

MANAGEMENT REPORTING

2021

ABOUT GPI HOLDING

#1

INSURANCE
COMPANY BY
WRITTEN
PREMIUM

20

YEARS IN THE
INSURANCE
MARKET OF
GEORGIA

2006

BECAME MEMBER
OF VIENNA
INCURANCE
GROUP

MISSION

Supporting progressive individuals
in their journey of achievement.

SLOGAN

Move on, we've got your back!



VALUES

Empathy
Professionalism
Fairness
Progress

SERVICE ATTRIBUTES

 Accurate
 Simple
 Fast
 Comfort

OVERVIEW OF ACTIVITIES



PAATA LOMADZE

General Director of “GPI Holding”

In 2021, our main challenge was again the fight against the Covid pandemic. However, unlike the previous year, after the regulations were lifted and the business sector revived, we became more active in different directions.

Since the beginning of the year, the number of Covid-19 cases in our country has increased significantly, as has the demand from our insureds. The main challenge for us was to manage the increased flows and ensure that all of our insureds received the appropriate services. We have done quite a lot of work, increased our staff according to the referrals, and created electronic and simplified services so that there were no interruptions in service..

As the number of Covid patients increased to record levels, we actively involved personal doctors from the Curatio Clinic in the process of providing home care to these patients. A group of physicians was assigned to serve Covid patients around the clock and prescribe treatment. The demand was so great that we had to mobilize additional staff, adding new doctors almost every week to communicate with all patients. With digital software, we were able to simplify carrying out PCR tests for our insureds, thereby providing a simplified and comfortable process for the customers on the one hand, and freeing up personal doctors' time and directly addressing them to the patient care process on the other hand. I think at the end of the day, we were up to the task and were able to meet the challenges.

Since the beginning of the pandemic, our sales managers have been selling all products online, remotely, and this has continued into 2021. Although it has been quite challenging, we have successfully met this challenge with the help of our team and high-quality digital services. The sales data speaks to that. In 2021, we were also first in terms of premiums attracted and the rate of sales increased compared to previous years.

Although the pandemic was still raging, 2021 was a more active year for businesses. However, with the increase in premium and sales, the consumption of insurance services has increased dramatically. This affected the overall picture and profitability. Compared to the previous year, the rates of consuming the insurance services increased by 3 times and more, and we reimbursed and paid out quite a lot of money. especially in the direction of health. The increase in the use of services was due to several reasons - one was the delayed access to medical care during the lockdown period due to the lifting of regulations, and the other was the increased sensitivity of health care issues. Despite an increase in premiums raised in 2021 due to unprecedented cost growth, the overall sector and our profitability were low.

Despite the pandemic, we continued to work and introduced new products in the field of auto insurance. Auto insurance is a priority for our company. Our task is to strengthen the auto insurance culture in Georgia and make auto insurance easier for car owners. That's why we introduced to the customer a brand new product - Auto Fix - which has no analogues on the market. The insured with Auto Fix knows for sure that they will pay 40 or 50 GEL per month for insurance and without any preconditions or exceptions, 90% of the loss will be compensated. I believe that this product will make it easier for people to buy insurance and increase the number of insured cars in the country. The initial results show that the customers perceived the novelty with great enthusiasm, and we were able to reach out to those car owners who, for various reasons, refused car insurance or were not interested in it at all.

One of the main challenges for our sector in 2021 was the increase in prices and inflation. In particular, the increased prices in medical services had a significant impact on the insurance sector. Due to inflation, we had to revise the prices of insurance packages and as a result, almost all products went up in price this year.

Overall, despite the difficulties, we retain our leading position on the market and continue to grow steadily. We managed to implement many new projects and introduce new services. We continue to develop and take care of the comfort of our insured.

COMPANY DEVELOPMENT PLAN AND CHALLENGES

“GPI Holding is planning to maintain its share of the market as of the end of 2022 and continue to maintain the market leader position. The company is facing various challenges and business risks. In order to manage these risks, the company aims to have a solvency to regulatory capital ratio of approximately 130% next year and a solvency to minimum capital ratio of 300%. The company is not planning to change its strategy and remains focused on the development of health and Casco types of insurance.

Besides business risks, one of the problems faced by the company is related to financial risk, which includes interest, currency, credit and liquidity risks. These risks are described in detail in the financial statements.

“GPI Holding has been a member of the UN Global Compact network since 2017. We committed to contribute to the achievement of sustainable development goals with our activities. Out of 17 goals, 4 goals are the most relevant and important for us based on the scope of our activities, the implementation of which we can contribute to given the specifics of our activities:



In this report, you will learn about the projects that our company has implemented to achieve the 2021 sustainability goals.

8 DECENT WORK AND
ECONOMIC GROWTH



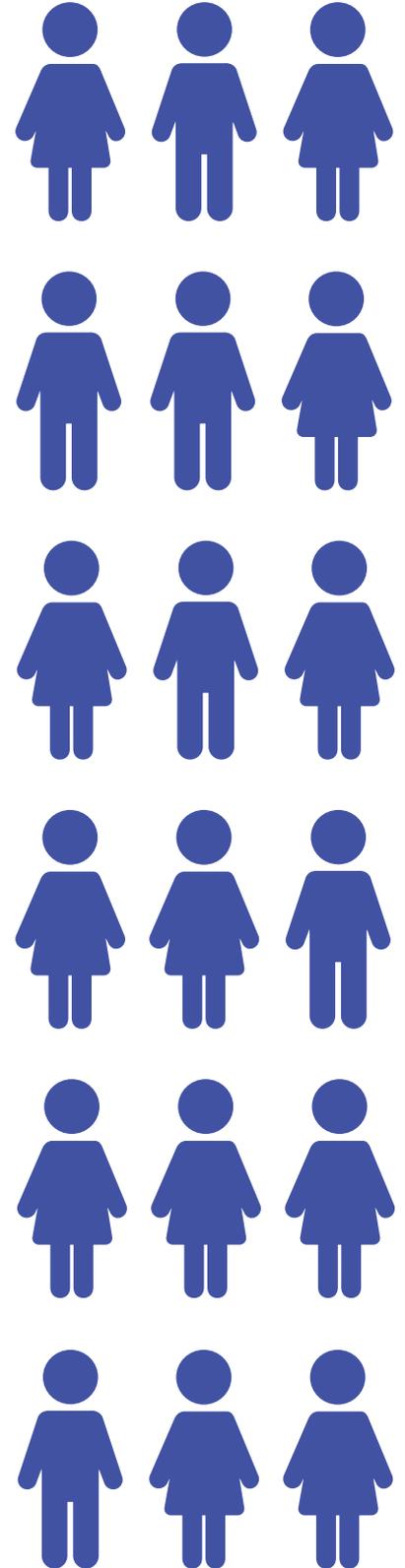
EMPLOYEE ENGAGEMENT SURVEY

The challenges that began in 2020 affecting employee safety continued in 2021, and we worked hard to keep employees and ensure their well-being. At the same time, we made the decision to turn remote work caused by the pandemic into common practice and to implement a hybrid work model.

The company's management decided to conduct an employee engagement survey, through which we would find out on the one hand what the employees' attitudes were regarding the general working environment, the company and its management, the eNPS (employee Net Promoter Score) - employee loyalty indicator, and compare our indicators with the indicators of other companies in Georgia. , with the so-called benchmarks, and on the other hand, we would also determine how the employees assessed the specific hybrid work model, how acceptable and necessary for them this proposal would be.

The engagement survey was conducted by the international consultant Kilian Wawoe, working at VU University Amsterdam, in cooperation with his Georgian partner Nino Okhanashvili. The research tool has been valid since 2003 and the survey has been conducted annually in different European countries, and in Georgia since 2016.

More than 80% of employees participated in the survey, and overall most concepts showed a good and above Georgia's benchmark indicator, including the eNPS indicator. The survey also showed that 84% of employees were in favour of implementing a hybrid work model. The results, processed in detail with consultants and the HR team by structural units, were presented to both the management and the employees, and an action plan to manage strengths and challenges was drawn up. In early 2022, it is planned to repeat the research, compare the results, and evaluate the effectiveness of the efforts undertaken in 2021.



NUMBER OF EMPLOYEES
AS OF 2021

641

DISTRIBUTION BY GENDER



77%



23%

Ratio in sales department



17%



83%

Board of Directors



0%



100%

Ratio in the board of Directors
Excluding top level managers



41%



59%

DISTRIBUTION BY AGE



Distribution of all employees



77%



23%

Sales Department



67%



33%

Female employees of the
Sales Department



62%



38%

TRAINING PROGRAM FOR CORPORATE SALES MANAGERS

In 2020-2021, a 6-month training program was planned, prepared and implemented at the initiative of the Corporate Sales Department.

The goal of the program was to transfer comprehensive industry-specific knowledge to employees working with large businesses, both in terms of business management and priority industries

THE PROGRAM HAD SEVERAL KEY OBJECTIVES:

01

Increasing the portfolios of corporate managers in the direction of large business insurance

02

Development of competencies of corporate managers in the following direction:

- Introduction to the basics of business management
- Business etiquette, development of SOFT SKILLS
- Transfer of industry specific knowledge
- Establishing of new contacts with representatives of different business spheres
- Development of field-specific information gathering and analysis skills

Within the framework of the program, several priority industries and sectors were identified, and with the involvement of experts in the relevant field, several complex researches and up to 10 types of trainings / workshops were conducted.

INDUSTRIES IN WHICH THE PARTICIPANTS SPECIALIZED:

- Construction sector
- Carriers, warehousing, terminal operators, logistics

THE PROGRAM INCLUDED THE FOLLOWING TRAINING COMPONENTS:

General Direction:

- Macro-economics, basics of business management - mini-course
- SOFT SKILLS: business etiquette, presentation, negotiation, networking

TOPICS REVIEWED IN THE FIELD-SPECIFIC RESEARCH AND TRAINING PROGRAM:

- Industry size, scope, structure, key players, regulations, trends.
- Resources - what kind of researches are being conducted, what we should be keeping an eye on
- Associations - among motorcycle athletes, trade shows where industry participants gather, networking opportunities

The program included a total of 36 contact hours. Twenty-three corporate insurance managers and five sales mentors participated in the program.

The outcome of the program, first of all, manifested itself in an increase in the competence of the participants themselves. However, the indirect outcome was an increase in motivation on the one hand, and on the other hand, an increase in the quality of work and the growth of each corporate sales manager's portfolio.

EMPLOYMENT OF PEOPLE WITH DISABILITIES AND RESIDENTS OF THE REGIONS



Since the pandemic, the labor market has changed dramatically. The possibility of remote employment allowed people to find work not only in Georgia, but also abroad. Consequently, the shortage of new personnel arose and competition for existing, experienced personnel began.

It was important for us to retain our employees as well as attract new people by offering decent conditions. After the restrictions were lifted, our work became more intense, and at the same time we definitely needed new employees to respond to the record number of Covid cases over the winter period.

Since the company easily adapted to remote working and working from home was no problem even in the post-pandemic period, management made a strategic decision on continuing the work of GPI with a hybrid system. Accordingly, the employees can either come to work or work from home, scheduling their own workday. This strategic change gave us the opportunity to make our company more diverse and find new employees all over Georgia, not just in Tbilisi. In addition, since the obligation to work in the office was lifted, non-adapted buildings were not a problem anymore, therefore, we were able to hire employees with disabilities.

We had the biggest shortage of employees in the call center. We needed to hire new personnel who would fit in well with the company. We made the decision to hire people with disabilities for the position. We contacted the association "Anika," which works with people with disabilities and helps them find employment.

We presented our proposal to the members of "Anika", it was important for us to cooperate with them because they know the needs and skills of people with disabilities since they have a long-term relationship and cooperation with them. They understood exactly who we were looking for, and with their support we employed 4 people.

We also attended a forum on the employment of people with disabilities in Kutaisi. We met and talked with job seekers who came to the forum. One person from that forum was employed as a tester in the digital development department.

The remote work also gave us the opportunity to employ people from the regions. So that they didn't have to leave their places of residence and move to Tbilisi to work. This opportunity is very important for them, because it is extremely difficult to find a job in the regions. On the other hand, such precedents will contribute to the fact that people will stay in the regions and the problem that we have now - the regions are emptied of young people - will be partially eliminated.

We ran a mini recruitment campaign using digital channels. Our vacancies were available for residents of the regions. All in all, we employed 9 people living in different regions. They work remotely from their districts and villages in the Tbilisi office of GPI.

INCLUSIVITY TRAINING

In addition to employing people with disabilities, GPI employees often have to interact with people with disabilities or their parents to provide services to them. A complaint was filed with Quality Management Service of the “GPI Holding” regarding the use of inappropriate or unethical terminology by our employee. Therefore, we felt it necessary to familiarize ourselves more thoroughly with the terminology, standards and legislation concerning people with disabilities in order to properly reflect this standard, both in the rules of communication, in product design and other areas of activity.

We decided to address the Public Defender’s Office, which responded with great enthusiasm. Fifteen people from the middle and top levels of management attended the training. Representatives of the Public Defender’s Office introduced our colleagues to the Code of Conduct toward People with Disabilities in Georgia. They talked about facts of discrimination, taught how to use correct terminology, and discussed facts that had occurred in Georgia that caused discrimination against people with disabilities.

The representatives of the Public Defender’s Office - Nino Valikov, Ketii Shubashvili and Ana Saldadze spoke with GPI staff about the rights of people with disabilities, cases of discrimination and encouragement of discrimination against them. They reviewed cases related to this issue and introduced the practice of the Public Defender in this regard. The cases of GPI were also discussed at the meeting.

GPI staff asked questions and received advice from representatives of the Ombudsman’s Office on how to act correctly in different situations, so that the full involvement of people with disabilities and their families in both the service process and the creation of the product would take place.

The training was also attended by employees of the call center, where disabled people started working, and it was important for our company that these employees should first receive information about the use of correct terminology and behavior towards people with disabilities.

VIENNA INSURANCE GROUP AWARD IN RECOGNITION OF COMMITMENT TO VOLUNTARY ACTIVITIES

GPI employee Tamar Chibarashvili became the winner of the Vienna Insurance Group Award in Recognition of Commitment to Voluntary Activities

The competition is held annually by the Vienna Insurance Group for employees of its member companies who volunteer outside of work. The purpose of the competition is to identify employees involved in volunteer activities and reward them for their contributions to community causes.

As part of this initiative, GPI holds an annual internal contest in which all GPI employees have the opportunity to nominate a colleague who is involved in volunteer work. This year we selected 3 nominees out of 6 nominees through an internal competition and sent their stories to the competition in Vienna. There Tamar Chibarashvili was named one of the winners among the employees of all the companies in the group, and received a special certificate and an iPhone 12 as a prize.

Tamar, who is a geographer by profession and works as a GPI sales manager, has been teaching geography students who cannot afford to pay for years for free. She also selflessly helps primary school pupils, especially those from her village, and teaches them a variety of subjects.

It was this activity of Tamar that was evaluated by the Vienna Insurance Group and selected her out of a large number of candidates. It is worth noting that traditionally the winners of the Vienna Insurance Group receive their prizes at a ceremony held at the group's headquarters in Vienna, but in 2021, due to pandemic restrictions, the visit to Vienna did not take place.



OROZMANI - ARCHAEOLOGICAL DISCOVERIES

Our company is supporting the National Museum in the process of researching a new location of distribution of hominids (Homo Erectus) in the village of Orozmani.

With the financial support of the GPI, a group of young researchers of the National Museum continues to study the history of human evolution at this most important for Georgia and the world archaeological site .

Along with the financial, we wanted to make a physical contribution to this important cause for the country. That's why about 30 GPI employees were in Orozmani within the frames of "Social Active Day," where they helped the researchers with the archaeological excavations. They were engaged in the laboratory work and working in the field as they searched for new sites for excavation.

Along with participating in the excavations, they visited the city of Dmanisi and learned about the history of the discoveries made in Dmanisi.

The project is still ongoing..



3 GOOD HEALTH
AND WELL-BEING



GET VACCINATED, PROTECT LIFE!

The year 2021 was still the year of the pandemic. The biggest wave of Covid-19 in Georgia started in this period. Hence, it was important for our company to contribute to ending the pandemic and stimulating the economy, and the most important factor in achieving this was vaccination. For that reason, we began to promote vaccination, primarily among the employees of our company. In order to protect the health and safety of our employees and customers, as soon as the vaccines arrived in the country, we launched a campaign to encourage vaccination in the company called "Get vaccinated, Protect life". The goal of the campaign was to have 80% of GPI's employees fully vaccinated by the end of the year.

We implemented an active internal communication campaign in the company in order to increase the motivation of the employees and to increase the number of people willing to be vaccinated.

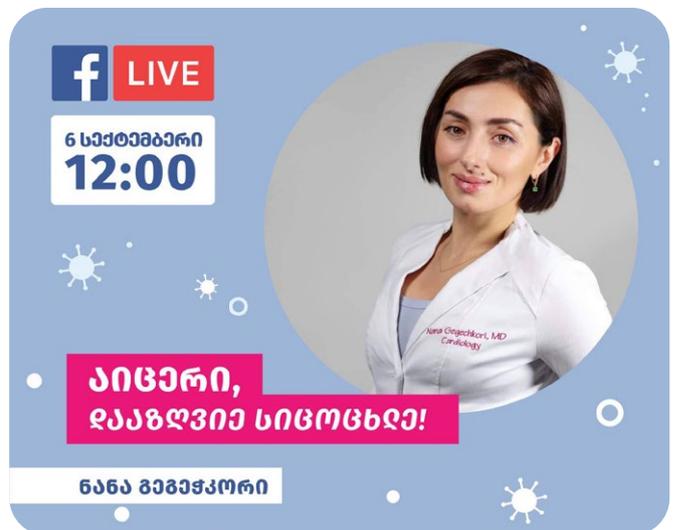
In order to raise employee awareness about the vaccination process, weekly meetings were held with well-known doctors, psychologists, and health experts working in Georgia and abroad. Each employee was given the opportunity to ask a question of his or her interest and receive an answer individually.

As part of the information campaign, we provided daily information about vaccines and their benefits based on various reliable sources. The employees were informed about the experiences of different countries and statistics, allowing them to draw their own conclusions regarding the effectiveness of vaccination. Through internal communication platforms, they shared their experiences with each other, and it was an encouragement to those who were not vaccinated at the time.

In order to give our employees more motivation, we held a vaccination lottery. Everyone who had been vaccinated twice or had been vaccinated before the day of the lottery was eligible to participate. We rewarded the winners with week-end trips to Kakheti wine region. We identified a total of 30 winners who were vaccinated with different vaccines at different times. When calling the winner, we used to ask them describe their vaccination experience publicly

To encourage other employees to get vaccinated.

As a result of the campaign, the number of people vaccinated increased from 50% to 80%.



MEDICAL SECOND OPINION MSO

Medical Second Opinion (MSO) is a new service that gives our insureds the opportunity to get additional information about their diagnosis, the second opinion, from the world's leading clinics abroad. For the first time in Georgia, we provided the insured with the opportunity to have their medical history and diagnosis reviewed by the world's leading specialists.

We started the project together with the international company Mediguide and the clinic Curatio..

“Mediguide is an international company that was founded in 1990 in the United States and enables people in more than 152 countries to have their medical diagnosis checked in the world's leading clinics. With more than 100 partner clinics, Mediguide is the leading company in the market offering international consultation services to patients.

When dealing with a serious medical problem, patients often want a second opinion from other specialists. International Consilium provides just such a service - easily and without extra costs with just one phone call.

With the help of GPI's international partners and Curatio doctors, the insured will choose the clinic himself and, after sending medical data, his diagnosis will be discussed by leading specialists in the field at a conference call. Patients will receive a detailed review and recommendations on what is best for the treatment of their specific diagnosis within 10 business days.

The MSO service is a completely new concept and an opportunity for everyone to choose the best approach to their health. It is important for us that our insured have access to the world's leading doctors and the latest medical services. If they have even the slightest doubt, we should give them the opportunity to verify the diagnosis made in Georgia and use more modern methods of treatment. We have been offering people cancer insurance for three years now, and as part of this program, the insureds and their families have often turned to us for help in choosing a clinic abroad. We, of course, used our contacts and helped them to approach the clinics, although usually going there and receiving treatment is associated with high costs. MSO is the best way to have the world's leading doctors to get to know your diagnosis and send you a treatment plan, free of charge and so that you don't have to leave the country.

Telemedicine is a very common and popular method in the world, and this is the method we are introducing here; the insured will be able to consult remotely with a doctor anywhere in the world.

MSO service is available with the purchase of GPI insurance and the policy Onco Care. The service is fully covered by the policy and the insured does not need to incur any additional charges. In 2021, eight patients took advantage of the MSO service. In one case, the treatment regimen was changed, which significantly improved the insured's condition. In the other 7 cases, the diagnosis was not corrected, but at their request, additional tests were conducted and the medication therapy prescribed was adjusted.

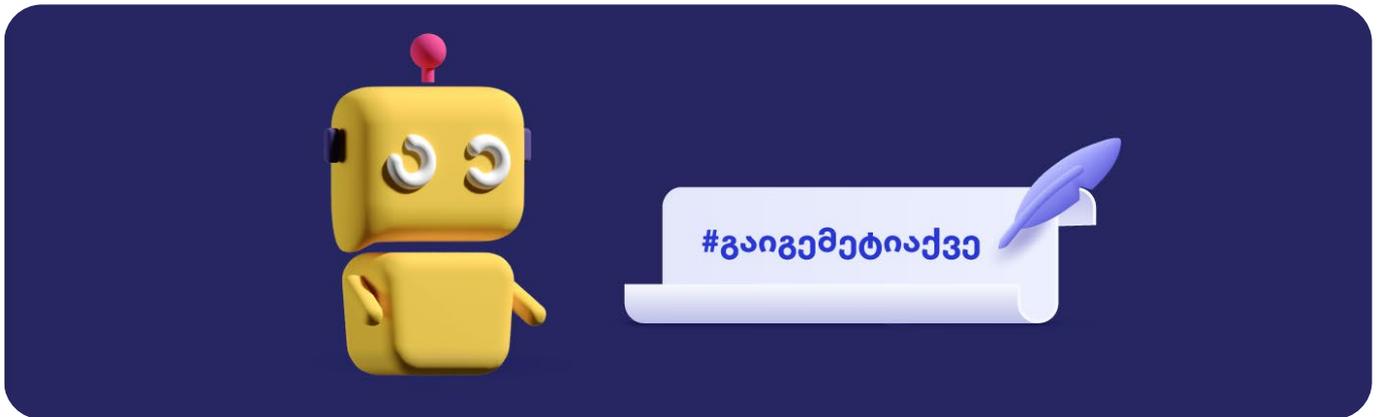
Since the MSO was a new service, it was important to raise customer awareness in this direction.

As part of the awareness raising campaign, we signed a memorandum of cooperation with the Dmitri Tsintsadze Foundation. Under the memorandum, the beneficiaries of the center were given the opportunity to have their diagnosis verified abroad if they wished.

Two beneficiaries took advantage of this offer and received advice from foreign doctors.



AKVE THE INSURANCE BOT



To introduce a novelty in selling insurance products, we created an insurance bot, which in the first stage will implement and sell Onco Care product directly through Facebook Messenger to the interested parties.

It was necessary to brand the bot, create such a visual and give it a name that would be easily remembered by the user and would arouse interest.

To this end, we held a student competition in which two groups of undergraduate students from the Department of Advertising and Multimedia of GIPA participated.

Students were asked to come up with a bot concept - the look, name, and communication messages.

After a two-stage selection process, the winning team was rewarded with GEL 1,500.

The winner with the majority of votes was Akve (Right here), whose name and concept best fitted the GPI brand platform and communication style.

To get acquainted with Akve, the user has to visit a Facebook page specially created for the bot აქვე•Akve. In order to buy Onco Care, you need to write to him in the personal message box on the page.. The assistant bot will provide right here the insurance in two minutes. In addition, აქვე•Akve will share interesting and important information about insurance with its loyal followers, making it even more easier for insureds to use insurance products.

PORTAL FOR MANAGING COVID-19 AT HOME COVID.GPIH.GE

With the emergence of new strains of Covid, the number of calls to our hotline increased to a record level. Against a background where the number of calls tripled or more, despite the adding of staff to the call center, we had many delays. Operators were unable to refer patients to Covid Doctors.

In order to solve this problem, we created a portal to manage the Covid-19 at home, covid.gpih.ge, so that insured persons who were confirmed to have the virus or who had suspicious symptoms could easily enter

their data through the online portal and register. This data was sent to Covid doctors working in Curatio who connected with Covid patients.

In addition, the insured who live in the regions had an opportunity to find the phone number of their family doctor on the portal and contact the doctor.

Thanks to this portal, the call center availability was increased considerably and more people were able to contact the Covid doctor.

9 **INDUSTRY, INNOVATION
AND INFRASTRUCTURE**



NEW CORPORATE WEBSITE GPIH.GE

2021 was a remarkable year for us and our customers in terms of improving online services.

Just this year we launched the updated corporate website gpih.ge, which is distinguished by its sophisticated visual design, simplicity and customer-oriented content. The idea and goal of the new website was to make it easy for GPI insureds and people interested in insurance in general to find information about our company, insurance products and service schemes. We have also simplified the process of purchasing insurance products even further.

The new web page will give you complete information about our company. You will learn about GPI's history, projects, important achievements and awards. The user will also see information about GPI's corporate responsibility projects and non-financial reports from different years, and read about innovations that the company is implementing in the course of its activities.

Anyone can get detailed information about all our products and easily buy them online from this website. There he can get acquainted with the rules of insurance usage.

Familiarize himself with the reimbursement procedure and the list of documents required for the procedure, etc.

On the health insurance pages, the user will see a chart of insurance benefits, see a list of provider clinics, learn about the benefits included in this or that package, etc.

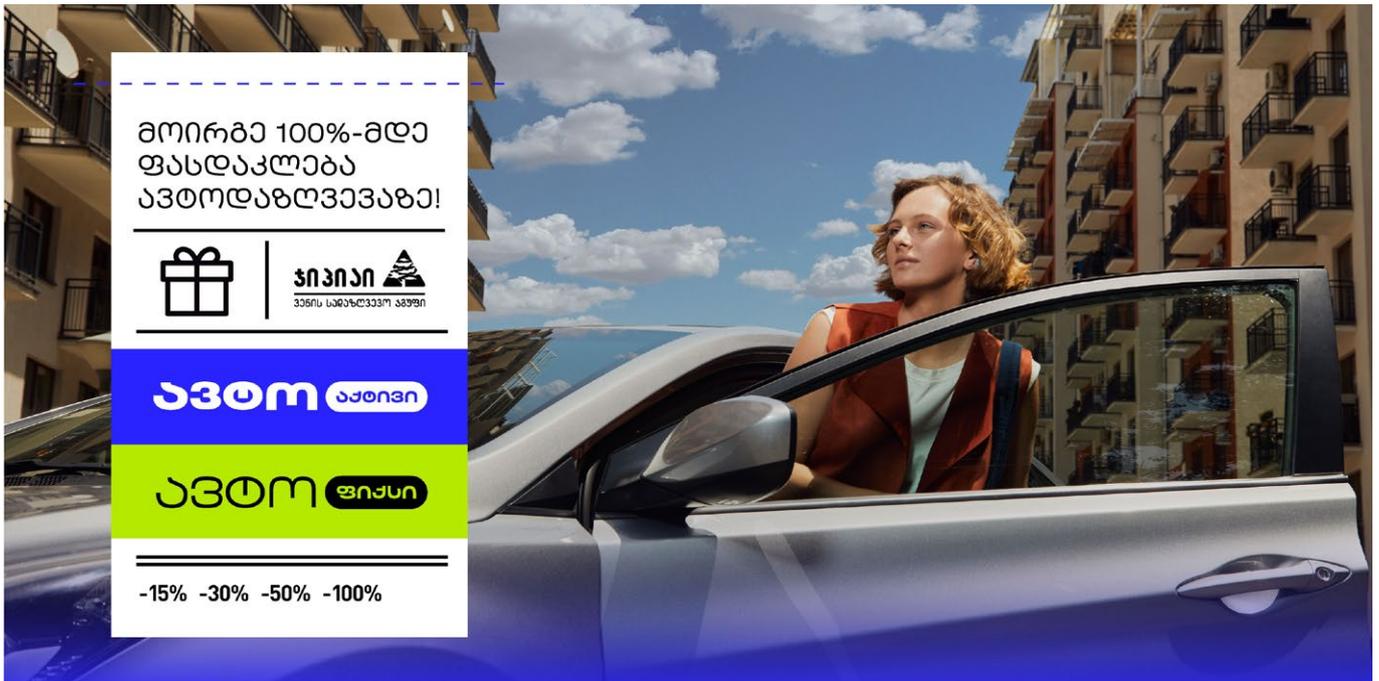
The user will find interesting blogs and experiences of GPI insureds on the website.

In addition to individual insurance products, a separate section is devoted to business products. On these pages every business will be able to find insurance products suitable for them. Check out the insurance terms and our offer. We've separated the content and visuals as much as possible according to the size of the business and simplified it so that every business can easily find and adapt the right insurance for it.

On the GPI website, you will find information about all insurance products and will be able to purchase them easily.



FIT THE RIGHT CAR INSURANCE



FIT THE RIGHT CAR INSURANCE - A COMPLETELY NEW CONCEPT OF CAR INSURANCE FROM “GPI HOLDING”

In 2021, we offered our customers completely new and innovative auto insurance products. Get the right insurance! - is the main message of the campaign, and Auto Fix and Auto Active are new car insurance packages, which the insured should fit to his own lifestyle. The uniqueness of the product is that users can choose a policy tailored to their needs and lifestyle from a variety of packages. We offer two new and different packages: Auto Active with M, L and XL packages and Auto Fix. These packages differ from each other in terms and prices, and those seeking insurance should choose an offer tailored to them based on their lifestyle.

Auto Fix GPI is a brand new product that has no analogues on the market. It's insurance for people who don't want to spend a lot of time studying the terms of insurance, and are looking for a simple solution at a fixed price. An Auto Fix owner only has to pay 40 or 50 GEL every month and knows for sure that in any case 90% of the amount will be fully reimbursed by the GPI.

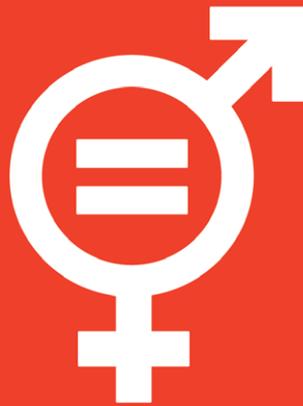
When working on this product, our main goal was to simplify car insurance and make it more appropriate to people's needs, so that each offer would be unique and distinctive. Accordingly, users have the opportunity to think about what they need and choose their insurance accordingly. We have tried and created a completely new concept of insurance, in which any client is sure to find a package that fits his needs. In particular, Auto Fix, a completely unique product for insurance newcomers, wants to make auto insurance simple and smart. It insures the car at a fixed price without any additional

conditions or exclusions, and 90% of the loss is reimbursed in all cases.

Fit the right insurance! - With this message we will reach out to people with an active lifestyle. Those who are always in action and strive to achieve the goal. We think that this kind of people fit the insurance so that they can go smoothly towards their goal.

In order to promote the campaign and increase awareness, we created the platform moirge.com. which provided a suitable car insurance for the insurance applicant, and also offered gifts. Including 100%, 50%, 30% and 15% or discounts on car insurance and various branded accessories. People had to answer simple questions to receive the gift, and at the end of the process, they would receive a personalized package and a gift.

5 GENDER
EQUALITY



SUPPORT PROGRAM FOR WOMEN ENTREPRENEURS

Campaigns in support of women are particularly important for our company. Therefore, simultaneously with the lifting of restrictions, we resumed a program to support women entrepreneurs, under which we offer insurance on special conditions to companies whose founder or CEO is a woman.

We implemented a special program to support women entrepreneurs in cooperation with the UN Women's Program. The project includes special offers and awareness-raising activities:

- Personal insurance expert;
- 30% discount on property insurance;
- Business interruption insurance as a gift;

We offered women entrepreneurs insurance experts within the framework of business risk insurance, whose main function is to help entrepreneurs choose the best package for them, to provide comprehensive information about insurance as a mechanism of financial protection and business risk management in accordance with their specialization.

