token application
- · Savings program in collaboration with the Social **Development Bank**
- · Educational program that establishes the importance of financial knowledge among children and adolescents is available on the application and on Riyad Bank's website

Training courses and workshops

123,255

30





### Innovation in Financial **Products**

Our strategic aspiration for 2025 is to become the Best Bank in the Kingdom of Saudi Arabia. One of our strategic themes to achieve this is "value through innovation" and we reaped the benefit of this approach in 2021.

From a product and service perspective, innovation helped to create new products and services, as well as enhance existing ones. The result is a better experience for our customers. Building an innovation culture among our employees meant encouraging them to be creative. During 2021, we created a program called "Molhem" which recognizes and rewards ideas from employees that help the Bank to become more efficient and increase profitability. This program raised a variety of ideas from employees with diverse backgrounds and experience. We also conducted the first innovation boot-camp to shape employee ideas into genuine business models that can be launched to market. We are looking at expanding this process to customers during the year ahead, so that they can help to be part of enhancing existing products or creating innovative solutions.

Innovation efforts have gained the Bank a market edge through new ways of value creation relating to internal processes, corporate culture, as well as the new wave of Finance Technology (Fintech) start-ups. Riyad Bank's reputation as a "Fintech Friendly" institution improved due to our open innovation platform initiative and digital partnership engagements. We are currently venturing into multiple engagements that enhance both our Open Banking infrastructure - in synergy with SAMA's new directions - and our market value propositions. These initiatives are premised on our strategic approach and commitment to disrupt before being disrupted.



#### **Creating Innovative Financial Solutions** and Services Through Riyad Bank's "WSL" Platform

Riyad Bank launched its 'WSL Platform' in July 2021 as a simulation platform designed for entrepreneurs and innovators. We anticipate that this platform will play a pioneering role in accelerating financial sector development program objectives in accordance with Vision 2030.

The WSL platform aims to give entrepreneurs and innovators a simulation experimental environment that allows them to:

- Develop programs and applications that simulate data
- Banking connectivity tools to help build innovative business models
- · Instant and effortless testing
- High security standards and technical support

Our WSL Platform provides an environment that enables talent in the Kingdom to innovate and develop in digital banking, find Fintech solutions for economic development and accelerate innovation for next generations. Looking ahead, the "WSL" platform will provide future opportunities for cooperation between financial institutions and Fintech companies to create innovative financial solutions and develop forward-thinking banking applications for the Saudi financial sector.

Riyad Bank is one of the most prominent banking and financial institutions in the Kingdom showing interest in digital transformation programs. We were the first bank to launch a SAR 100 Mn. venture capital fund directed toward investment in the Fintech field, and we have strategic partnerships with several global platforms for innovation.

Riyad Bank permits everyone to communicate or enroll through the WSL website: WSL.riyadbank.



RIYAD BANK ESG REPORT 2021 PROVIDING SUSTAINABLE FINANCE

### **Financial Performance 2021**



Profitability is the primary goal for any company, but it also leads the way to prosperous and innovative societies. Riyad Bank adopts a holistic and long-term approach to financial sustainability, acknowledging and acting on the importance of ESG issues, while first prioritizing the commercial viability of the Bank to create value for all Stakeholders, now and in the future.

The financial performance of Riyad Bank during 2021, considering the repercussions of the COVID-19 pandemic, was positive. It reflects the stability and sound financial position of the Bank, its capabilities, and the superior attributes that enables it to overcome obstacles and create opportunities for growth and prosperity.

We are dedicated to maintaining our outstanding reputation of delivering smart and sustainable financial growth by offering sustainable returns and financial services to all our customers.

#### **Our Performance**

Riyad Bank delivered a landmark financial performance in 2021, posting our highest net income in history at SAR 6.0 Bn., with year over year increases in net investments by 3.9%, total assets by 5.0% and net loans and advances by 13.6%.

Considering the slow and uneven economic recovery from the COVID-19 pandemic, our 2021 financial performance and results were excellent on all fronts, achieving a net income after Zakat of SAR 6.0 Bn., which is a 27.8% increase on the prior year. This result was reached by focusing on earning assets growth, stable funding mix and an efficient deployment of resources. Better cost control allowed us to reinvest in our refreshed strategy, with low credit impairment charges - reflecting the improving economic backdrop - also helping to deliver better results.

Riyad Bank's 2021 Key Financial Indicators demonstrated healthy profitability, asset quality, solvency, capital adequacy and liquidity. Proven earnings generation capabilities, supported by a strong capital position, comfortable levels of liquidity and a stable deposit base, provides a robust foundation for meeting customer demands and delivering a sustainable return to Shareholders.

# Key Financial Performance Metrics

\* \* \* \* \*

Year on year, we continue to make progress by maintaining financial strength, despite challenges such as the COVID-19 pandemic, and continue to nurture a sustainable business.

We are targeting new areas of growth and diversifying into new business streams that contribute positively to our profitability, driving our Shareholders' value.



#### **Key Ratios 2021:**

Common Equity Tier 1

15.8%

Leverage

11.8%

Net Stable Funding Ratio

116%

ROAA before Zakat

2.1%

**Total Capital Adequacy Ratio** 

19.0%

Liquidity Coverage Ratio

168%

ROAE before Zakat

14.7%

**RoRWA** 

2.0%

Description (SAR Mn.)	2017	2018	2019	2020	2021
Assets					
Cash and balances with banks, other financial institutions and the Saudi Central Bank	27,876	27,352	33,924	55,579	43,232
Loans and advances, net	138,838	151,025	173,982	191,347	217,290
Investments, net	46,370	47,993	53,361	56,450	58,637
Other property, equipment and real estate	1,987	1,927	2,435	2,752	3,020
Other assets	1,211	1,603	2,086	3,961	3,556
Total assets	216,282	229,900	265,789	310,088	325,736
Liabilities					
Bank balances	7,056	8,581	13,124	41,789	43,134
Customer deposits	154,366	169,822	194,521	203,039	211,678
Other liabilities, negative fair value of derivatives and debt securities	1,623	14,723	17,575	20,905	23,624
Shareholders' equity	38,623	36,774	40,571	44,355	47,300

The following is an analysis of the most important items of the consolidated income statement\*:

Description (SAR Mn.)	2017	2018	2019	2020	2021
Total operating income and net share of Riyad Bank in the profits of associates	8,148	9,018	10,870	11,224	11,535
Total operating expenses	4,202	4,302	4,638	5,740	4,817
Net income after Zakat	3,446	3,092	5,602	4,715	6,025**
Earnings per share (SAR)	1.15	1.03	1.87	1.57	2.01

 $<sup>\</sup>hbox{$^*$ Certain comparative figures have been reclassified to conform to current period classifications.}$ 

Riyad Bank's detailed financial results for 2021 are presented in our Annual Report, available to download at https://www.riyadbank.com/en/about-us/investor-relations/financial-results.



<sup>\*\*</sup>Includes the effect of settling Zakat claims for previous financial periods.

04
Product and
Service





Our customers are
experiencing higher service
levels from Riyad Bank, as
shown by remarkably improved
Net Promoter Score ratings
across all channels.



# **Engaging and Satisfying** our Customers



Customer needs and priorities lie at the heart of our operations. We strive to continually exceed the expectations of our customers and deliver a seamless experience in all their interactions with the Bank. During 2021 we continued to work towards our strategic goals, which serve as a roadmap for Riyad Bank to be the first choice for customers. The roadmap includes a wide range of initiatives through which the Bank will enhance its competitiveness, increase market share, accelerate the progress of digital transformation, improve customer experience, and develop a strong corporate culture.

Riyad Bank aims to be the best bank in the Kingdom by 2025.

# Elevating our Customer's Experience

\* \* \* \* \*

To differentiate Riyad Bank from the other 11 banks in the Kingdom, we first and foremost strive to elevate the customer experience. This has been a core part of our strategy since 2019. Relevant metrics such as Net Promotor Score (NPS), Customer Effort Score (CES), Customer Satisfaction (C-SAT), turnaround time, error rates, customer feedback are reported directly to the CEO and Customer Focus Committee members. We proactively anticipate customer needs and create wanted new products and services.

During 2021, our turnaround times for mortgage loans, personal loans and auto lease services shortened significantly. Our employees underwent intensive training in customer service, which improved our brand value. This is evidenced by our heightened Net Promotor Score (NPS), which increased from a score of 40 in 2020 to 50 in 2021. The Bank also won an Outstanding Winner Award for Customer Excellence at the latest Mohammed bin Rashid Al Maktoum business excellence awards from Dubai Chamber.

We conduct transactional surveys using NPS, Customer Effort and Customer Satisfaction as key metrics to ensure the customer's voice is heard and addressed. Insights gained from these exercises are used to provide a seamless experience. Furthermore, we continuously gauge our social media performance through ongoing internal monitoring, as well as with monitoring conducted by external vendors, to ensure we get a deep understanding of customer experience through our products, channels, services, and employees. Emerging banking trends are tracked through desk research, subscriptions, as well as benchmarking against our competitors in terms of pricing and products.

The Bank also operates a dedicated user experience lab to measure interaction with our online and mobile application tools. This data is used to enhance user experience and user interface.

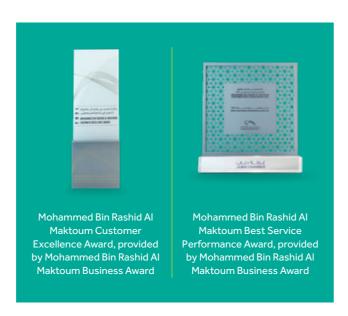
The continuous stream of customer feedback is analyzed by a dedicated Customer Insight and Research Section Unit. As customer experience gaps become evident, we fix them by addressing customer concerns as well as work to improve the perception that customers might have around certain procedures.

Business intelligence is reported to senior Management daily, and monthly to the CEO, so that business lines can see where service delivery needs to improve. Internal communication and close collaboration with the product cycle team is key.

# Performance: Customer Growth, Engagement and Satisfaction

In a new regional achievement for the Saudi banking sector, Riyad Bank received the Outstanding Winner Award for Customer Excellence, which was presented for the first time under the umbrella of the Mohammed bin Rashid Al Maktoum Business Award. The Bank also received the Mohammed bin Rashid Award for Customer Excellence. These prestigious awards confirm the outstanding level and high strategic efficiency enjoyed by Riyad Bank in the fields of customer experience development, raising service delivery standards and meeting banking needs.

Our customers are benefitting from the digital technology we have put in place, from the speed of services to the range of products available. The outstanding changes in our internal communication channels ensure that we are 100% connected and able to offer the best results, advice and rewards to our customers in the optimum time.



We have an 81% customer satisfaction rate and a rapidly expanding number of customers who have joined us over the year. As a result, the Bank exceeded 2 million active customers for the first time. Some 53% of our customers became active on our digital channels, compared to just 29% at the beginning of the year, showing that our drive to create technology-driven operations is succeeding.

In our 2021 Net Promoter Score ratings – a gauge of customer satisfaction and their likelihood to recommend the Bank to others – Retail Banking performed superbly, with significant improvements across all channels. Service at the branches was rated Excellent, as were Riyad Online and Riyad Mobile, increasing their scores year on year by 20% and 30% respectively. The call centers' NPS score rose by 200% compared to 2020, with 94% of calls answered within a remarkable 7 seconds.

	2019	2020	2021
Net Promotor Score (NPS)	36	40	50

#### **Customer Excellence Highlights 2021**

\* \* \* \* \*

#### **Retail Banking**

A significant addition to our high priority services was to offer our customers a greater variety of mortgage options, including a range of off-plan variants, self-construction, and refinancing.

In line with our family financing strategies, we launched the Kingdom's first mobile banking platform for children, which enables them to enhance their financial literacy and build a habit of saving.

Continuing the drive to make technology the hub of our retail division, cash withdrawal transactions at ATMs declined by approximately 35% in relation to pre-pandemic banking. Similarly, POS contributions in monthly transactions increased significantly reaching 80%. The ease and efficiency of banking led us to deploy 80 self-service kiosks.

Our digital restructure in terms of Retail Banking was a huge triumph in client recruitment – 70% of new customers were acquired through digital channels, while 52% are active on digital channels and 80% of transactions are executed digitally.

Riyad Bank launched the Kingdom's only Instant Payment System with our 'Within RB Transfer'. The latest version of Riyad Pay allows customers to load their Riyad Bank MasterCard Credit Cards and Preload Cards onto Android smartphones.

In our 2021 retail Net Promoting Score, the ratings of the call center score rose by 200% compared to 2020, with 94% of calls answered within 7 seconds. This score demonstrates the growing satisfaction of our customers with our products and service.

#### **Corporate Banking**

Reinforcing our strategic focus on green investments, we successfully closed several major syndicated facilities for solar projects and energy players. Corporate Finance submitted 23 proposals and 14 agreements of initiatives related to Vision 2030 to various entities during the year.

With regards to institutional fund lending, we signed 5 major loans and successfully completed a financial advisory mandate for another major energy player.

The Bank supported many of the largest tourism initiatives, including the Red Sea Project, and recently launched the Tourism Partners Program with the Tourism Development Fund (TDF).

As part of the Program TEN10 Projects, Riyad Bank also announced an agreement to purchase a tower at King Abdullah Financial District as its designated permanent headquarters.

#### SMEs

Riyad Bank expanded its operations for smaller businesses by adding 30 dedicated SME centers across the Kingdom, while working on building an end-to-end digital platform to fully digitize the lending process for small and medium-sized enterprises. The digital platform will be launched towards the end of 2022 as per schedule.

Riyad Bank enhanced the Bank's workforce capacity and capabilities to better serve SMEs by:

- Increasing the number of employees dedicated to serving SMEs
- Expanding the number of dedicated SME centers across the Kingdom
- Increasing the man-days of training provided to SME staff
- Investing in training SME customers to improve their business capabilities
- Initiating workshops held for SMEs and entrepreneurs

#### **Treasury and Investments**

Consistent with the business growth in our private banking and with retail customers, the Bank's Treasury and Investments (T&I) dedicated specific units to develop customized products and solutions for ultra-high-net-worth customers.

Enhanced digital communication with our corporate customers allowed us to increase our FX volume and market share by 8% and 24% respectively during this year, driving enhanced engagement and satisfaction.

In recognition of our efforts, GFC Media Group awarded Riyad Bank's T&I the 'Bonds, Loans and Sukuk Middle East Award for Financial Institutions Deal of the Year' for our successful SAR 10 Bn. Sukuk. Our Sukuk offering outcompeted more than 300 submissions for this award.

# Leveraging Digitalization and Technology



Riyad Bank's digital strategy relies on adopting modern technologies and innovative business solutions and goes beyond that to harnessing the power of innovation to create a distinct customer experience and added value for all Stakeholders. We therefore contribute to the overall value of the digital economy and the achievement of key strategic initiatives outlined in Vision 2030.

### Digital Transformation Strategy

Since the launch of the Bank's transformation strategy, and its efforts to align with the Kingdom's Vision 2030 and economic road map, we adopted innovation as one of the 4 pillars of the digitization strategy and the basis for the Bank's expansion. This pillar aims to develop and automate all

transactions and expand the Bank's financial services on both the digital and physical levels. Our digital transformation is therefore taking place in 2 parts:

- Digitizing our processes and providing smoother operations so that customers can apply for products online and receive services without going into a branch
- Improving the front-end applications that our customers interact with, including ATMs, IVR and branches

Since 2018, the Bank has made significant progress in the technical and digital infrastructure. This included modifying and developing many systems and services to match the business market changes in support of the Bank's vision and strategy, including:

- Implementing a new IT infrastructure
- Commencing an initiative to utilize big data and advanced analytics
- Digitizing the customer journey
- Pursuing collaborations with digital start-ups and entrepreneurs.

#### **Key Developments**

In 2021, we appointed our Chief Digital Officer (CDO) Mr. Mazen Pharaon, who is overseeing the digital portfolio and aligning IT initiatives with the overall Bank's strategy of 2025. Key digital transformation activities during the year included the realignment of our digital workforce to break internal silos and activate cross departmental collaborations. To this end we formed new committees that identify internal innovation opportunities and partnerships.

Our digital transformation strategy is now bearing fruits, with Riyad Bank achieving a record high in terms of our NPS for the 2021 year. We are more efficient and timelier in providing services to our customers.

Our Transformation Roadmap:



Manage and deliver all data reporting

2

Govern digital projects in other units

Ensure strategic alignment between business units

4

Manage critical growth in resources and talent pool

5

3

Manage Fintechs collaboration

# 1.1 million+

active digital clients, up 32% from 2020



# Increasing Efficiency through Digital Technology

\*\*\*\*

The Bank has put 2 key initiatives in place. Firstly, we implemented internal and external cloud computing to accelerate systems development processes and support remote work. This marked a step towards improving operational efficiency and reducing costs and will allow the growing cloud computing services in the Kingdom to improve while forging partnerships with the financial technology community.

The second initiative is data and machine learning, which has become a feedback mechanism in areas such as Risk. During the pandemic, the Business Intelligence team provided an analysis of the entire small and medium enterprises base within a matter of days to identify vulnerable sectors, determine liquidity requirements, and provide a basis for the Bank to help its customers to transition to a digital platform. We partnered with major players in E-commerce and Fintech to create a solution that helps our customers start generating recurring revenues, and this model is being promoted in the market.

The Bank, through its Analytics and Data Science team is taking advantage of Artificial Intelligence (AI) capabilities and other modern technologies to implement several value generation business use cases. During 2021, we expanded our interactive channels through, for example, an intelligent interactive system to respond to customer inquiries.

The Bank is also focused on improving the work environment and raising the Work Environment Index and the Organization Health Index (OHI). The implementation of a unified management platform for electronic channels has begun, with the aim of enriching the customer's experience and unifying banking services across various channels. In addition, the Bank is updating, developing and improving the performance of a set of electronic banking systems and procedures and work procedures in the Information Systems Technology Department.

# Digital Channels Performance

During 2021, Riyad Bank achieved a new digital transactions volume record representing 89% of the overall customers' transactions during the same year.

At the same time, customer expectations for availability and performance have never been higher. To ensure our platforms perform reliably and quickly, the Bank is continuously investing in performance improvement and modern performance management tooling and resources. The Bank's all-time-high technology spend in platforms and infrastructure enabled the larger Bank strategy. Major investment areas include:

- Platform expansion to accommodate growth in our customer base and digital transaction volumes
- · Tooling and resources to maintain our security
- New features and functions for our customers and Staff

The ongoing digitization of the customer's journey remained a key focus during 2021, with digital platforms considered vital to conducting transactions in the post-COVID-19 era. As a result, our Retail Banking segment now offers an end-to-end digital customer journey for account opening and credit applications, which boosted sales and improved client onboarding.

To better serve the customer, internal digital channels were redesigned and reorganized to keep pace with the rapid growth of digital banking. Several key services were added and updated to our digital channels, including applying for various banking products and services, opening accounts, various financing applications, card management services, issuance and reissuance of payment cards, requests to stop credit cards, and the delivery of account statements, among others

In addition to the customer and operational technology changes, the technology and digital teams at Riyad Bank are continuously evaluating innovative technologies to modernize and enhance our capabilities. The Bank executes on these plans in a measured way to ensure that new technologies don't expose the Bank or our customers to unnecessary risk. In 2021, modern tooling and capabilities for Data Management, Advanced Analytics and Data Science, cloud and DevOps, and a new platform architectures were introduced.

# **Leveraging Digitalization** and Technology continued

The IT Department changed and developed several systems and services to match the needs of the market. One example of a new capability that enables greater efficiency, faster performance and higher quality is the use of process automation in the Operations team. By applying modern technology, standardized processes can be automated quickly and deliver significant benefits to our customers and team.

This year was marked by the automation of more processes in all divisions using modern technologies. Riyad Bank's 20 robots completed more than 300,000 transactions. New artificial intelligence systems will enrich customer service, including the introduction of 2 chatbots. In addition, as part of the direct payment project (Instant Payment System) with the Saudi Payments Company, a pilot project was completed with digital currency in partnership with other banks and the central banks of Saudi Arabia and the United Arab Emirates.

#### **Mobile Applications**

The new Riyad mobile application provides users with easy and convenient access to a wide range of remote banking services. In addition to providing superior customer service, the Riyad Bank mobile app helps the Bank understand our customers and their needs better, which translates into a better and more profitable relationship. Riyad Bank continuously upgrades and enhances our customer facing applications to optimize the customer experience.

Our internal MyHC application facilitates 2-way employee engagement and other activities across the Bank. A total of 2,900 users have accessed the application.

	2020	2021
Customers who are digitally active (%)	44.4%	53.4%
New accounts for existing customers opened digitally (%)	42,602	48,968
New customers digitally onboarded (%)	182k (66%)	224k (68%)

# Data Privacy and Security



The rapid evolution of technical innovation creates opportunities, but also challenges such as threats from cyber fraud and technology risks.

Riyad Bank's focus is primarily to protect the Bank and its customers. It is essential for the Bank to offer a reliable, secure, and a resilient base to our Stakeholders. We are pleased to have experienced no data breaches in 2021, despite significant growth in online volumes and the challenges of the pandemic, while also enabling our employees to work nimbly, effectively,

A holistic approach is taken in managing data with the aim of enabling better customer experience and sustaining the Bank's profitability. We are vigilant and have strong policies in place to facilitate the same. Policies and procedures are continuously updated and adapted in line with the industry's best practices. As new risks emerge, we address them swiftly and

The cybersecurity risk landscape continues to be dynamic and challenging. Riyad Bank proactively addresses ongoing cybersecurity challenges and deploys dynamic defenses using multiple countermeasures for prevention, detection, and response. The Bank also employs multilayer security principles to ensure the effectiveness of the overall cybersecurity posture of Riyad Bank.

Riyad Bank partners with a few reputable cybersecurity service providers to enable our extensive digital capability. At the outset, extensive controls ensure the relationship is grounded in strong risk management and modern partner management techniques to ensure that performance is optimized, and risks are mitigated.

Given Riyad Bank's full lifecycle approach to information asset management, due consideration is given to ensuring that end-of-life assets are disposed of in a secure and environmentally effective manner. Policies and procedures are in place and tested regularly to ensure that we minimize our environmental impact while maintaining our security standards.

#### Performance: Data Breaches and Cyber Attacks

Cybersecurity	2019	2020	2021
Number of data breaches	0	0	0
Number of data security breaches involving customers' personally			
identifiable information	0	0	0

# Financing and **Empowering SMEs**



SMEs and entrepreneurs are essential for innovation and economic growth. SMEs are the major job creators in the Kingdom, and indeed around the world. However, often the lack of access to finance and available products or services may not meet their specific needs.

For many years, Riyad Bank has focused on the development of SMEs to support local industries and promote a diversified national economy. Supporting micro, small and medium enterprises is important to the Bank as it ties in with the Government's vision of job creation as well as our own. It is for this reason that we have established internal targets for the number of SMEs that we support. We tailor our products towards what SMEs require and process feedback so that we can enhance our products and services in line with their needs.

During 2021, we continued to provide easy financing solutions to these establishments to enable them to continue their activities and retain their employees despite disruptions resulting from the COVID-19 pandemic. We also enhanced our point-of-sale for retailers and reviewed the way we structure credit issuance. Rivad Bank improved its services during this year of reporting, as evidenced by our improved Net Promotor



During 2021, Riyad Bank remained at the top of the list of institutions that supports SMEs in cooperation with the Kafalah Program, for the fourth year in a row. Although the Kafalah report for the full 2021 year is not yet released, as of Q3 our share of SME entities supported through the program was 38%, a remarkable achievement that is recognized by the Ministry of Trade and Finance. We are proud to be the top finance provider for SMEs in the Kingdom.



We also look to support SMEs beyond financing aspects. In cooperation with the IFC, we provide our SME customers with an 'SME toolkit' - a platform that contains a comprehensive and expanded directory of models, software, research and information sources, as well as self-evaluation exercises and useful questions, with the aim of refining the administrative, marketing and financial skills of the owners and administrators of these enterprises to ensure the continuity of their business.

We also created a procurement certification course that equips small businesses to work with larger institutions. Furthermore, we provided training for our SMEs, and we support them from a business plan point of view.

### 2021 SME Support Initiatives

While SMEs are fundamental to a healthy economy, the effect of COVID-19 has been devastating for many of them. Financial and advisory support is a lifeline to survival and Riyad Bank has concentrated its efforts on providing practical finance options and expert guidance.

One highlight in 2021 was the launch of a SAR 100 Mn. Fintech fund to support SMEs and provide the Bank with valuable insight into the market. 2 innovations were supported with funding for further development.

Corporate Banking supported the Technology Development Financing program in their latest initiative to finance technology start-ups and SMEs. Moreover, Riyad Bank signed a Collaboration Agreement with the Culture Development Fund to create programs for business enablers in segments such as large corporations and MSMEs.

In combining 2 of our most important strategic goals during 2021, Riyad Bank expanded its operations for smaller businesses by adding 30 dedicated SME centers across the Kingdom. At the same time, we are building an end-to-end digital platform to fully digitize the lending process for small and medium-sized enterprises.

We enhanced the capacity and capabilities of our workforce to better serve SMEs by:

- Increasing employees dedicated to serve SMEs
- Expanding the number of dedicated SME centers across
- · Increasing the man-days of training provided to SME staff
- Invested in training SME clients to improve their business
- Initiating workshops held for SME clients

During 2021, we signed partnership agreements with 14 Chambers of Commerce with the aim of providing further support to SMEs.

RIYAD BANK ESG REPORT 2021 PRODUCT AND SERVICE RESPONSIBILITY

# Financing and Empowering SMEs continued

#### **Product Offering and Development**

#### Micro-enterprises:

- Launching Kafala product and guaranteed financing for those affected by the COVID-19 pandemic from the Central Bank of Saudi Arabia in cooperation with the Kafala program with a coverage rate of 95%.
- Development of the financing product against the receipts of points of sale.

#### Small and medium-sized enterprises:

During the year, all financing products relating to the small and medium-sized enterprises sector were developed, and a plan to launch new products in 2022 is underway. These products are regularly updated to match SMEs needs.

#### **Programs and Agreements**

#### Micro-enterprises:

Concluded an agreement with Salla E-commerce, to support and help customers of micro, small and medium-sized enterprises to enable them to use technical solutions in sales operations, ending with a complete transformation to e-commerce to sell and deliver their products via the Internet.

#### Small and medium enterprises:

- Agreement on the "Tatweer" program to enable real estate sector companies and institutions to obtain real estate support and financing
- Agreement on the "Tourism Partners" program with the aim of financing qualitative tourism facilities and activities around the Kingdom
- Memorandum of Understanding with the Cultural Development Fund to develop initiatives to support the development of business potentials in the cultural sector
- A major partner and financier in green environment and renewable energy initiatives and projects in the Kingdom
- A cooperation agreement with the National Industrial Development and Logistics Program "Ndaleb" to work on developing investment financing capabilities for the program's strategic axes

- Technology Growth Financing Initiative, in partnership with the National Information Technology Development Program and the Small and Medium Enterprises Financing Guarantee Program - Kafalah, which allows enterprises in this sector to obtain financing for business development
- Joining the "Jadeer" service provided by the General Authority for Small and Medium Enterprises - facilities to link enterprises with purchasing opportunities in the public and private sectors
- Extending the period of the "Payment Deferment" and "Secured Financing" programs to support the small and medium enterprises sector
- A cooperation agreement with 14 Chambers of Commerce around the Kingdom with the aim of supporting small and medium enterprises in terms of awareness and knowledge development in financing options for small and medium enterprises, as well as providing financing to small and medium enterprises nominated by the Chambers

#### **Sponsorships and Participation in Exhibitions**

Micro, small and medium-sized enterprises:

- Sponsorship of the Endeavor Saudi Council and a project to study the map of technical companies' relations and its impact on the entrepreneurship system
- Sponsorship of the Entrepreneurship Program (Unifonic X)
- Sponsorship of the incubator of the Asharqia Chamber of Entrepreneurship.
- Participation in the Day of Small and Micro Enterprises held in the Medina Chamber
- Participation in the interactive market for the commercial franchise center – Monsha'at

#### **Participation in Seminars and Conferences**

Micro, small and medium-sized enterprises:

- A number of awareness seminars in cooperation with the General Authority for Small and Medium Enterprises and in cooperation with the Chamber of Commerce and Industry, "The Stage" and the "Asharqia Chamber Business Youth Council"
- Aseer Forum for Entrepreneurship and Artificial Intelligence 2021

#### 2021 SME Performance

\* \* \* \* \*

#### Financing SMEs

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	SAR'000s			
2021	Micro	Small	Medium	Total
Financing for small and medium enterprises – on-balance sheet items	2,523,041	8,372,987	18,532,064	29,428,092
Financing for Small and Medium Enterprises - off-balance sheet items (Nominal Value)	1,426,709	2,873,814	8,357,849	12,658,372
On-balance sheet financing to small and medium-sized enterprises as a percentage of the total on-balance sheet financing	1.1%	3.8%	8.4%	13.3%
Off-balance sheet financing to small and medium-sized enterprises as a percentage of the total off-balance sheet financing	1.4%	2.7%	8.0%	12.0%
Number of financed (on and off-balance sheet)	3,281	12,805	13,869	29,955
Number of loans clients (on and off- balance sheet)	2,116	3,414	1,420	6,950
Number of secured loans from the "Kafala" program (on and off-balance sheet)	819	6,941	3,420	11,180
Total secured financing from the "Kafala" program (on and off- balance sheet)	207,460	2,800,847	4,040,889	7,049,196

#### Supporting SME Development

\* \* \* \* \*

Initiatives taken by Riyad Bank to support SMEs in addition to the number of employees, training initiatives and workshops provided to customers and employees for 2021:

2021	Micro	Small	Medium
Sector they belong to	Personal banking	Corporate Banking	Corporate Banking
Their administration	Branch network	Small and medium-sized companies	Small and medium-sized companies
Number of employees serving the segment	23	94	66
Number of employees who have been given training courses	9	89	66
Number of training days provided to employees	-	212	167
Number of clients who have been given training	16,367	1,915	566
Number of workshops offered to clients	11,488	955	471
Number of training days provided to clients	1,211	243	62
Number of centers or branches where the	All branches of Riyad Bank	27 centers dedicated to	27 centers dedicated to
segment provides its services to customers	in all regions of the	serving small businesses	serving medium
	Kingdom serve a	around the Kingdom, in	enterprises around the
	micro-segment.	addition to all Riyad Bank	Kingdom, in addition to all
	Small and medium	branches and electronic	branches of Riyad Bank and
	enterprise centers	channels.	electronic channels.

PRODUCT AND SERVICE RESPONSIBILITY

# Financing and Empowering SMEs continued

#### **SMEs Certification and Qualification**

Training Topic	Category and Certification	Vendors Selected for Training
Procurement fundamentals	Small and medium enterprises	Power network company.
<ul> <li>Significant bidding and evaluation</li> </ul>	<ul> <li>Certified and qualified in the banking</li> </ul>	Mufeed Co. LTD
<ul> <li>Contracts management and process</li> </ul>	sector	<ul> <li>Infratech</li> </ul>
<ul> <li>Contracts implementation</li> </ul>		We care operation and maintenance
SMEs support		<ul> <li>Raed Zamil Al-Harbi and his partner</li> </ul>
SMEs profile building		company
<ul> <li>SME benefits from Riyad Bank</li> </ul>		<ul> <li>Right click for Information</li> </ul>
products		Technology
		<ul> <li>Rawae Leather Printing Press</li> </ul>

#### Engaging strategic suppliers / other entities

Strategic Suppliers / Partners	<b>Details</b>
Saudi Business Machines (IBM)	Riyad Bank contributed with a SAR 2 Mn. proposal without any cost to the Bank to provide certified training and other materials (iPhones and laptops)
Monsha'at	Signed service agreement to support SMEs for the Bank's procurement
NourNet	Conducting basic and advanced technical interactive training courses for fresh graduates and new employees to improve and raise the level of technical skills

#### 2021 SME Support Awards and Achievements

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Award	Presented by	
Best Bank in the financing of small and medium-sized enterprises in the Middle East	Euromoney	
Best Bank in the financing of small and medium-sized enterprises in the Middle East	AsiaMoney	
Best Bank in the financing of small and medium-sized enterprises in the Kingdom of Saudi Arabia	AsiaMoney	
Achievements		
A major supporter for small and medium enterprises through the Monsha'at financing portal.		
The first in financing small and medium enterprises for 3 consecutive years with a guarantee program.		
Number one supporter of the Kafalah program for 6 consecutive years		

# Embedding a Culture of Ethical Supply Chain Management



Relationships with reliable vendors and other third-party service providers is ever more important in the era of globalization, banking digitization, and technological innovation.

We consider our vendors to be strategic assets, and intend to establish strong, long-lasting, and mutually beneficial relationships with all our suppliers and vendors. However, given their access to highly sensitive information through their services and functions, it is necessary to deploy a risk-based approach. As such, we developed a Vendor Management Policy, defining the foundational elements of a vendor management program which provides guidance and reference to manage vendors in a clear, consistent, and comprehensive manner. The Bank reviews the vendor performance to capture or prevent any operational loss or cybersecurity breaches.

Before entering an agreement with a vendor, we conduct consistent planning assessments, including the direct effect of the vendor on the Bank, the complexity of the relationship, the potential information security implications, and other inherent risks such as human rights violations and negative environmental impact. A plan is developed for each vendor engagement, which is assessed and evaluated by the Risk Management Function before the decision to engage with the third-party is made.

The Procurement and Contracts Department at Riyad Bank has developed sustainable methods and systems that allows the Bank to select and purchase from vendors in line with responsible, environmentally friendly considerations. We have recently updated all the Bank's procurement contract templates with best practices from a legal and compliance perspective. Our vendors and suppliers undergo environmental and social reviews, and these same considerations are embedded in our contracts and agreements. All new vendors are required to sign our Code of Conduct.

The Bank conducted training sessions and certification courses for SME suppliers to inculcate best sustainability practices. In 2021, the Bank engaged 7 vendors, which was an increase of more than 133% on 2020.

# Procurement Focus on Local Suppliers

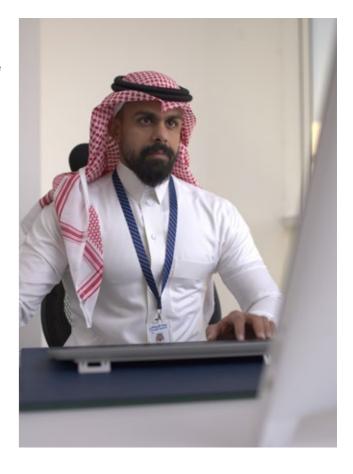
local economy.



Riyad Bank seeks to procure products and external services from the local community whenever it is possible and feasible to do so. This is not only in line with the Kingdom's Vision 2030, but it delivers tangible value for our business. Local suppliers are typically more responsive than suppliers who are farther away, and they can deliver products and services faster. Sourcing locally increases the bottom line for suppliers and manufacturers in our communities, which stimulates the

Localizing our supply chain also represents an opportunity to help the environment. By reducing transport distances, we reduce emissions and energy usage. Sourcing locally not only contributes to green manufacturing, but ultimately helps build consumer confidence thereby increasing positive brand awareness and customer loyalty.

Our internal procurement practices include KPIs for the procurement team that take the number of SMEs supported and Saudization rates of these companies into account.



# Embedding a Culture of Ethical Supply Chain Management continued

#### 2021 Procurement Performance

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Procurement Performance	2021	2020
Total number of suppliers engaged	629	652
Total number of local suppliers engaged	531	530
Total number of SME suppliers engaged	365	290
Procurement spending / contracting on local suppliers	2.118 Bn.	2.926 Bn.
Procurement spending / contracting on SME's suppliers	893 Mn.	1.324 Bn.
Total procurement spending	2.567 Bn.	3.073 Bn.
% of the Bank suppliers are SME's	58%	44%

#### **SME Local Procurement**

SME Initiatives and Local Contribution
47% of the Bank suppliers from SMEs
556.8 Mn. of the Bank's procurement from SMEs
316 suppliers engaged
2 SMEs led by Saudi females
One of the first companies signed in Jadeer Service with Monsha'at to support the SMEs

#### Procurement and Contracts Departments' progress and KPIs 2021

Internal KPI	Target 2021	Achieved 2021
Procure bank logistics demand from SMEs and enhance our procurement local content	10% from all Bank logistics purchasing demand	47%
Engage the Bank's strategic suppliers for sustainable social responsibility initiatives	4 Suppliers	4
Conduct training sessions and certification with SME suppliers to qualify them in banking procurement services and goods	7 Suppliers	7



# Protecting the Environment for Current and Future Generations



Our 4-year Environmental Action Plan aims to reduce the environmental impacts of all Riyad Bank facilities and diminish their carbon footprint. As such, we focus our efforts on increasing the efficiency of our spaces to reduce environmental impacts stemming from energy, water consumption and waste generation by seeking ways to lower emissions and optimize our resources.

This adaptation plan was developed with global consultants with initiatives extending up to 2027.

#### A Greener Bank for a Better World

On an annual and incremental basis, we implement initiatives to reduce energy consumption and increase energy efficiency through process redesigns, the conversion and retrofitting of our equipment, operational changes, and increased employee awareness.

Having recovered from the disruption of the pandemic, we redoubled our effort to achieve our goals. Our recycling and energy saving projects illustrated society's approach to waste and how we can all play a part in improving our outlook. We were delighted to be recognized by the Gulf Sustainability Awards in the Awareness and Education category.

#### Recycling

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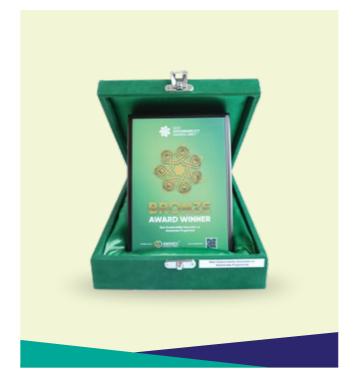
The centerpiece of the Bank's internal environment initiatives is its multi-pronged Recycling Project. The Riyad Bank office headquarters initiated their recycling program in 2019. As part of the "Saving the Environment Movement" and "Be a Responsible Employee" initiatives, 2 recycling bins were placed in each division (1 for paper,1 for plastic) and at selected branches. Emails were sent to all employees encouraging them to participate and take an internal Pledge of Recycling. The Bank also promoted the idea of the "Recycling Ecosystem" to the head office, regional offices, and 10 branches of the Bank.

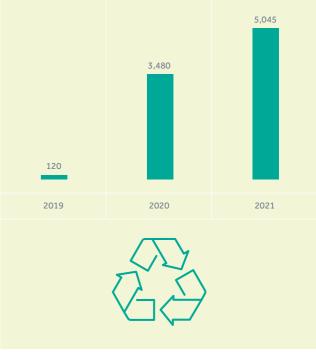
Material was collected as mixed recyclables waste in the following categories:

- Mixed paper; including office paper, magazines and newspapers, envelopes, hard and soft backed books, paper cups and confidential and non-confidential documents
- Plastic materials such as plastic cups and plastic bottles

Since recycling commenced officially, we have steadily increased our collections year on year, bringing the Bank closer to our goal of zero office waste to landfill.

#### Recycling Data Kg/Year





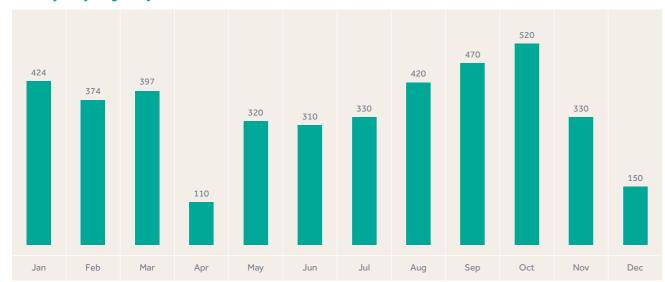
PRODUCT AND SERVICE RESPONSIBILITY

# Protecting the Environment for Current and Future Generations continued

The total waste that has been recycled by Riyad Bank Granada building and Heart of Riyad during 2021 is 5,045 Kg of plastic and paper. This is equivalent to 5 tons and reflects a 44.9% increase in volume compared to 2020.

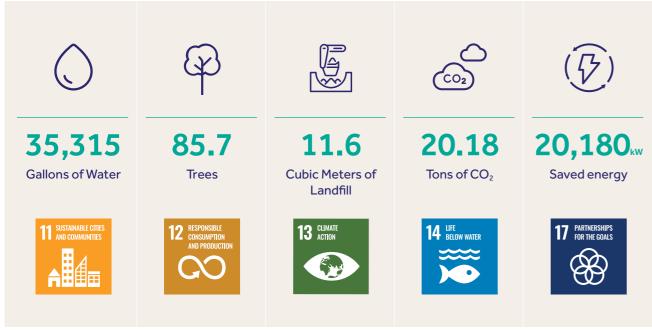
- Recyclables at both locations are collected once or twice a week
- Approximately 148 Kg of recyclable waste is collected on each trip
- Value returned from recycling is equivalent to SAR 1,009, at a rate of 0.20 Halala/Kq

#### **Monthly Recycling Analysis**



#### **Environmental Impact Analysis**

By recycling 5,045 Kg of Riyad Bank's premises waste, we saved:



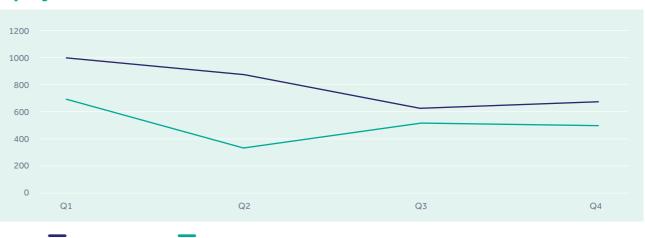
We continued promoting the idea of the "recycling ecosystem", with a target of recycling 40% of paper consumed within our organization.

	Q1	Q2	Q3	Q4	2021
Pages printed in Kg	990.6	872.88	634.14	676.6	3,174.22
Recycled papers in Kg	619	396	462	332	1,809
Percentage	62%	45%	73%	49%	57%

#### Recycling in HO

Pages printed in Kg

Recycled papers in Kg



2020 Paper Consumption and Cost

Amount in Paper

55,652,500

Cost SAR

1,153,826.55

2021 Paper Consumption and Cost

Amount in Paper

45,855,000

Cost SAR

946,599.50



(Data from EPA)

## **Protecting the Environment for Current and Future Generations** continued

#### **Electricity**

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In line with our commitment to minimizing our environmental footprint, we saved 20% of the cost of electricity in our head offices and warehouses in 2021.

A smart timer has been installed to reduce electricity consumption by controlling the air conditioning (AC) units' operation schedule at head office, in addition to a thermostat control based on employee's working hours. It was fully optimized by April 2021.

	2020	2021	Change
Costs	SAR 11,355,281.20	SAR 8,990,599.25	↓20%
Consumption	kW 35,7730,720.67	kW 24,692,324.21	↓30%

#### **Earth Hour**

On 27 March, we activated Earth Hour. To raise awareness about the importance of saving energy, we asked the employees to voluntarily turn off the lights in the head offices and main buildings. 118 registered volunteers participated on the day.

#### **Electricity Saving Initiative**

A smart timer was installed at our Al Quds branch to reduce electricity consumption by controlling the AC units' operation schedule only, based on the working hours of the branch.

It has been fully operational since March 2019 and has reduced energy usage by kW 171 523.42 over the last 3 years.

2018

SAR 145,538.75 kW 461,353.94

**Guinness World Record for Solar-Powered Streetlights** In collaboration with Restart LLC, we received a Guinness World Records Certificate for breaking the record in establishing the longest line of solar-powered streetlights consisting of 468 lights in Riyadh. The length of the line of solar powered streetlights

is 9,735 meters in total.

SAR 85,500.00 kW 289,830.51





2018 to 2021



#### Water

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On 4 February, 2021 the Bank launched its World Water Day initiative. To raise awareness about the importance of saving water, we installed stickers on the toilet mirrors in the Head Office in Granada and in HOR to remind the employees to consume

In addition, we raised awareness about saving water through a competition asking the employees to share their best daily practices to save water.

Water Consumption	2020	2021
Total water consumption (liters)	42,265,094	50,205,874
Water consumption intensity (liters/employee)	19,211	22,820



#### Salman Bay Beach Cleaning

Salman Bay is an important water body in Saudi Arabia, comprising a waterfront area of approximately 50 kilometers. The bay is a distinctive tourist and recreational area, where families can enjoy the beauty of sandy beaches. Fossils of prehistoric animals have been discovered in the huge rocks surrounding the Salman Bay area.

On 31 December, 2021, we collaborated with a community group to clean up Salman Bay in Jeddah. Riyad Bank employees and their families volunteered to support this initiative, and collected:





**54 Kg** 



178 Kg





RIYAD BANK ESG REPORT 2021 PRODUCT AND SERVICE RESPONSIBILITY

# 05

# **Empowering** our People



The Riyad Bank Academy was launched in 2021 to empower our people through access to the most current and relevant banking insights.





98%

Employee survey response rate



Human capital development is one of the pillars of the 2022 transformation strategy, in tandem with building a performance-based culture and motivating the entire cadre of Staff to achieve organizational goals. Culture transformation initiatives led to 3 primary outcomes: improved accountability, better communication and enhanced focus.

#### **Workforce Analysis**

\* \* \* \* \*

Workforce Overview	2020	2021
Total workforce (excluding trainees, students)	5,224	5,338
Full-time employees	5,224	5,338
Senior Management employees	175	202
Middle Management employees	1,358	1,469
Non-management employees (Staff)	3,691	3,667
Number of nationalities	25	25

Workforce by Age and Gender	2020	2021
Employees aged 18-30	1,201	1,440
Employees aged 31-50	3,748	3,685
Employees aged 51+	275	213
Male employees	3,897	3,879
Female employees	1,327	1,459
Female employees in middle Management	312	361
Female employees in senior Management	13	18

New Hires and Turnover	2020	2021
Total new employee hires:	422	714
Male	285	412
Female	137	302
Employee turnover (voluntary and involuntary):	345	592
Male	247	422
Female	98	170
Total voluntary separations during the year / average annual headcount	6.65%	11.24%
Employee turnover (voluntary) (%)	5.67%	9.93%

## Safeguarding our Greatest Asset

With a total of over 5,300 full-time Staff at Riyad Bank, our sustainable development initiatives have always been employee inclusive. Employees are the heart of the organization, and their journey with us is the cornerstone of our operations and ability to create value. We strive to maintain our philosophy as the best employer we can be and achieve our goal as Bank of Choice for Employees by 2025. Our employees understand how much we value their contributions and in 2021 we reinforced that through our employee recruitment, selection, engagement, development and retention initiatives. We also have a comprehensive rewards program, which allows us to provide competitive remuneration and benefits.

The COVID-19 pandemic continued to play a major part in our lives throughout this year, but Riyad Bank did everything possible to safeguard our people. We implemented onsite vaccination areas during a strictly monitored return to work and maintained the full spectrum of safety and security measures across all our work environments to comply with regulations.

#### **Prioritizing Organizational Health and Wellness**

In line with Riyad Bank's commitment to providing the best possible work environment for our employees, we have made organizational health a priority at every level of the Bank, from the moment a new employee is on-boarded through their journey and time with the Bank, and beyond.

Organizational health is known to reflect directly on an organization's financial performance and productivity. The more the employees are engaged and satisfied with their jobs and organizational health, the more focused they are on their roles and responsibilities. It is for this reason that in 2021, we conducted an Organization Health Index Survey. This allowed us to listen to our employees and better understand their needs and desires.

Over 5,000 employees took part in the survey, which generated more than 2,000 employee comments. Additional data and insights were analyzed and subsequently used to improve organizational health through a range of projects and initiatives. These are detailed in the table below:



#### Kafo Recognition Program

A total of 50,000 "Thank
You" cards were distributed
twice this year by employees
to acknowledge their
colleagues, demonstrating
their pride and commitment
to each other, and extending
to thousands of employees'
LinkedIn accounts.



# Value Ambassador of the Month Program

Over 180 employees who made a significant impact during that month on the business and the culture were formally recognized as part of the Kafo program.



#### Mustaqbali Exhibition

An event to educate and spread awareness on career management and internal mobility, which took place twice in 2021 with more than 4,000 attendees in both events. Over 150 internal vacancies were announced to demonstrate the opportunities for growth across the organization.



**42%**Female recruits in 2021



Riyad Bank's commitment and initiatives delivered clear improvements in organizational culture and the lives and wellness of our employees, including:

- Senior leadership becoming closer to employees and more open to their feedback.
- Increased willingness to change and accept the changing environment, which is crucial during this unpredictable period
- Improved employee engagement, with over 74% of employees saying they will not leave the Bank if they have the choice

As a result of the effective implementation of these initiatives, Riyad Bank achieved an increase in its
Organizational Health Index in Talent Development (+2),
Career Opportunities (+6) and Rewards and Recognition (+4),
which were all in the top quartile, resulting in an overall score in the top quartile for the second year in a row.

Riyad Bank continues to build a strong Health and Safety culture within its workforce by standardizing policies and activities across the organization. We ensured inclusivity in our fire drills and evacuation plans by training our emergency ambassadors to support employees with physical disabilities during evacuation.

The safety of employees with disabilities are a priority for the Bank and we continually find ways to improve their safety. The Bank provided special evacuation chairs for employees with physical disabilities and ensured that their locations are specifically allocated in each building for a safe exit. We have designated evacuation ambassadors that receive training on how special evacuation chairs should be used to help people with disabilities in the event of an emergency. Additionally, our fire alarms are equipped with a lighting feature to guide our deaf and hard-of-hearing employees to safety.

#### Recruitment

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As the Bank becomes a leader in innovation for our products, services, and processes, we need to recruit more talent and ensure we have the skills, knowledge and expertise required to take the Bank forward. In 2020, Riyad Bank launched the Fursan Al Riyad Program designed to acquire top caliber Saudi graduates for the Bank's future talent and leadership pipeline. The recruitment and selection process utilized innovative approaches, including digital assessment solutions, to ensure that only the most talented candidates got into the program.

As Fursan evolved, those recruits are now fulfilling various roles in banking, technology, IT service management, cybersecurity, IT governance and emerging technology.

Earlier this year, we launched 2 other versions of the program:

- Fursan 2, intended for treasury and investment, corporate banking, and retail credit
- Fursan 3, targeting retail banking, risk management, and finance.

Riyad Bank has been supporting the Human Resources Development Fund to promote on-the-job training to Saudi youth through its Tamheer Program for Saudi graduates. This year, we trained 145 Tamheer recruits and 67 Coop Trainees. Since our participation in the program, we have placed a total of 70 trainees in permanent jobs.

The Bank also prioritized its internal talent through its Maserati Program (Internal Mobility Program) to fill vacancies. So far, we have placed 153 candidates.

#### Retention

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Riyad Bank believes in holistic employee remuneration that includes compensation, benefits and employee recognition, development, and care.

In 2021, we conducted industry salary surveys, followed by an annual pay review that benchmarked employees' compensation against the market and best practices. As a result, and in alignment with our total rewards optimization plan, Riyad Bank was able to bridge the gap during the past couple of years and is currently well positioned against industry peers.

The Bank's performance-based system links rewards directly to contribution on 3 levels: bank performance, functional/divisional performance, and employee performance.

Cash and cashless programs were offered in 2021 as a tool to motivate and encourage outstanding performance in pursuing the highest levels of productivity.

#### **Employer of Choice**

An Employer of Choice Committee was established in 2017 as part of our transformation journey as we aim to implement employee ideas and recommendations. The Committee's overall goal is to enhance the working environment through various channels that focus on employee engagement events such as celebrations and any initiative that could enhance employee performance and life. In this year over 9,000 employees and their families attended a Riyad Bank family day out.

### Learning and Development

\* \* \* \* \*

The Riyad Bank Academy was officially inaugurated in 2021 to empower our young and promising talent, by bringing in the latest developments in the banking and financial services sector to enhance our capabilities and performance. The Academy is a leading-edge contemporary learning hub and an institute of repute in financial and banking studies in Riyadh, emphasizing the city's role as an international financial training center.

The Riyad Bank Academy philosophy is as follows:

- Provide qualified professionals who are prepared to make the most of developments in the banking industry, while giving Riyad Bank an edge over its competitors by providing quality training. We view training as an investment, not an expense
- Provide employees with the skills, knowledge and attitudes needed to improve performance and advance in the Bank
- Develop employees' skills in a way that contributes to reducing work procedures and thus reducing operating costs, improving productivity, and raising operational efficiency
- Contribute to building future leadership for managing the Bank

The Bank holds internal training courses at the headquarters of Riyad Bank Academy in addition to offering virtual remote learning technology. In 2021, the Riyad Academy delivered 14,360 in person training days and 35,162 training days. These

comprised online training organized in partnership with leading local and international training institutes, as well as conferences and courses offered from outside the Kingdom by well-known Arab and foreign advisory and training bodies. Riyad Bank is particularly proud of our Future Leaders program, which we run in partnership with 2 of the leading executive education providers in the world, the Ross School of Business, University of Michigan and the CASS Business School, City University of London.

In addition to a vibrant curriculum, Riyad Academy teaches English to employees to enable them to communicate with clients and absorb the latest developments in the global banking industry. The Bank is also developing the professional qualifications of its employees, with the aim of raising its overall professional and technical expertise internally in terms of banking, theoretical and applied sciences.

Over the coming years, Riyad Bank Academy will continue to educate and connect more than 6,000 ambitious professionals from different Riyad Bank divisions and branches in various regions. The academy gives them access to a strong worldwide network and unbeatable faculty with world-class alliances and accreditations.

We believe that better educated professionals and employees improve the value proposition of the industry, as well as their own abilities to compete for jobs within it. As the only training academy of its type in the Saudi finance sector, this is a unique opportunity for future professionals.

Learning and Development Analysis	2021	2020	2019	2018
Sessions	604	400	380	826
Courses	322	146	184	227
Offerings without online	5,911	12,338	4,741	8,360
Online attendance	8,429	27,886	30,332	8,094
Training days without online	14,360	19,361	9,754	14,350
Training days with online	35,162	47,247	40,086	22,444
Training hours (6 hours per day)	210,972	283,482	240,516	134,664
Attendance	13,243	9,410	4,330	8,087

2021 Learning	Total Days	Total Hours	Total Employees	Males	Females
Mandatory	32,265	193,590	5,217	73%	27%
Non-mandatory	27,098	162,588	2,473	73%	27%
E-Learning	3,995	23,970	967	81%	19%

EMPOWERING OUR PEOPLE

# Career Management and Succession Planning

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We ensure global best-practices and local regulatory requirements in mitigating the risk of losing key people. Each year we identify, assess and develop employees with the potential to move into Executive Management, leadership or other vital positions, in line with our business sustainability and 2025 strategic priorities. We keep employees informed of their potential career paths, with the support of professional career counsellors.

The Human Capital Division has adopted a policy of modernizing and developing the regulatory frameworks that govern the work of career paths and succession work in Riyad Bank. A careful review of the behavioral, technical, product and functional skills at all organizational levels of the Bank was completed. It aims to provide an integrated business model that considers reducing risks and developing current adopted practices.

During 2021, a series of initiatives were implemented, the most prominent of which was the partnership with the business segments to roll out a Bank-wide skills optimization program. This was designed as a collaborative effort between the Bank's Career Management and Succession Planning department and all Riyad Bank functions. In a related development, Riyad Bank is committed to investing in its employees to ensure a strong, knowledgeable and agile workforce aligned with its goal of becoming the Bank of Choice in the Kingdom for employees and customers.

All employees undergo yearly performance reviews.

#### Saudization

\* \* \* \* \*

The Bank actively participates in the Nationalization Strategic Plan to substitute foreign talent with Saudi expertise.

Saudization Rate



Feminization Rate



## Diversity and Inclusivity



As we continue to empower women, our human capital team, in cooperation with the Best Place to Work organization, conducted a survey to measure female employees' job satisfaction. The study resulted in Riyad Bank being certified as the 'Best Place to Work for Women in Saudi Arabia 2021'.

Despite potential challenges in employment for people with disabilities, Riyad Bank is committed to being an equal-opportunities employer and ensures that our environment is wholly compliant with the necessary practical and emotional standards. This applies throughout the entire journey from recruitment and progress to support and promotion.

We were also proud to receive the Mowaamah Golden Certificate for our commitment to applying the best standards and practices in creating an enabling environment for our employees and customers with disabilities. We strive to ensure physical and technological accessibility for our employees with disabilities.

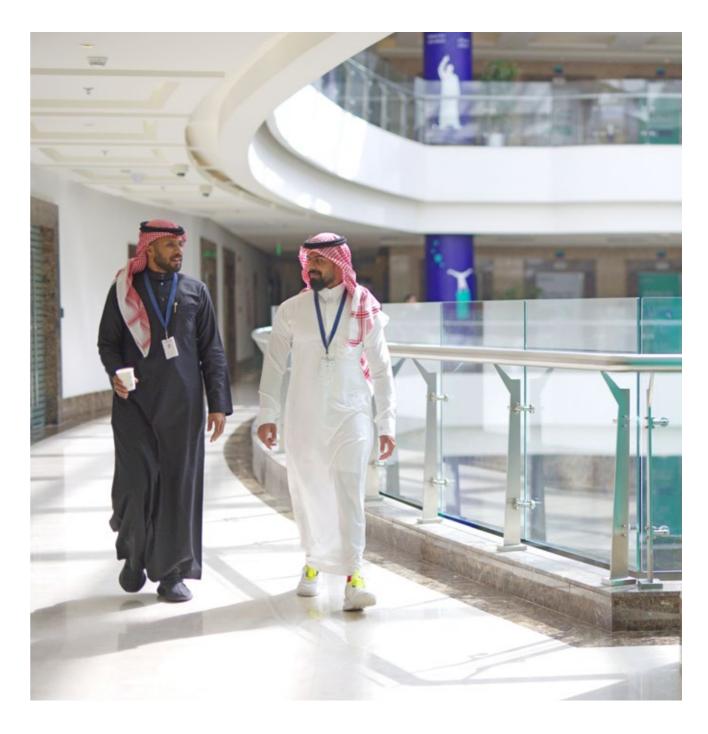
We value the health and wellness of our employees. During World Heath Day this year, Riyad Bank employees took the challenge to collectively reach 50 million steps, equivalent to the distance of walking around the world.



#### Diversity, Inclusion and Localization

Saudization	2019	2020	2021
Total number of national employees	4,827	4,913	5,073
Number of female national employees	1,286	1,327	1,459
Number of male national employees	3,541	3,586	3,614

Employees with Disabilities	2020	2021
Number of hires	8	19



FMPOWERING OUR PEOPLE

O6
Positive
Community
Impacts





# Community Support and Investments

At Riyad Bank, we believe that our prosperity is connected with the local community. We create shared value, and our commitment is apparent in the work we do to create a positive, long-term impact for the people of Saudi Arabia.



difference.

Our comprehensive Bukra CSR strategy outlines focus areas for our community initiatives, which are implemented according to the best local and international standards and in line with the Saudi Vision 2030 and the United Nations' Sustainable Development Goals.

# Playing an Active Role in Our Community

Riyad Bank continued to play an active role in our community this year. Our donation accounts, which enable charities and associations to supply essential items to the needy, saw 410,954 transactions totaling SAR 15,646,855.29 in donations. This extraordinary figure has benefited all members of our society – from the young and the old to all those in need of support. Every donation made a substantial

During the Holy Month of Ramadan, we distributed 10,000 food baskets and 100,000 meals in 5 cities to 62 charitable organizations around the Kingdom, in collaboration with a non-profit enterprise.

Our financial and non-financial community investments are multifaceted and focus on community causes that align with our sustainability strategy. Our community support initiatives span across direct charitable donations, CSR based sponsorships, community interventions and initiatives, and employee volunteering. The generosity of our employees is testament to Riyad Bank's sustainability culture, with our Staff regularly donating their most precious commodity, time. Whether that is for specific events, general volunteer work or awareness campaigns, the Bank's employees continue to embrace their own commitment to social responsibility. This year, our Bukra Ambassadors volunteering initiative saw 395 volunteers donate 811 hours to community initiatives.

Community Investment and Volunteering	2021	2020
Number of beneficiaries of community activities	237,253	108,321
Total number of employee volunteering hours	811	103
Number of volunteers	395	32
Financial Literacy Classes in collaboration with National CSR center	30	16

#### **Bukra Ambassadors**

With a total of over 5,200 full-time Staff at Riyad Bank, our CSR initiatives have always been totally inclusive of our employees. They continue to be the heart and soul of the organization and their journey with us is of paramount importance.

	2020	2021
Volunteers	32	395
Hours	103	811



# Supporting People with Disabilities

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#### **Center for Autism Research**

A highlight of the Bank's community initiatives is its partnership with the Autism Center at King Faisal Specialist Hospital and Research Center.

During 2021, Riyad Bank renewed our agreement with the Center for Autism Research for 1 year with the amount of SAR 10 Mn. This funding will contribute towards boosting the autism center's operational processes, research capacity and training programs, and result in increased self-sufficiency, competency and understanding for the autistic community.



Riyad Bank's support also enabled the center to cooperate with the University of Nevada, Reno, in the United States of America for the Master of Applied Behavior Analysis program, from which 20 students have graduated while another 20 are expected to graduate in 2022. The center also initiated a professional development program for specialists in the field of autism spectrum disorder at Prince Sattam University. It upskilled 38 specialists, while the center during that period digitized about 70,000 documents pertaining to nearly 600 beneficiaries and facilitated remote training sessions. The center also provided training grants for physical integration programs for 23 trainees who completed the requirements of the global accreditation of the Sensory Integration Certificate.

Riyad Bank's support of the Center for Autism Research programs and services is considered as one of the biggest of its kind in the Kingdom and the biggest in the field of autism.



Over the past 3 years, the center has achieved:

1,482 diagnostic and early intervention sessions

Completion of a high-tech human behavior laboratory

33 research and working papers

Training of 180 specialized teachers and 95 families

Publication of 5 books supported by translated assessment tools



POSITIVE COMMUNITY IMPACTS

# Community Support and Investments continued

#### **Autism Center of Excellence**

In 2018, Riyad Bank signed an agreement with the Ministry of Human Resources and Social Development to fund the Autism Center of Excellence for 5 years.

This fund supports the Center's operations, research, and development.

- Provides specialized rehabilitation services for people with autism spectrum disorder (ASD)
- Participates and conducts scientific and applied research in the field of ASD
- Provides training for therapists in the field of ASD
- Provides the community and families of ASD with support through awareness programs

2021 Autism Support Performance Highlights:





#### **World Autism Awareness Day**

On 2 April, 2021, we activated World Autism Awareness Day by sharing a broadcast on Autism and inviting Riyad Bank employees to contact the CSR department to benefit from the services of the 2 Autism centers sponsored by the Bank. Several employees contacted the CSR department and cases were referred to the Autism Center of Excellence.

#### **Employing People with Disabilities**

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The Bank places a special emphasis on the topic of disability and is committed to raising internal awareness, enhancing accessibility to our offices, and promoting Sign Language and Speech to Text capabilities.

This year, Riyad Bank received the Mowaamah Gold Certificate for Best Standards and Practices in creating work environments suitable for persons with disabilities.

During 2021, we hired 19 new employees with disabilities and ensured Accessibility in Technology by installing live transcriptions to WebEx meetings for our employees who are deaf or hard of hearing. We also installed text-to-speech software to enable our employees with visual disabilities to access written data and provided employees with tablets that have a live transcription app for easier communication.

To create a disability-friendly culture, the Bank conducts workshops to educate its employees on the best practices for inclusion. The etiquette of dealing with persons with disabilities was listed as a mandatory course for all Riyad Bank's employees. The course explains how to deal with persons with physical, hearing and visual disabilities and features important information of different types of disabilities as well as accessibility and reasonable accommodations for persons with disabilities. 5,050 Riyad Bank employees passed the course.

This year, Riyad Bank was the only bank participating in the Purple Saturday initiative launched by the Authority for Persons with Disabilities. Exclusive offers on bank products were shared with customers with disabilities on social media.

### Health and Wellness

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## Establishing a Non-Profit Hospital with Bab Al Khair Medical Services

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Looking to the future, we signed a memorandum of understanding with Bab Al Khair Medical Services on 2 May, 2021 to establish the first non-profit hospital in the Kingdom. This community partnership program is aimed at strengthening the role of the private sector to develop non-profit initiatives in line with the objectives of the Kingdom Vision 2030 programs and emphasizes the importance of leveraging strategic partnerships with relevant authorities such as the Ministry of Health, the Ministry of Human Resources and Social Development.

The project, located in Mecca, is currently in the construction phase. This hospital is the main nucleus for the construction of a group of non-profit hospitals in the Kingdom that are under the umbrella of social security in coordination with the Ministry of Human Resources and Social Development.

#### Sports Club for the Elderly

\* \* \* \*

On 14 October, 2021, Riyad Bank signed a partnership agreement with Wahat Al-Wafa Association, supporting the elderly in Onaizah Province by establishing a suitable gym.

This partnership aims to contribute towards implementing 3 Saudi Vision 2030 Programs:

- Quality-of-Life Program
- Human Capability Development Program
- Health Sector Transformation Program

The partnership agreement ensures that the:

- Association's financial sustainability, continuity and quality of performance is maintained
- Physical, psychological and emotional integrity of the elderly is supported
- Pressure on governmental healthcare centers is reduced
- Elderly can participate in the community in a convenient, healthy and safe way

The sports club also provides employment opportunities for Saudi youth.

#### Blood and Organ Donation Initiative

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In a drive to increase blood and organ donations, our second blood donation campaign in 5 cities and 6 locations saw 549 donors enlisted, who donated 247,050ml of blood to save an estimated 1,647 lives. Our organ donation campaign also recruited 87 people to join those who could benefit from their selfless generosity.

#### **Blood Donation Initiative**

	2020	2021
Donors	382	549
Volumes	168,970ml	247,050ml

Blood donation campaigns were facilitated at:

- King Faisal Specialist Hospital and Research Center
- King Abdul-Aziz Hospital
- Prince Mohammed Bin Abdulaziz Hospital
- Red Crescent
- Blood Banks in different regions

Riyad Bank employees had the chance to donate blood and be part of the campaign we developed during the months of September and November.

We also launched an Organ Donation Campaign during the year to encourage our employees to register on the national organ donation platform and share their donation card with CSR. We are proud of the 87 employees who registered in 2021.



# Community Support and Investments continued

#### **Active International Days**

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The Bank distributed awareness email broadcasts and social media campaigns, raising awareness about several international days such as Alzheimers, breast cancer, autism, and international day for persons with disabilities, in both Arabic and English.

During 2021, we activated over 80 Education Awareness Broadcasts.

#### **Braille Day**

On 4 January, 2021, we activated Braille Day by engaging our employees in a friendly contest aiming to raise awareness of this day.

- Number of views: +3,000
- Number of participants: +500
- Number of screenshots: +500

#### **World Cancer Day**

We activated World Cancer Day on 4 February, 2021. Ribbons were distributed to all employees in the Head and Regional Offices. Each ribbon had a color and special meaning, which together formed a message that aims to raise awareness on cancer.

Riyad Bank employees volunteered to prepare gift items for cancer patients in collaboration with Tafaul Organization for Cancer in Al-Ahsaa, which included:

- 40 Oxygen machines
- 100 Thermometers
- 100 Blood oxygen monitors
- 30 Blood pressure monitors

#### **Breast Cancer Awareness Month**

To raise awareness about Breast Cancer, we provided free consultations in a booth at the Head Office and a workshop at Heart of Riyadh. We also offered free examinations in collaboration with Oxyhealth Clinic.

#### Water Da

World Water Day was also activated on 4 February, 2021. To raise awareness about the importance of saving water, we installed stickers on the toilet mirrors in the Head Office in Granada and in our Head Office in Olayya to remind the employees to consume less water. In addition, we shared an email broadcast to raise awareness about saving water through a competition asking the employees to share their best daily practices to save water.

#### Alzheimer's Awareness Month

To raise awareness about Alzheimer's, we collaborated with the Saudi Alzheimer's Disease Association to activate one of Bukra's pillars, which is Community, by featuring awareness messages through internal channels that would add value to our employees and their families. A booth was assembled in our head office to simulate the lives of Alzheimer patients.

#### World Health Day

On 7 April, 2021, we activated the World Health Day by engaging Riyad Bank employees in a competition that aimed to achieve 50 million steps – equal to a walk around the world. Even our people with wheelchairs participated.

During 2021, we completed:

- 50,000,000 steps
- 38,100 km distance

#### **Eid Al-Adha Initiative**

We encouraged our employees to participate in packaging 1,000 gifts for orphans for Eid Al-Adha in collaboration with Rikaez Al-Tafaul Corporation in 3 main cities: Riyadh, Jeddah and Dammam

#### International Day of Sign Languages

On 23 September, 2021, we activated the International Day of Sign Languages in correspondence with World Sign Day. The awareness video received positive feedback from the deaf community.

#### **International Day of Charity**

We activated the International Day of Charity with the following initiatives:

- Back to school campaign, which delivered 2,000 school bags to charity organizations in 10 different cities across the Kingdom
- Marketing charity donation accounts
- Clothes donation

#### Education

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## Academic Laboratory for Robotics with Madak Education

In support of our Knowledge Pillar, Riyad Bank signed a partnership agreement with Madak Education which aims to establish an academic laboratory that includes a science studio, a robotics laboratory and a specialized studio equipped with the latest and most advanced technical equipment, to provide quality education to more than 1,000 students annually. The environment utilizes an innovative model that qualifies teachers and equips both male and female students to be leaders who contribute to the development of society.

#### **Treasury Initiative**

Riyad Bank concluded the "Treasury" initiative in partnership with The National Center for Social Responsibility, which provides students with training on combating financial fraud and raises awareness of the importance of digital transformation to the payments system. The initiative targeted more than 123,000 students in over 290 schools and universities inside and outside the Kingdom, and included a number of training programs and events, such as lectures (physical and virtual) in a number of universities, institutes and schools. Professional trainers addressed financial issues related to the management of money in an innovative way. Training covered spending, saving, planning, debt, and investment.

The programs also trained students on how to use the savings and financing products offered by banks and encouraged them to take advantage of all modern technologies for digital transformation.

## Financing for Educational Benefits with King Saud University

As part of its educational finance program, Riyad Bank signed an agreement with King Saud University to finance educational costs, to enable graduate students at the university to deduct the expense of tuition seats without profit margin, administrative fees and concessional premiums. This agreement confirms Riyad Bank's commitment to bring about positive and sustainable change in education.

Riyad Bank's educational financing program is approved by the Sharia Authority for the sale of educational benefits, and is characterized by the provision of immediate preliminary approval by the Bank for instalment tuition fees without profit margin and in concessional instalments.

The Bank allows customers who transferred their salaries, starting from SAR 5,000, to participate in the educational finance program and obtain funding to pay tuition fees without profit margin and in easy term instalments for up to 36 months, with the possibility of paying tuition fees to non-children as determined by the client.

#### **Back-to-School Campaign**

As part of our ongoing commitment to Vision 2030, the younger members of our society were a key focus of attention. Our back-to-school campaign as part of the International Day of Charity distributed 2,000 school bags to charity organizations and presented 1,000 gifts to orphans in the Eid Al-Adha campaign.

#### The Stage

Riyad Bank sponsored an initiative to deliver virtual and live enrichment content in collaboration with 'The Stage'. During the year, we sponsored 6 live shows that discussed various topics including: entrepreneurship, empowering people with disabilities, economy and financial management, saving and investment, SMEs support, and financial technology.



POSITIVE COMMUNITY IMPACTS

# Community Support and Investments continued

## Internships and Work Experience



#### **Fursan Al-Riyad Program**

The Fursan Al-Riyad program is one of the main initiatives to enhance the public perception about the competitive position of Riyad Bank. The training program aims primarily to create job opportunities for recent graduates and has succeeded in attracting more than 12,000 applicants. Through the specialized testing centers and the selection and appointment processes of the Bank, 27 male and 54 female candidates were selected to participate in the program, which extended over a whole year. During this time, the focus was on developing the capabilities of the program participants and enriching their knowledge in the behavioral aspects, specialized job skills, project management and other specialized training paths, with the aim of creating a new generation of entrepreneurs in Riyad Bank.

Our Fursan recruits are now fulfilling various roles in banking, technology, IT service management, cybersecurity, IT governance and emerging technology.

During 2021, we launched 2 other versions of the program:

- Fursan 2, intended for treasury and investment, corporate banking, and retail credit
- Fursan 3 targeting retail banking, risk management and finance.

#### Internships and Training

Our internship opportunities provide students with an opportunity to receive professional experience and training in an actual work environment. The internship is an ongoing seminar between the student, the faculty member and the employment supervisor. In 2021, Riyad Bank hired more than 190 students within the internships and Co-ops training programs for a period of 3 to 6 months across our branches, departments and divisions.

Riyad Bank presents a Tamheer Training Program in collaboration with Saudi Arabia's Human Resources Development Fund (HRDF). These programs aim to attract Saudi graduates from local and foreign universities by offering them an opportunity to gain experience and skills required in the market.

HRDF provides a training allowance of SAR 3,000 per month throughout a 3 to 6 months training period, and awards certificates of completion. Riyad Bank can then hire promising and qualified Saudi's once the Tamheer program is complete.

	Co-op Trainees	Tamheer Trainees	Total Trainees
Number of students	67	146	190
Male students	32	41	70
Female students	35	105	193
Number of students offered permanent employment	5	36	41





# 07

# Sustainable Value Creation through **Good Governance**







#### Our Approach to Governance

A robust governance structure underpins our corporate culture, regulatory compliance, and business practices. Through a strong governance structure and risk management system, we regulate the Bank's internal controls, encourage principles of justice and equality, safeguard against unethical corporate practice, manage risk and ensure transparency, and appropriate disclosure.

#### **Our Board**

The business and affairs of the Bank are managed and directed by Riyad Bank's Board of Directors. Members of the Board are individually and collectively accountable for the Bank's performance and take responsibility for the continuous improvement of our performance, our ability to leverage new opportunities, and the contributions we make towards the development of society.

Through our governance structure, Riyad Bank can make high value decisions and deliver performance that creates value, protects the rights of our Stakeholders as well as Shareholders, deliver transparent information and hold Stakeholders accountable. Most importantly, our governance framework ensures well-established relationships amongst all Stakeholders involved. Our strong governance structure positively affects the Bank's value.

#### **Our Governance Principles**

- Clear roles and responsibilities for the Board of Directors and Management
- Performance culture at the center of our operations
- Experienced and seasoned Board and Management team

#### **Board Responsibilities**

Our Board of Directors has ultimate responsibility for the direction, supervision, and control of the Bank and for delivering sustainable Shareholder and Stakeholder value within a framework of accountable and effective controls. The Bank has a robust corporate governance framework and risk management process, that strives to do the right thing for all our Stakeholders.

The Board directs and supervises the management of the business and affairs of the Bank including:

- Ensuring that the vision and strategic objectives of the Bank are correctly interpreted, clearly understood and strategies are in place for achieving them
- Establishing policies for strengthening the performance of the Bank
- Monitoring the performance of Management

- Deciding on whatever steps are necessary to protect the Bank's financial position
- Ensuring that the Bank adheres to high standards of ethics and corporate behaviour
- Ensuring that the Bank has appropriate risk management/ regulatory compliance policies in place

In the normal course of events, the day-to-day management of the Bank will be in the hands of Management. The Management team is responsible for the oversight of the Bank's operations and strategic initiatives against targets and objectives set by the Board. The Bank has an experienced leadership team comprising of local and international expertise with a clear mandate from the Board to deliver sustainable results in a responsible manner.

#### **Board Committees**

The Board of Directors of Riyad Bank delegates some of its duties to the main Committees formed from the members of the Board. The 2 exceptions to this principle are the Audit Committee, which includes 3 external independent members, and the Nomination and Remuneration Committee that includes 2 external independent members from outside the Board. The Board remains responsible for monitoring and overseeing the execution of the Bank's strategy.

The following is an explanation of the main duties of the Bank's Board Committees.

- The Executive Committee exercises the credit, banking, financial and administrative powers in the Bank that are granted by the Board of Directors.
- The Audit Committee
- Exercises supervisory oversight of the financial reporting processes and the processes related to compliance with the relevant laws and regulations
- Monitors the effectiveness and efficiency of the internal control system
- Recommends the selection of auditors
- Studies and reviews the interim and annual financial statements, and recommends them to the Board of Directors
- The Risk Management Committee assists the Board of
  Directors in carrying out its responsibilities by fully
  supervising the Bank's risk strategy, reviewing acceptable
  risk levels, making recommendations to the Board of
  Directors, and monitoring the Executive Management's
  commitment to the risk limits approved by the Board of
  Directors and their implementation. In this regard, it may
  review all aspects and types of the risks that the Bank
  is exposed to, review the extent of the Executive
  Management's commitment to the controls for managing
  these risks, and verify the adequacy of the measures taken
  to hedge them.

- The Nomination and Remuneration Committee supports
  the Board of Directors in respect of the Board's governance
  and proposes a remuneration policy for members of
  the Board of Directors, its Committees, and senior
  Management officials. It reviews and evaluates the
  adequacy and effectiveness of the remuneration,
  compensation, and incentives policy on a regular basis to
  ensure that the set goals are achieved, assesses the
  methods of remuneration payments, and reviews the
  Commitment Rewards policy according to the rules of the
  Central Bank of Saudi Arabia.
- The Strategic Planning Group supervises the preparation of the Bank's strategic directions and follows up and evaluates the steps taken to achieve its objectives. It provides the necessary support to the Board of Directors on strategic planning processes and matters of strategic importance, including business development and expansion. The Group is also responsible for monitoring the Bank's progress in achieving its long-term financial and strategic objectives.

The Board of Directors, the Board Committees and our Management team are committed to upholding high standards of corporate governance, reflecting best practice and applicable regulatory guidelines, including those of the Saudi Central Bank (SAMA).

Our Corporate Governance Framework, approved by the Board, covers a range of activities, responsibilities, policies, and procedures that oversee the operations of the entire bank to manage and monitor compliance, ethics, and risks.

We expect all our employees to be well-versed on Riyad Bank's Code of Conduct and our Principles of Conduct and Business Ethics Policy, and to act in a manner aligned with our vision and principles.

#### Composition of the Board of Directors and Classification of its Members

	Member's Name	Position	Membership Rating	Representation
1	Abdullah Mohammed Al-Issa	Chairman of the Board of Directors	Non-Executive	-
2	Mutaz Kusai AlAzzawi	Deputy Chairman of the Board of Directors	Independent	-
3	Ibrahim Hassan Sharbatly	Member of the Board of Directors	Independent	-
4	Jamal Abdul-Karim Al-Rammah	Member of the Board of Directors	Independent	-
5	Talal Ibrahim Al-Qudaibi	Member of the Board of Directors	Independent	-
6	Abdul-Rahman Amin Jawa	Member of the Board of Directors	Non-Executive	Public Investment Fund
7	Mohammed Talal Al-Nahas	Member of the Board of Directors	Non-Executive	Public Pension Agency
8	Mohammed Abdulaziz Al-Afaleq	Member of the Board of Directors	Non-Executive	-
9	Mohammed Omair Al-Otaibi	Member of the Board of Directors	Non-Executive	Public Investment Fund
10	Nader Ibrahim Al-Wehibi	Member of the Board of Directors	Non-Executive	Hassana Investment Company

#### **Board Performance 2021**

\* \* \* \* \*

The Board played a strong role in setting the Bank's strategy and ensuring that Management achieve their targets. Our Board's role in strategic planning included defining the Bank's aspirations for the future, identifying goals and objectives over the strategic horizon, and ensuring that adequate resources are in place to support the execution of the Bank's strategy.

During 2020, the Board undertook a strategy refresh exercise which reshaped and fine-tuned the Bank's focus areas. The identified strategic initiatives seek to deliver business growth and Shareholder value through innovation, improved efficiency and higher digitization which will be enabled by a new gen operating model.

During 2021, the Board and its sub-committees:

- Discussed progress updates on Strategic Initiatives Implementation, including matters such as investments on resources, infrastructure, and the new head office
- Oversaw the Bank's financial performance and budgets
- Set robust KPIs utilizing a balanced scorecard approach that addresses financial and non-financial performance, as well as market comparisons

- Monitored Executive and Management's KPIs through regular performance discussions against established targets
- Evaluated performance rewards, taking KPI achievements into account as part of overall performance governance
- Developed and approved the risk oversight policy for the Group including subsidiaries, affiliates, and overseas offices, setting up an operation framework for its implementation together with reporting tools and dashboard
- Reviewed 55 policies, 21 Committee charters and 384 processes
- Supervised the implementation of non-compliance matters, as resolved by Management
- Considered Stakeholder feedback when reviewing risks, challenges and opportunities
- Reviewed environmental or social matters, including efforts to reduce electricity consumption as well as moving towards paperless banking
- Ensured that Riyad Bank's contribution to environmental and social matters are sustainable and not purely philanthropic

The Board of Directors conducted 7 meetings during the year 2021, and the attendance rate of the meetings, was (in person) 100%, taking into account those who attended by proxy.

#### Attendance Record of the Board Members, in person and by proxy, for the Board meetings in 2021

	Member's Name	16.02.2021	23.03.2021	04.05.2021	16.06.2021	08.09.2021	01.11.2021	14.12.2021
1	Abdullah Mohammed Al-Issa	$\checkmark$	✓	✓	✓	✓	✓	✓
2	Mutaz Kusai AlAzzawi	✓	✓	✓	✓	✓	✓	✓
3	Ibrahim Hassan Sharbatly	✓	✓	✓	✓	✓	✓	✓
4	Jamal Abdul-Karim Al-Rammah	✓	✓	✓	✓	✓	✓	✓
5	Talal Ibrahim Al-Qudaibi	✓	✓	✓	✓	✓	✓	✓
6	Abdul-Rahman Amin Jawa	✓	✓	✓	✓	✓	✓	✓
7	Mohammed Talal Al-Nahas	✓	✓	✓	✓	✓	✓	✓
8	Mohammed Abdulaziz Al-Afaleq	✓	✓	✓	✓	✓	✓	✓
9	Mohammed Omair Al-Otaibi	✓	✓	✓	✓	✓	✓	✓
10	Nader Ibrahim Al-Wehibi	✓	✓	✓	✓	✓	✓	✓

## Evaluating the Performance of the Board of Directors and its Committees

The evaluation of the Board of Directors' and Committees' performance helps in identifying strengths and weaknesses and enhances the effectiveness of the performance of the Board of Directors and its Committees.

The Board is satisfied that it is comprised of a suitable balance of skills, diversity, and experience, ensuring robust dialogue of different and diverse views. This breadth of experience positions the Bank to respond to the challenging and dynamic environment in which it operates.

#### **Board of Directors Diversity and Independence**

	2021	2020	2019
Board of Directors members	10	10	10
Independent members of the Board of Directors	4	5	6
Non-Executive members of the Board of Directors	6	5	4
Female members of the Board of Directors	0	0	0
Male members of the Board of Directors	10	10	10
Saudi Arabian national members of the Board of Directors	10	10	10

#### **Board Remuneration**

Details regarding the remuneration of Board members and Executives is disclosed in our 2021 Annual Report, available to download at: https://www.riyadbank.com/en/about-us/investor-relations/financial-results

## Legal and Regulatory Compliance

The Bank continually monitors developments in the regulatory environment, with a view to ensuring it conforms to best practice and always remains compliant.

Our compliance systems are essential to ensure that the Bank scrupulously adheres to all applicable laws, rules and regulations, and maintains a high degree of professionalism. The covenants which the Bank should adhere to include Saudi and other applicable laws, accounting standards, internal procedures and controls, international regulations, best practices, values and ethics.

The Compliance Department plays both a regulatory and advisory role. It provides guidance and advice on all laws, regulations and standards that should be adhered to and disseminates relevant information throughout the Bank. The department also monitors work to ensure compliance and manages regulatory affairs. It also exercises vigilance over the conduct of banking operations to prevent financial crimes.

The Compliance function plays a vital role in the achievement of the Bank's Vision, Mission and Objectives by maintaining the highest quality standards and implementing best

practices. It provides advisory services to all Bank functions and promotes awareness by disseminating information regarding compliance issues. This, together with the supervisory oversight the department exercises, serves to combat financial crimes as stipulated by the regulations issued by Saudi Central Bank (SAMA) and the Financial Action Task Force (FATF) recommendations. Annually, the Compliance Department formulates and implements a monitoring and follow-up plan developed through a process of identifying and assessing risks. The Board Audit Committee approves the plan.

The values of "We care - we commit" are built into the Bank's ethos which reinforces our culture of commitment. Emanating from this culture, the Bank has continued with awareness campaigns on various topics of commitment, principles of behavior, work ethics and combating financial crimes. The campaigns are disseminated to the employees through several awareness methods. These include:

- "Welcome to Riyad Bank" introductory session which is mandatory for all newly recruited employees
- An annual online informative awareness program which is followed by a quiz mandatory for all employees to ensure effectiveness
- Visits to branches to conduct awareness and Q&A sessions
- Email awareness messages

All the whistleblowing cases are brought to the attention of the Board.

All whistleblowing cases are handled discretely as per the regulations and the Bank's internal policy.

In addition, communication channels are provided for employees to exercise their duties and responsibilities towards compliance. Employees can report cases of fraud or money laundering, or any other issues pertaining to the Whistleblowing Policy. In 2021, the Compliance Department presented an awareness program to the Bank's branches in all regions of the Kingdom which dealt with various issues in compliance and combating financial crimes.

The Compliance Department takes great care to ensure that the Bank fulfills the applicable and future regulatory requirements, such as the regulations and circulars issued by SAMA and other legislative bodies. It keeps all interested parties updated on any new requirements, such as the instructions issued on the principles of compliance for banks and commercial banks operating in the Kingdom of Saudi Arabia, Anti-Corruption Guide, financial fraud in banks and banks operating in the Kingdom, and the Guide to Combating Money Laundering and Terrorist Financing.

We are committed to making efforts to comply with any regulations issued by all official bodies with authority and competence.

In this regard, the Compliance Department analyzes and studies the requirements of any updated by laws and regulations, in addition to monitoring the effects of these updates on the Bank and its controls and assessing any risks that may arise from their implementation. In addition, the Bank continues to strive to adhere to the:

- Regulatory requirements of SAMA
- Recommendations of the Financial Action Task Force (FATF)
- Regulations and instructions of the Security Council
   Lists of the Office of Control of American Foreign Assets
- Lists of the Office of Control of American Foreign Assets (OFAC)
- Related lists for Combating Money Laundering and Financing Terrorism and Preventing Proliferation

We are dedicated to combat corruption, fraud, bribery, and terrorism financing and have implemented the following practices and procedures:

## Anti-Money Laundering (AML) and Counter Terrorism Financing (CTF)

Riyad Bank has implemented a program to combat money laundering and terrorist financing to prevent the use of the Bank's product and services and its affiliates as channels of illegal activities in connection with money laundering, terrorist financing and other financial criminal activities. This program ensures compliance with global requirements, including the Financial Action Task Force (FATF) recommendations, local laws as well as Saudi Central Bank (SAMA), and other regulatory requirements to prevent illegal transactions or activities.

The Bank has established robust AML and CTF policies and procedures based on local and global instructions to combat and prevent criminal activities. The subject policies and proper controls cover several programs such as Know Your Customer (KYC), monitoring customer transactions, sanction, training and awareness, monitoring suspicious activities and reporting procedures, and independent stress-testing programs. Our AML and CTF programs are reviewed and evaluated by internal auditors along with the periodical visits by Saudi Central Bank (SAMA).

#### **Know Your Customer (KYC) Program**

Riyad Bank has implemented KYC procedures to ensure all customers' information is well defined. As part of this program, the Bank:

- Requires all its customers to present valid and updated identity documents based on the applicable requirements
- Applies the proper due diligence measures to update and verify the customer's information according to the risk profile rating or in the case of a triggered event
- Does not allow account opening of anonymous, numbered, non-resident individuals or entities
- Does not engage in relationships with shell banks

#### **Monitoring Customer Transactions Program**

The monitoring of customer's accounts is based on the identification of suspicious transactions generated by the Bank's automated monitoring system. The system takes into account updated scenarios and trends regarding money laundering typologies. This allows an authorized officer to take the required action to prevent fraudulent transactions. The suspicious transactions verification process is comprised of investigation, examination and analyses of the cases as well as identifying and taking appropriate measures where fraudulent transactions are concerned. The process also involves, reporting suspicious transactions to relevant authorities and conducting necessary follow-up.

The Bank also identifies proper corrective action plans for the aforementioned accounts as well as provides and develops highly efficient programs and systems for monitoring.

#### **Sanction Program**

Riyad Bank has implemented a system for the screening of transactions and customers against the names listed either by local authorities and global organizations such as the UN, OFAC, EU and SAMA. The system is implemented to mitigate the risk of non-compliance in applying the instructions related to sanctions as well as preventing the execution of illegal or non-compliant transactions or activities. This ensures compliance with local and international laws and regulations.

#### **Our Performance**

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Internal Compliance Monitoring and Reporting	2021	2020	2019
Total incidents of non-compliance with laws and regulations	95	139	96
Number of inquiries, complaints, or issues received by the Whistleblower Team through email, an internal monitoring or reporting system	48	39	14
Percentage of inquiries, complaints, or issues received by Whistleblower Team through email, an internal monitoring or reporting system, that were substantiated	93.75%	100%	100%

#### **Statutory Penalties and Sanctions**

	2021		2020	
Subject of the Violation	Number of penal decisions	Total amount of fines in SAR	Number of penal decisions	Total amount of fines in SAR
Central Bank supervisory instructions	19	6,704,320	22	4,604,000
Violating the Central Bank's instructions regarding due diligence in combating money laundering and terrorist financing	6	2,126,000	2	300,000
Violation of the Central Bank's instructions for protecting customers	8	4,209,250	6	1,732,500
Violation of the Central Bank's instructions for due diligence	0	0	0	0

#### Risk Governance

\* \* \* \* \*

The Board of Directors has an ultimate responsibility for the Bank's strategy, governance, risk management, compliance and financial soundness. The Board's designated Risk Management Committee has continuous oversight of risk management to ensure effective risk governance. The Committee establishes risk limits and effective control procedures for each type of risk.

The Saudi Central Bank (SAMA) and the Basel Committee have directed that the risk management function should be independent from other banking functions. Adequate separation of responsibilities is an integral element of an effective risk management process. Banks should have risk identification, measurement, monitoring and control functions with clearly defined responsibilities and be sufficiently independent from risk-taking functions of the Bank. To ensure adequate and effective risk management, the Bank has implemented 3 lines of defense (LoD) approach with controls at different organizational units, namely: the operating units, other control areas, and Internal Audit. The Bank's sound governance and risk management are reinforced by this 3 LoD approach, which is also an integral part of its Enterprise Risk Management Framework (ERMF).

#### Risk Management

\* \* \* \* \*

The Bank's risks are determined through a comprehensive risk management framework designed to provide ongoing analysis of our business context and risk assessments to identify potential sources of risk. We calculate the probability of risk events, their potential impact on our business and their ranking in order of material priority. We also have in place a robust governance structure to ensure effective risk management, anticipate risks and take necessary proactive measures to minimize such risks. Upon this we base the formulation of our control measures. This is in line with our vision to become the Bank of Choice.

We continue to strengthen our risk capabilities as a means of ensuring an acceptable balance between pursuing opportunities aligned to our strategy and mitigating any adverse outcomes associated with uncertainty in our operating environment. The Board bears ultimate responsibility for risk management in the business. The Board has delegated risk management to its sub-committees with the Audit and Risk Committee holding specific responsibilities in line with the Committee's Terms of Reference.

#### **Enterprise Risk Management Framework (ERMF)**

Risk management lies at the heart of all our operations. Our Enterprise Risk Management Framework enables us to identify, measure, manage, and control risks in addition to relating the same with capital requirements to ensure sustainable capital adequacy.

#### **Risk Appetite Framework**

The Bank's Risk Appetite Framework (RAF) is an integral component of the Enterprise Risk Management Framework and is embedded in the Bank's strategy and operating plans. The RAF establishes an overall approach through which the Bank ensures prudent risk-taking. It is established based on best practices and outlines the process for developing Risk Appetite Statements (RAS), governance, monitoring and reporting. The RAS is integrated with the Bank's strategic planning process and is approved by the Board on an annual basis

Strategic risk objectives, containing a full suite of risk appetite metrics and qualitative statements, are defined in the RAS for different risk types and monitored regularly by the relevant oversight risk committees and the Board of Directors. The Bank also expresses risk appetite qualitatively in terms of policies, processes, procedures, and controls meant to manage risks that may or may not be quantifiable. Specific policies have been developed for all types of risks which, taken together, form a holistic system of risk management.

The risk profile, risk appetite, and risk exposures are reported regularly to the Board of Directors and senior Management through various committees and reviewed periodically.

#### **Capital Management Framework**

The overarching purpose of the Capital Managment
Framework is to ensure a strong capital base for the Bank.
Effective capital management facilitates value creation for
Shareholders within the established risk appetite. The Bank
sets measurable capital targets to provide the foundation for
maintaining its strong solvency position.

Our Internal Capital Adequacy Assessment Plan (ICAAP) links the Bank's strategy, future business plans and related risks. The Bank maintains an ICAAP to ensure the measurement and reporting of all material risks. In addition, the Risk Division periodically presents capital related reports to the Board of Directors and the Risk Committee, providing a comprehensive view of risks in relation to the capital.

#### **Stress Testing Framework**

The Bank has adopted a holistic approach towards stress testing and aims to capture all exceptional but plausible events in the scenario selection process. The Stress Testing Framework sets out the core principles and objectives for managing and conducting stress tests within the Bank. We rely on a set of frameworks and policies in conjunction with the ERMF to manage stress testing. The Board of Directors maintain effective oversight over the stress testing program and is satisfied with the arrangement that is currently in place.

#### **Model Risk Management Framework**

The expanding use of models in the banking industry reflects the extent to which modelling can improve business decisions. However, potential direct and indirect costs such as the risk of financial loss due to incorrect or misused models can be incurred.

In accordance with the ERMF, the Bank has developed and implemented a Model Risk Management Framework (MRMF) to effectively manage model risk within the defined appetite. The MRMF establishes high-level guiding principles around model lifecycles, sets model risk taxonomy and clearly defines the roles and responsibilities of Stakeholders to avoid conflicts of interest, thus ensuring sound model governance.

The Bank will continue to invest in risk management maturity processes for all existing and emerging key risks, including but not limited to Cyber and Information Security Risk, AML, Reputational, and Conduct Risks.

#### **Effectiveness of Internal Controls**

\* \* \* \* \*

Riyad Bank has established an Integrated Internal Control Governance and Reporting Policy to ensure an effective internal control environment in line with the 'Guidelines on Internal Control' issued by SAMA. This policy is approved by the Board of Directors and promulgated by the Executive Management to ensure strategic goals are achieved by protecting the Bank's assets and guarantees all operations are carried out pursuant to applicable guidelines. Such controls also include the corporate governance that defines the roles and responsibilities of members of the Board and its Committees.

The Executive Management team and its Committees, ensure that risks related to regulatory requirements, strategy, financial performance, information technology, assets and liabilities management, liquidity, credit, operations, legal affairs, information security are appropriately managed.

All Stakeholders in the Bank are responsible for the efficiency and effectiveness of their respective internal control environments. This assurance is provided through periodic self-assessment reviews of processes and controls to proactively identify areas of improvement and ensure timely remediation. Additionally, independent control functions and internal and external auditors conduct reviews to ensure adequacy of the internal control environment.

The Compliance Department ensures regulatory compliance. The Internal Audit Department assesses the adequacy and efficiency of the internal control environment by ensuring all applicable policies and procedures are implemented and practiced appropriately.

Senior Executive Management and the Audit Committee are regularly updated on the status of the internal control environment and the corrective actions identified to improve its adequacy and effectiveness. They ensure timely implementation of the measures taken to mitigate identified risks.

#### IT Governance

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The Board's accountability for IT governance is embedded in its Charter. The Board has delegated overall responsibility for overseeing IT governance structures, policies, and procedures to the Business Technology Governance Department. The department is responsible for the implementation and execution thereof. Riyad Bank has given utmost importance to providing a secure technical work environment by building a highly penetrable arbitrator.

The Business Technology Governance Department dedicated its efforts to the Bank's strategy of digital transformation by re-designing applications, platforms, and e-gates, developing performance indicators to match the strategic transformation of business technology, and supporting the transformation of the digital governance model at Riyad Bank.

The most important contributions of the Business Technology Governance Department during 2021 include:

- Successful execution of DR Live Testing, which is one of the requirements mandated by Saudi Central Bank (SAMA).
   Based on the requirement, all local banks must perform a LIVE switch over to the Disaster Recovery Site covering all defined and agreed mission-critical and critical systems during normal business days:
- 42 applications
- 19 security components
- Cybersecurity scenario
- Successfully relocating critical business processes to simulate inability to physically access the Bank's workplaces for 22 Critical Functions (Heart of Riyad Premise) as a combined test for the Disaster Recovery and the Business Continuity scenario as per SAMA mandated requirements. The approaches used include:
- Working remotely
- Physical relocation to BC site (Al-Maseef)
- Executed 61 departmental tests covering all the critical departments in the Bank. Departmental recovery testing involves running scenarios where departments need to relocate from their main sites to the secondary site to resume their work in order to ensure the continuity of business in case of any disruption related to any of the primary sites of the Bank
- Testing governance and UAT obtained the Bank TMMI Level 4 certificate in the Test maturity Model integration on 2 August, 2021
- Automating the process of creating and reviewing all types of Technology Operational Documents (policies, standards and process) for BT through CLM, also over 70 BT procedures have been created and implemented to govern and control the technology operations
- Processed 1,200+ CRs since the start of the year with emphasis on the implementation of entry and exit criteria; a dedicated security testing stage and the implementation of code reviews as part of the SDLC

# APPENDIX 1 – ESG Performance Dashboard

#### **Environmental**

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	2020	2021
Any legal or regulatory responsibility for an environmental impact?	No	No
Does the Company publish and follow an environmental policy?	Yes	Yes
Specify the primary source of energy used by the Company	Electricity	Electricity
Electricity consumption (kW)	35,773,720.67	24,692,324.21
Percentage of renewable energy used (%)	0	0
Total water consumption (litres)	42,265,094	50,205,874
Water consumption intensity (litres/employee)	19,211	22,820
Total recycled waste (Kg)	3,480	5,045

#### Social

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Workforce Overview	2020	2021
Total workforce (excluding trainees, students)	5,224	5,338
Male employees	3,897	3,879
Female employees	1,327	1,459
Total number of national employees	4,827	4,913
Female	1,286	1,327
Male	3,541	3,586
Total new employee hires	422	714
Male	285	412
Female	137	302
Employee turnover (voluntary and involuntary)	345	592
Training hours	283,482	210,972
Employees with disabilities, number of hires	8	19
Employee wages and benefits (SAR Mn.)	1,939,428	2,092,284
Disclosure and adherence to a Human Rights Policy? (Yes/No)	Yes	Yes
Number of grievances about human rights issues filed, addressed and resolved	0	0
Does the Company prohibit the use of child or forced labor throughout the supply chain?	Yes	Yes

Procurement Performance	2021	2020
Total number of suppliers engaged	629	652
Total number of local suppliers engaged	531	530
Total number of SME suppliers engaged	365	290
Procurement spending / contracting on local suppliers	2.118 Bn.	2.926 Bn.
Procurement spending / contracting on SME's suppliers	893 Mn.	1.324 Bn.
Total procurement spending	2.567 Bn.	3.073 Bn.
% of the Bank suppliers are SME's	58%	44%

SME Support	2021	2020
Number of Borrowing Customers	39,747	34,035
Dedicated SME centers	30	25
The number of employees serving the segment	183	166
Total man days of training provided to MSME employees	379	1,151

Community Investment and Volunteering	2021	2020
Number of beneficiaries of community activities	237,253	108,321
Total number of employee volunteering hours	811	103
Number of volunteers	395	32
Financial Literacy Classes in collaboration with National CSR center	30	16

#### Governance

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Board of Directors	2021	2020	2019
Board of Directors members	10	10	10
Independent members of the Board of Directors	4	5	4
Non-Executive members of the Board of Directors	6	5	6
Female members of the Board of Directors	0	0	0
Male members of the Board of Directors	10	10	10
Saudi Arabian national members of the Board of Directors	10	10	10

Corporate Governance Transparency and Disclosure	
Disclosure of the voting results of the latest AGM	Yes
Does the Company publish and follow a Bribery/Anti-Corruption Code?	Yes
Does the Company publish and follow a Supplier Code of Conduct?	Yes
Does the Company publish and follow an Ethics Code of Conduct?	Yes
Executive compensation linked to performance indicators	Yes
Female Directors on the Board	0%
Saudi Arabian nationals on the Board	100%
Independent Directors on the Board	40%
Median female salary to median male salary	We have one salary scale for both males and females
Role separation of Chairman and CEO	Yes
Sustainability report published	Yes
An external party assures the Bank's non-financial information	Yes

# APPENDIX 2 – GRI Content Index

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GRI Standard	Disclosure	Page number(s) and/or URL(s)
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	102-37 Stakeholders' involvement in remuneration	90, 91, 93, 2021 Annual Report
	102-38 Annual total compensation ratio	2021 Annual Report
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	102-49 Changes in reporting	N/A
	102-50 Reporting period	Inner front cover
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	63-64
	103-2 The management approach and its components	63-64
	103-3 Evaluation of the management approach	6
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	94
	205-3 Confirmed incidents of corruption and actions taken	95
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	94-95
	103-2 The management approach and its components	94-95
	103-3 Evaluation of the management approach	94-95
GRI 206: Anti- competitive Behaviour 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	93-95

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GRI Standard	Disclosure	Page number(s) and/or URL(s)
ENVIRONMENTAL		
ENERGY		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	21-23
	103-2 The management approach and its components	4, 6, 15, 22, 25, 29, 40, 41, 65-69
	103-3 Evaluation of the management approach	83
GRI 302: Energy 2016	302-1 Energy consumption within the organization	22, 25, 29, 40, 41, 65-69
	302-4 Reduction of energy consumption	65-69
	302-5 Reductions in energy requirements of products and services	65-69
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	65-69
	103-2 The management approach and its components	65-69
	103-3 Evaluation of the management approach	65-69
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	No incidents
GRI 103:	103-1 Explanation of the material topic and its Boundary	65-69
Management Approach 2016  GRI 308: Supplier Environmental Assessment 2016	103-2 The management approach and its components	65-69
	103-3 Evaluation of the management approach	65-69
	308-1 New suppliers that were screened using environmental criteria	N/A
Assessment 2016		
Assessment 2016 SOCIAL	103-1 Explanation of the material topic and its Boundary	72-76
Assessment 2016 SOCIAL EMPLOYMENT GRI 103: Management	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components	72-76 72-76
Assessment 2016 SOCIAL EMPLOYMENT GRI 103:		
Assessment 2016 SOCIAL EMPLOYMENT GRI 103: Management Approach 2016	103-2 The management approach and its components	72-76
Assessment 2016 SOCIAL EMPLOYMENT GRI 103: Management	103-2 The management approach and its components 103-3 Evaluation of the management approach	72-76 72-76
Assessment 2016 SOCIAL EMPLOYMENT GRI 103: Management Approach 2016 GRI 401:	103-2 The management approach and its components 103-3 Evaluation of the management approach 401-1 New employee hires and employee turnover 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	72-76 72-76 72-76
Assessment 2016 SOCIAL EMPLOYMENT GRI 103: Management Approach 2016 GRI 401: Employment 2016	103-2 The management approach and its components 103-3 Evaluation of the management approach 401-1 New employee hires and employee turnover 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	72-76 72-76 72-76
Assessment 2016 SOCIAL EMPLOYMENT GRI 103: Management Approach 2016 GRI 401: Employment 2016 OCCUPATIONAL HEA GRI 103: Management	103-2 The management approach and its components 103-3 Evaluation of the management approach 401-1 New employee hires and employee turnover 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	72-76 72-76 72-76 72-76
Assessment 2016  SOCIAL  EMPLOYMENT  GRI 103:  Management Approach 2016  GRI 401: Employment 2016  OCCUPATIONAL HEA  GRI 103:	103-2 The management approach and its components 103-3 Evaluation of the management approach 401-1 New employee hires and employee turnover 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees  LITH AND SAFETY  103-1 Explanation of the material topic and its Boundary	72-76 72-76 72-76 72-76
Assessment 2016 SOCIAL EMPLOYMENT GRI 103: Management Approach 2016 GRI 401: Employment 2016 OCCUPATIONAL HEA GRI 103: Management	103-2 The management approach and its components 103-3 Evaluation of the management approach 401-1 New employee hires and employee turnover 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees  LITH AND SAFETY 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components	72-76 72-76 72-76 72-76 85 85
Assessment 2016 SOCIAL EMPLOYMENT GRI 103: Management Approach 2016 GRI 401: Employment 2016 OCCUPATIONAL HEA GRI 103: Management	103-2 The management approach and its components  103-3 Evaluation of the management approach  401-1 New employee hires and employee turnover  401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees  ILTH AND SAFETY  103-1 Explanation of the material topic and its Boundary  103-2 The management approach and its components  103-3 Evaluation of the management approach	72-76 72-76 72-76 72-76 85 85
Assessment 2016 SOCIAL EMPLOYMENT GRI 103: Management Approach 2016 GRI 401: Employment 2016 OCCUPATIONAL HEA GRI 103: Management	103-2 The management approach and its components 103-3 Evaluation of the management approach 401-1 New employee hires and employee turnover 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees  LITH AND SAFETY  103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach 403-1 Occupational health and safety management system	72-76 72-76 72-76 72-76 85 85 85 73-74
Assessment 2016 SOCIAL EMPLOYMENT GRI 103: Management Approach 2016 GRI 401: Employment 2016 OCCUPATIONAL HEA GRI 103: Management Approach 2018 GRI 403:	103-2 The management approach and its components 103-3 Evaluation of the management approach 401-1 New employee hires and employee turnover 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees  LITH AND SAFETY 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach 403-1 Occupational health and safety management system 403-2 Hazard identification, risk assessment, and incident investigation	72-76 72-76 72-76 72-76 85 85 85 73-74 73-74
Assessment 2016 SOCIAL EMPLOYMENT GRI 103: Management Approach 2016 GRI 401: Employment 2016 OCCUPATIONAL HEA GRI 103: Management Approach 2018	103-2 The management approach and its components 103-3 Evaluation of the management approach 401-1 New employee hires and employee turnover 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees  LITH AND SAFETY 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach 403-1 Occupational health and safety management system 403-2 Hazard identification, risk assessment, and incident investigation 403-3 Occupational health services 403-4 Worker participation, consultation, and communication on	72-76 72-76 72-76 72-76  85 85 85 73-74 73-74 73-74,85
Assessment 2016 SOCIAL EMPLOYMENT GRI 103: Management Approach 2016 GRI 401: Employment 2016 OCCUPATIONAL HEA GRI 103: Management Approach 2018 GRI 403: Occupational Health	103-2 The management approach and its components 103-3 Evaluation of the management approach 401-1 New employee hires and employee turnover 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees  ILTH AND SAFETY 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach 403-1 Occupational health and safety management system 403-2 Hazard identification, risk assessment, and incident investigation 403-3 Occupational health services 403-4 Worker participation, consultation, and communication on occupational health and safety	72-76 72-76 72-76 72-76  85 85 85 73-74 73-74 73-74,85
Assessment 2016 SOCIAL EMPLOYMENT GRI 103: Management Approach 2016 GRI 401: Employment 2016 OCCUPATIONAL HEA GRI 103: Management Approach 2018 GRI 403: Occupational Health	103-2 The management approach and its components 103-3 Evaluation of the management approach 401-1 New employee hires and employee turnover 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees  ILTH AND SAFETY 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach 403-1 Occupational health and safety management system 403-2 Hazard identification, risk assessment, and incident investigation 403-3 Occupational health services 403-4 Worker participation, consultation, and communication on occupational health and safety 403-5 Worker training on occupational health and safety	72-76 72-76 72-76 72-76  85 85 85 73-74 73-74 73-74,85 73-74,85

GRI Standard	Disclosure	Page number(s) and/or URL(s)			
SOCIAL					
TRAINING AND EDUC	CATION				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	85, 86, 99, 6, 48, 54, 55, 59, 61, 62, 62, 75, 82			
	103-2 The management approach and its components	85, 86, 99, 6, 48, 54, 55, 59, 61, 62, 62, 75, 82			
	103-3 Evaluation of the management approach	85, 86, 99, 6, 48, 54, 55, 59, 61, 62, 62, 75, 82			
	404-1 Average hours of training per year per employee	75, 98			
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	75,98			
	404-3 Percentage of employees receiving regular performance and career development reviews	75,98			
DIVERSITY AND EQUAL OPPORTUNITY					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	76, 77			
	103-2 The management approach and its components	76, 77			
	103-3 Evaluation of the management approach	76, 77			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	76, 77, 2021 Annual Report			
LOCAL COMMUNITIE	ES				
GRI 103:	103-1 Explanation of the material topic and its Boundary	80-87			
Management Approach 2016	103-2 The management approach and its components	80-87			
	103-3 Evaluation of the management approach	80-87, 99			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	80-87, 99			
	413-2 Operations with significant actual and potential negative impacts on local communities	80-87, 99			
SOCIOECONOMIC C	OMPLIANCE				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	90, 91, 93, 94			
	103-2 The management approach and its components	93, 94			
	103-3 Evaluation of the management approach	93, 94			
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	No incidents			
CUSTOMER HEALTH	& SAFETY				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	54, 94			
	103-2 The management approach and its components	54,94			
	103-3 Evaluation of the management approach	54,94			

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## **APPENDIX 3 -Administrative Information**

## Riyad Bank Corporate Information

#### Name

Riyad Bank

#### **Head Office**

P.O. Box 7279 – Riyadh 13241 Phone: (011) 401 3030 Fax: (011) 404 0090 National address: Granada Business Park, 2414 Al Shohda Dist. – Unit No. 21 Our website: www.riyadbank.com

#### **Regional Office**

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#### **Central Region:**

P.O. Box: 7279 – Riyadh 13241 Phone: (011) 401 3030 Fax: (011) 404 0090 National address: Granada Business Park, 2414 Al Shohda Dist. Unit No. 21

#### Western Region:

Seteen Street P.O. Box: 9324 – Jeddah 21413 Phone: (013) 651 3333 Fax: (013) 651 2866

#### **Eastern Region:**

King Saoud Street P.O. Box: 274 – Dammam 31411 Phone: (013) 833 5733 Fax: (013) 832 6559

#### **Overseas Branches**

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#### London:

Riyad Bank – London Branch Riyad Bank House B17 Corazon Street London W1J5HX P.O. Box: 229 – Riyadh 11411 Phone: (20) 7830 9000 Fax: (20) 7493 1668

#### **Houston:**

Riyad Bank – Houston Agency 440 Louisiana Street Suite 1050 Houston Texas 77002 U.S.A Phone: (713) 331 2001 Fax Operations Management: (713) 331 2043 Credit Fax – Marketing: (713) 331 2045

#### Singapore:

Riyadh Bank/Representative Office 3 Phillip Street 12-3 Royal Group Building Singapore 048693 Phone: (65) 6536 4492 Fax: (65) 6536 4493

#### **Regional Managers**

#### Abdulaziz Abdulrahman Al-Thomery

Regional Manager of the Eastern Region

#### Faress Hajab Al-Habardi

Regional Manager for the Central Region

#### Naif Mansour Shalabi

Regional Manager of the Western Region

