FUTURE
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INITIATIVE
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FII 4TH EDITION

POST-EVENT REPORT

FUTURE INVESTMENT INITIATIVE
Powered by the FII Institute

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Letter from the Chairman

Thank you for attending the 4th edition of the Future Investment Initiative (FII) organized by the FII Institute. This year's conference was a unique multi-hub satellite format connecting people digitally from New York to Beijing through our central physical hub in Riyadh. Although vaccines are being rolled-out in countries across the globe, we are still battling COVID-19. To ensure the world recovers from this recession, effective public-private partnerships need to be enacted and sustainable investment opportunities need to be identified. The recent events have also called for a reimagination of the future that we live in and that we discussed during FII. This conference and the FII Institute will act as a curator of global conversations on humanity's most pressing societal and economic issues. Driven by FII's goal to create a platform for policy makers, C-suite executives, investors and tech pioneers, to be able to support recovery from the current pandemic, the 4th edition was the catalyst in new investment deals, representing the part of the Institute's goals.

The program was organized around three pillars:

- **Next Generation Leadership**: Bold ideas and fresh thinking to rebuild the global economy
- **Frontier Innovations**: Disruptive technologies and business models to accelerate digital work, life and leisure
- **Investment for Humanity**: Sustainable capital and resources to breathe new life into companies and markets

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THE GLOBAL INVESTMENT COMMUNITY HAS AN OPPORTUNITY TODAY TO DESIGN STRATEGIES THAT WILL (RE)INNOVATE THE WORLD'S ECONOMY."

H.E. Yasir Al-Rumayyan
Chairman, FII Institute and Governor and Board Member, Public Investment Fund, KSA


FUTURE INVESTMENT INITIATIVE
27-28 JANUARY 2021
RIYADH, SAUDI ARABIA
FUTURE INVESTMENT INITIATIVE

4

International satellite hubs in New York, Paris, Mumbai and Beijing, all connected to Riyadh

170+

Speakers from **30 countries**

40+

Sessions with world-leading CEOs, investors and policymakers

13,600+

Virtual Attendees
from **135 countries**

600+

Participants in Riyadh,
representing senior
cabinet ministers,
C-suite executives,
tech pioneers & experts

4,400,000+

Livestream Viewers

Executive Summary: Call for action – the Neo-Renaissance

The balance between financial markets and the real economy

Despite the financial markets being severely impacted in the beginning of 2020, sometimes shrinking by more than 30%, the majority either reached all-time-highs or witnessed sharp increases towards the end of 2020. This created inequality between the people with funds on the sidelines and the working class. Majority of the working class in conventional segments of the economy lost their jobs, specifically in the travel, tourism and consumer retail sectors – These sectors suffered quite tremendously. On the other hand, asset managers, family offices, were able to exploit financial markets' volatility as an investment opportunity.

> **" I think it's about time for all of us to start not only thinking about the financial benefits, but to see what impact we can really bring into the markets."**

H.E. Yasir Al-Rumayyan
Chairman, FII Institute and Governor and Board Member, Public Investment Fund, KSA

Accordingly, investments in this Neo-Renaissance will not only have an impact on the financial but also the GDP growth, job creation and new business opportunities. **However, investors are encouraged to pay attention to the supply and demand of money and credit and their value in this new year.**

"With the big event of last year, with the virus, was the need to create a lot of debt so that the government could distribute the money that was needed. Then governments around the world, central banks, had to print a lot of money to provide that. Naturally, as that money worked itself through the system, it changed the financial landscape. So I think a lot of people are paying attention to the rate of economic activity and not the impact on the value of money."

Ray Dalio
Co-Chairman and CIO, Bridgewater Associates, USA

ESG as an accelerator

All investors, private and institutional, are putting ESG at the center of their investment thesis as climate risks are on everybody's mind. This is happening, for instance, through the issuance of green bonds, blue bonds, transition bonds and increased financing of renewables. Major banks like Credit Suisse are further accelerating this move by establishing new corporate functions, for example Sustainability, research and investment solutions (SRI).

"We are putting ESG topic at the center of our investment thesis. So it's very important, and we are focused on it."

Dr. Thomas P. Gottstein
CEO, Credit Suisse Group, Switzerland

Investments in ESG products are accelerating and are now requested by investors as key compliance standards for corporations. Additionally, a steep increase in corporations' ESG reporting has been noticed. Data and analytics are being used to create indices that report the status of the ESG compliance. Even in today M&A transactions, corporations are considering this trend as key and dedicating their capital and resources to ensure that their businesses become more sustainable. This is paving the way for a significant sustainable and more digital industrial revolution, where investments in new technologies and new opportunities will make the world greener, more inclusive, and more sustainable.

However, one thing that became clear is the need to clarify the interpretation of these standards. This is a call for rating agencies and other actors worldwide to join forces to globally unify the standards that are being used to evaluate businesses' fundamentals, while balancing it with in-country considerations.

"S&P, FTSE or the MSCI indices, I believe, will become less relevant, as more and more companies are going to be designing a portfolio that meets their [ESG] needs. The amount of money that's moving into it [ESG] is going to represent probably the biggest change that we've seen in years in finance."

Laurence D. Fink
Chairman and CEO, Black-Rock, USA

Technological revolution

We are witnessing huge changes in how we consume, how we work and how we use medicine, specifically in the way vaccines are being developed. As a result, our spending decreased and bigger pools of savings are emerging. In parallel, huge inflows of money should be channeled to combat climate change. Accordingly, the amount of innovation that is needed will pave the way for a technological revolution. This provides an opportunity where the increased savings might be channeled to fuel this revolution.

" We're going to have to put USD 50 trillion to really get to a zero net carbon world."

Laurence D. Fink
Chairman and CEO,
BlackRock, USA

Towards the second half of 2021, everyone is hoping that investor confidence is regained and M&A activity is accelerated, which in turn will set the foundation for economic recovery. A key foundational element of this recovery will the creation of complementary technological policies to guide large technological companies towards growth and security.r

Rise of a new global power?

Economical shifts are normal – as empires rise and decline, so does the economy of different countries. The Netherlands was the largest trading country in the 17th and 18th century and with the largest financial system – Amsterdam was the center of that system. After that, the British had the largest financial market with the largest currency reserve – London became the new financial hub. Today, the United States is the world's largest trading country and benefits from the largest reserves of currency. As the global economy evolves and shifts, China has become a new destination as the global hub. This is apparent as they open their markets to foreign investments – in the past a foreign investor could only invest in about 2.2% of the capital markets in China, today, they are able to invest in up to 60%.

NEXT GENERATION LEADERSHIP

Bold ideas and fresh thinking to rebuild the global economy

III. COVID-19 economical aftermath

The deepest recession since World War II, significant drop in global foreign direct investment and a high cost of a global health emergency – COVID-19 consequences are deep and recovery will take time. Nations need to mobilize and act jointly.

Economic recovery

- Recovery roadmap
- Diversification

Investments and growth

- Global restructuring
- Infrastructure
- Travel and hospitality

ECONOMIC RECOVERY

Recovery roadmap

"The catalyst of the pandemic has triggered a profound reaction in terms of the way we do business."

Yousef Abdullah Al-Benyan
Vice Chairman and CEO, SABIC, KSA

Basis: Understanding the consequences and the current context

We are looking at a K shaped recovery characterized by the exponential rise in unemployment, a sharp contraction in specific segments of the economy and a massive policy response. The global economy rebounded after contracting by 4.3% in 2020 – while vaccinations are currently being administered – but, if infections continue to rise and are coupled with a delay in the rollout of vaccines, we could be facing a limited economic recovery, with a 2021 global GDP growth of only 1.6%. However, as the pandemic control evolves and is successful, we could be looking at a very different picture, offering a large range of possible pathways to global growth through a possible acceleration of nearly 5%.

Despite these facts, every crisis intensifies innovation and forces productivity to increase. Trends that were already happening are being accelerated.

"Leadership after COVID-19 has emerged as a complicated thing because the relationship between governments and businesses is totally stressed."

Senator Matteo Renzi
Former Prime Minister, Board of Trustees Member, FII Institute, Italy

"The reality is that the world will not come out of this pandemic at either an equal rate or at the same speed. In this moment in time, we have highlights & opportunities to rise above average leadership mindset."

H.R.H. Princess Reema bint Bandar bin Sultan Al-Saud
Ambassador to the United States, Board of Trustees Member, FII Institute, KSA

Foundations for recovery

Vaccine roll-out is an integral part of restoring the economy. If done successfully, and on an equal level across the globe, consumer demand will increase, helping restore the economic cycle. In parallel, inclusion of the entrepreneurial community and the SMEs will accelerate both technology and the transition towards a cleaner climate. Accordingly, these segments of the economy will have to be accompanied and coached. To ensure that the economy recovers, deepening economic cooperation and integration amongst member states is required to ensure a high global expansion.

"Investors need to bear in mind, as they look at opportunities, their obligation to help reactivate our economies with a social purpose, besides just a profit purpose."

H.E. Khalid Al-Rumaihi
CEO, Bahrain Mumtalakat Holding Company, Bahrain

"Big companies had the resources to sustain the impact, small businesses didn't, so we implemented the Paycheck Protection Program – a loan for small businesses which could turn into a grant."

Steve Mnuchin
Former Secretary of the Treasury, USA

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"Globalization is absolutely not poised to stop; we are overall very positive about the outlook in the next six to twelve months, until we cross the vaccine crisis."

Nicolas Dufourcq
CEO, Bpifrance, France

ECONOMIC RECOVERY
Diversification

The COVID-19 pandemic slowed economic diversification throughout the world including GCC countries, which like all nations, experienced losses in revenue and incurred higher costs. Prior to the pandemic, large-scale investments in non-oil sectors, including travel, retail, construction and services, were driving the majority of the region's positive growth. Instead, the pandemic has led to a steep rise in unemployment.

Focus: Vision 2030 and economic resilience

Providing clear targets, leading the government reform, overhauling regulations and providing more data were key outcomes of the Vision 2030. These factors made the Kingdom more resilient regarding the current crisis. All of this has led the ease of doing business in Saudi to increase and, in turn, enable the private sector to lead the diversification.

Focus: Picking up on the history in Bahrain

Diversification efforts that started in Bahrain in the 1970s continue to take place. Industries such as aluminum, petrochemicals, banking, tourism, and other value-added industries drove economic diversification. Non-oil GDP contribution decreased from more than 40% to less than 20% today. Today, the focus is on building a wider base for the economy and have the growth driven by different sections of the economy.

Drivers for diversification

In the GCC region, and especially in KSA, we witnessed important investments in sustainable businesses, renewable energy, technology, and infrastructure drive diversification. Additionally, privatization is being pushed on the agenda in many sectors including water, healthcare, education, and waste and water treatment.

Financial markets are also reformed, both on the equity side and debt side. The market has a depth and investors who are looking for safer yields are being attracted. Transparency, consistency and political stability are the foundations for growth.

"Fiscal balance programs aren't just about reducing expenditure or increasing non-oil revenue. It is about shifting the correlation between economic growth and the fiscal position from a negative one to a positive one."

H.E. Shaikh Salman bin Khalifa Al Khalifa
Minister of Finance and National Economy, Bahrain

"Diversification for us is a win-win. We (KSA) are helping the economy to grow, that will then grow the tax base, which means more revenues for the government, which will enable it to provide more services to the people of Saudi Arabia. That is the policy. That we enable the private, which will create more jobs for the Saudi people, for the young talents who are aspiring for opportunities in different sectors."

Mohammed bin Abdullah Al-Jadaan
Minister of Finance, KSA

"I think this is the most hopeful decade of young leadership."

Thomas J. Barrack
Founder and Executive Chairman, Colony Capital, USA

Youth as catalyst for change

A foundational element for achieving economic recovery and prosperity will depend on the young population, being the majority of the population in the region. Young people are now looking for opportunities to grow and channel their creative energy into foundations for building the future of their countries. The drive and optimism of the youth should be capitalized upon.

"The 20th century was powered by the oil that came from this region, the 21st century will be powered by the ideas, the innovations that come from this region."

Josh Giegel
Co-Founder and CTO, Hyperloop-One, USA

Global restructuring

During 2020, Foreign Direct Investment (FDI) shrunk by a staggering 42%. This is much worse than what has been witnessed after the financial crisis in 2008-2009. The world currently stands at USD 859 billion, whereas, in 2019, USD 1.5 trillion were channeled in FDI.

Economic diplomacy as a key

Although at the beginning of the pandemic and in early 2020, countries were seen reacting to the unprecedented situation from an isolated manner, the importance of collaboration and multilateralism came back in a forceful manner. This paved the way for many countries to promote and foster the principles of economic diplomacy, where international partnerships are pushed forward. Various segments of the economy like transportation, renewable energy, and SMEs required backing from international institutions and these were tapped through development financing.

This has also been coupled with an increased awareness and implementation of the Sustainable Development Goals (UN SDGs); and, at an end state, ESG principles. Accordingly, governments need to set forward lean regulations to attract international investments and aid in the global economic restructuring of the world.

"Countries that are interested to distinguish themselves need to provide an important opportunity, not just for their sovereign projects but also for the private sector, whether domestic or foreign, to be able to tap on these bankable projects to materialize and find the acceptable terms of financing through development partners."

H.E. Dr. Rania Al-Mashat
Minister of International Cooperation, Egypt

Investors and governments on one table

To ensure that the world of tomorrow fosters international investments, regulations must address the risk-return tradeoffs investors have to make. Governments' duty is to properly manage and own risks, so they are diverted from investors, and in turn ease the doing of business. Additionally, there is an increased importance of regulations being specific to the sectorial developments of the world. For example, governments need to tackle the issues of Intellectual Property (IP), data ownership and digital infrastructure. Accordingly, investors and regulators need to come together to design regulations that foster these sectors and the opportunities investors want to tap into and of equal importance the barriers to overcome.

"Investment attraction has become one of the world's most globally competitive sport."

Lord Grimstone of Boscobel, Kt
Minister for Investment, Department for International Trade and the Department for Business, Energy & Industrial Strategy, UK

"I think 2021 is going to be the year the tide turns. Up to now it's been "you should do this". Going forward, it's all going to be about investor demand."

Ronald O'Hanley
Chairman and CEO, State Street Corporation, USA

Winning balance

Regulatory reforms that enable PPPs are essential. In today's world, we have seen an increased importance for the private sector and public sector to convene and solve the challenges we are facing. From a governmental perspective, the need to react to the livelihoods and societal challenges should be balanced with the profitability that is expected by the private sectors. Regulations of tomorrow should foster this balance.

"The pandemic brought to the fore the capacities of governments and policymakers to manage multiple crises at the same time – Reacting to the economic slowdown while balancing lives and livelihoods. I am pleased to say Saudi Arabia [government and policy makers] handled it better than all."

H.E. Khalid bin Abdulaziz Al-Falih
Minister of Investment, KSA

PPP as a catalyst for inclusive vaccine roll-out

Revival of global trade and the exchange of goods and services is highly contingent on the vaccine roll-out. Equal accessibility of the vaccine is of utmost importance. Governments around the world have exploited their investment capacity to address the COVID-19 related hurdles from both an economic and social perspective. Many governments increased their deficit and may not have the fiscal space to incur additional public investments. Accordingly, the private sector have to be involved to make their participation more accessible.

"Africa has 17% of the world population and has so far managed to access only about 1% of the available vaccines."

H.E. Amadou Hott
Minister of the Economy, Planning and Cooperation, Senegal

Infrastructure

"Today, the pace of investment is slowing, despite the evidence of a continual need of investment."

H.E. Dr. Bassem Awadalla
CEO, Tomoh Advisory, UAE

"What should infrastructure investments look like after the pandemic? The first word that I think of is "bold". Nothing embodies that more than the Kindgom's NEOM project."

Brendan Bechtel
CEO, Bechtel Group, USA

"The pandemic told us that the world cannot rely on one location."

H.E. Sultan Ahmed bin Sulayem
Group chairmen and CEO, DP World, U.E.A

"For the digital infrastructure ecosystem to operate you still need the old 'boring' stuff: the hospitals, the roads, the airports and the warehouses."

H.E. Mohamed Ali Rashed Alabbar
Founder, Emaar Properties PJSC, Board of Trustees Member, FII Institute, UAE

Bridging the gap

Although improving infrastructure can help a large portion of the world's population out of poverty, investment in infrastructure projects have been slowing down in current times. The global infrastructure investment gap is estimated to be USD 15 trillion.

The IMF estimates that a 1% increase in infrastructure investment has the potential to increase GDP by 0.7%, increase private investment by 10%, and create 20-30 million jobs directly and indirectly. However, governments are constrained and cannot bridge the identified infrastructure gap alone. Private sector participation is needed not only to provide the needed funding, but also to invest with speed and efficiency. Governments' duty will be to provide the frameworks for PPP to succeed.

"By applying space grade technology back on earth, we are actually designing a very efficient and cost efficient as well, indoor farm."

Barbara Belvisi
Founder and CEO, Interstellar Lab, France

Priority investment areas

> **"Investing in the globalization of the gas industry is a huge piece of this transition that we are all in the process of making."**

Matthew Harris
Founding Partner, Global Infrastructure Partners

As we are transitioning and adopting our global systems to comply with the Paris Agreement and foster the development of renewable energy, there are three key infrastructure fields with high priority:

Digital Infrastructure

- Although there is still a need for traditional infrastructure projects like hospitals, roads, and warehouses, there is an increasing demand for digital infrastructure projects like autonomous vehicles and high-speed transits. These will in turn provide on-demand, fast, sustainable, low energy footprint, and compact transportation systems.

Energy infrastructure

- With the increasing demand for energy, there is a need for investment in energy solutions like liquified natural gas, which is expected to prove highly impactful in the coming years as it is growing at 3% per year - Investing in the globalization of the gas industry is a huge piece of this transition that we are all in the process of making.
- As consumer awareness increases, there is an increasing demand for clean energy. Green hydrogen provides an excellent solution.
- Large R&D investment in technology is required to drive battery storage costs down and enable efficient and commercially viable solutions.
- In addition to classical solar and wind energy infrastructures, investment in biofuels, direct air capture and carbon capture utilization and storage can define the new energy era.

Water infrastructure

- As world population increases, there is a growing demand for water. Innovative ideas and technology like water desalination and wastewater treatments are sought after to meet these demands.

In line with these priority investment areas, Saudi Arabia is attracting private domestic and foreign investments to build its mega projects. Next generation digital, energy and water infrastructure are being developed in multiple Saudi mega projects like NEOM and the Red Sea Project.
To provide investors with trust and confidence, legislative and regulatory reforms are underway to establish a robust legal framework. As a result, PIF recently announced an investment of USD 40 bn, which is equivalent to 5% of KSA GDP, in Saudi Arabia each year. Saudi Arabia has selected the right people to lead key projects in the Kingdom, and now it is a matter of executing the plan to develop both hard and soft infrastructure projects.

Financing infrastructure projects

Financing risks for infrastructure projects should be shared between both the private and public sectors. Governments can support infrastructure projects directly by providing land rights, subsidies, and partnership incentives. Government can also support indirectly by investing in R&D and eventually driving down the price for infrastructure projects. Private sector can invest directly in projects and work on optimizing the operating model and making them more efficient.

Travel and hospitality

Unchartered waters

Hotel occupancy rates are estimated to hit lows worse than those witnessed during the great depression. Operations of major cruise lines have been halted. Tourism arrivals were mostly stopped. The travel and hospitality industries are one of the most impacted during the pandemic. Airlines and hotels for example have been using the lockdown to completely reinvent business models around health, safety and trust in hopes to survive this era. For airlines and hospitality companies, attracting new investors is key to raise the capital to push towards new forms of innovation, leadership and new processes. Innovation and boldness are key.

“Retail, hospitality, travel – these are all areas that are going to change massively. They will come back, but in a new normal.”

Christine Tsai
CEO and Founder, 500 Startups, USA

“Two years ago, Cruise Saudi was a dream. But today, it’s our reality.”

Fawaz Farooqui
Interim CEO, Cruise Saudi, KSA

Customers loyalty as a differentiator

Hotel bookings were primarily done through leading travel website searches and the best-looking hotel was booked. Today, customer preferences are changing. On top of safety and cleanliness, brands must compete on customer’s loyalty. This can be done by brands enhancing the customers experiences, be it digitally or physically. Consumers are shifting from decisions influenced by influencers on social medial to decisions influenced by merely experiences. For example, smaller cruises targeting new destinations, such as the Red Sea or Arabian Gulf will aid in providing new experiences to customers and accordingly increase brand loyalty.

IV. Healthcare of tomorrow

Global healthcare market is expected to surpass USD 11 trillion by 2022 and biotech industry is expected to grow to almost USD 800 bn by 2025. The pandemic has accelerated global health trends towards digitization, including telemedicine and AI-driven solutions, as well as rapid-fire global vaccine developments; however, the COVID-19 crisis has also shed light, as well as exasperated, some of the core challenges and inequalities in our global healthcare systems. Our society has been forced to confront the moral imperative of global health equity.

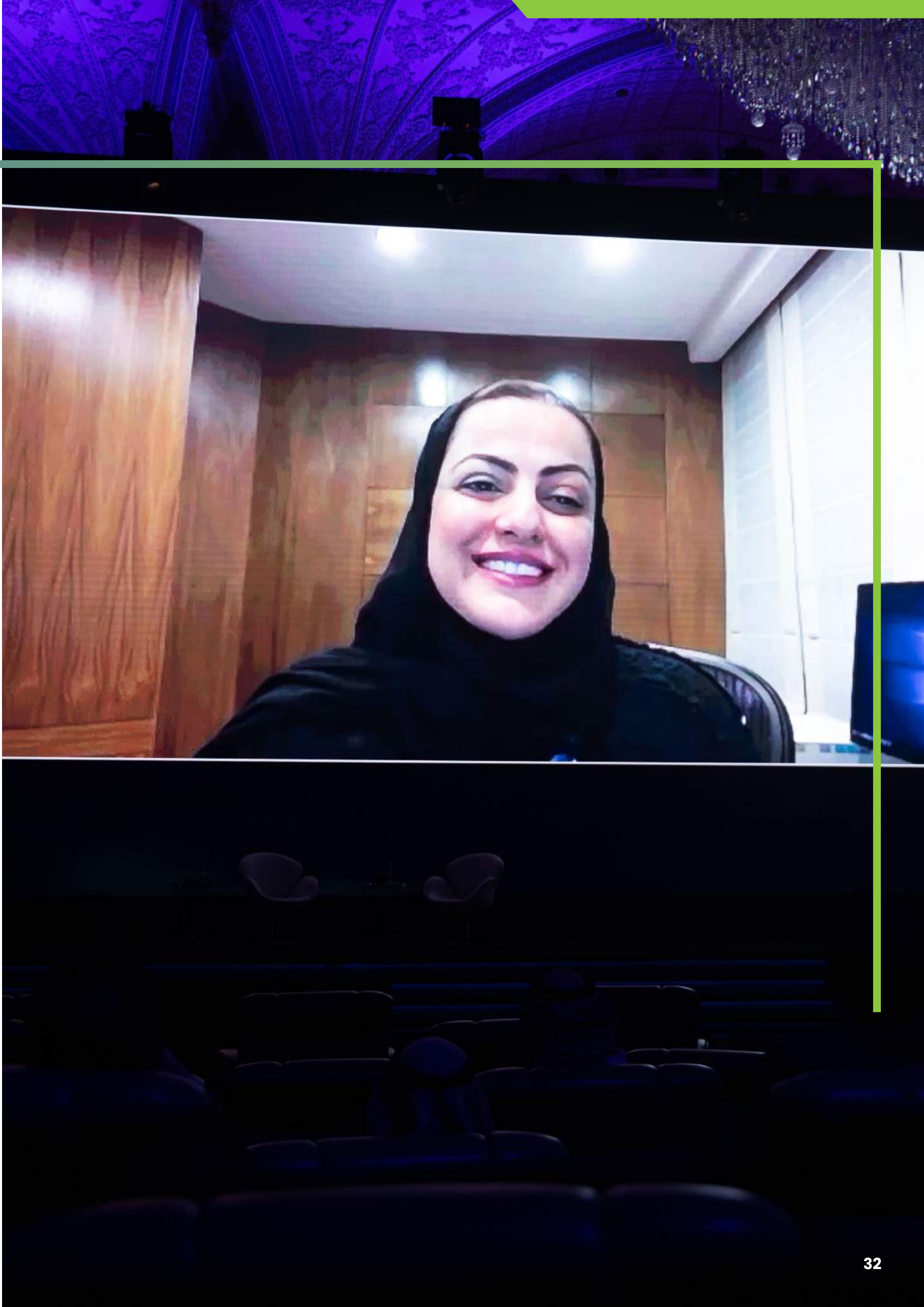
Global health

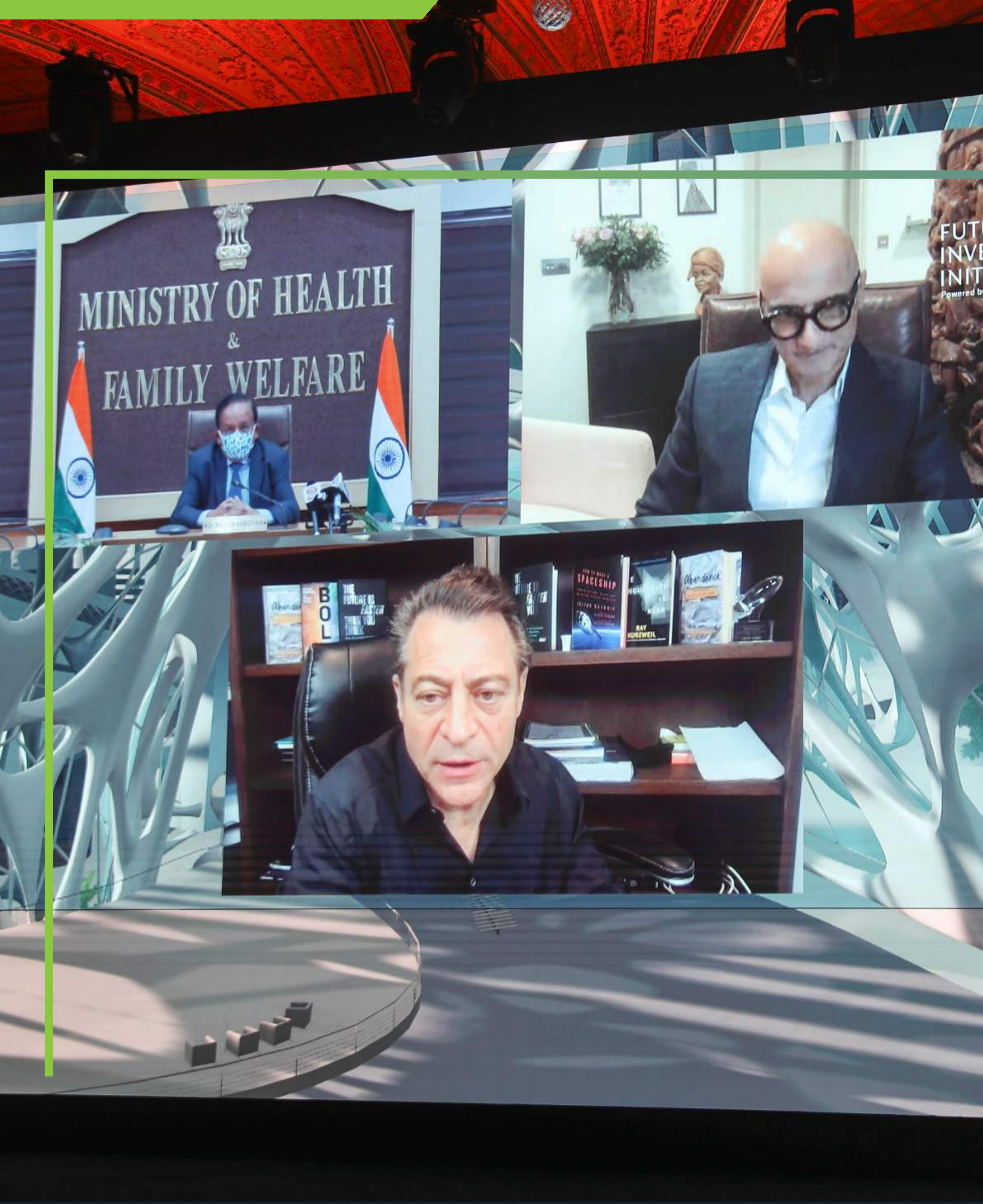
- Changing drivers and foundations
- How will global healthcare look like?
- Spearheading investments
- The year of biotech

Changing drivers and foundations

Aging populations, more sedentary lifestyles and a greater life expectancy have led to an increase in chronic diseases and conditions, putting significant pressure on the healthcare systems of developed nations. While healthcare innovations may have led to an increase in perceived well-being, burden and risk factors remain high. Although death rates from chronic diseases have dropped, the total share of populations suffering from one or more chronic illness has risen steadily over the last 5 years. For instance In China, life expectancy increased by more than 4 years since 2005 – mortality rates for patients with chronic diseases dropped 10% between 2015 and 2020. In parallel, the prevalence of largest chronic diseases has increased. Not only has the number of individuals affected by chronic illness risen, but those suffering from two or more chronic conditions has increased – globally, 1 in 3 adults suffers from multimorbidity. In the US, more than 75% of adults above the age of 60 are diagnosed with at least one chronic illness – up to 62% of the same group face two or more chronic diseases. On the other hand, several developing nations are at a significant disadvantage, with unmet treatment needs and major gaps in accessibility. More than 50% of all deaths in low-income countries were caused by "Group 1" conditions, including communicable diseases, maternal causes, and nutritional deficiencies, vs. only 7% in high-income countries. Root of most Group 1 conditions are linked directly to poverty, poor infrastructure, environmental factors (limited access to resources), and low development of healthcare systems. Of the 1,393 new drugs approved over a period of 25 years, only 1% were specifically indicated for some of the most threatening tropical diseases, despite these still being a major threat to developing countries. Only 50% of sub-Saharan African children are vaccinated against some of the most common childhood diseases, including diphtheria, whooping cough, and tetanus – Over 2.3 million children die per year worldwide from vaccine-preventable diseases. In the African region, there are 2.4 health workers for every 1,000 people, vs. 24.8 healthcare workers per 1,000 population in the Americas – Only 1.3% of the world's health workers care for the people faced with 25% of the world's disease burden. According to WHO, 61% and 50% of health expenditures in India and Uganda respectively are out-of-pocket, compared to only 13% in Germany. Approx. 100 million people in total worldwide are being pushed to poverty due to healthcare expenses.

In December 2020, the FII Institute conducted a global healthcare study, analyzing the healthcare systems of individual countries based on their structures, processes, and most importantly, outcomes. Two core findings were formed (i) An additional 5% of GDP invested in the healthcare systems of developing countries could lead to an additional 9 years of healthy life expectancy and (ii) Integrating existing innovations into healthcare systems could increase the efficiency of healthcare investment by up to 20%. What the study results tell us is that many of the technologies and innovation areas needed to improve global healthcare outcomes already exist, and that focused investment has the power to create additional healthy life.




MINISTRY OF HEALTH
&
FAMILY WELFARE

How will global healthcare look like?

From emergency care to preventive care

Taking cars as an analogy, the model that we followed was taking the cars once they are broken to the mechanic to get it fixed. Today, sensors are added to each car. Annual services are an integral part of cars maintenance. The same will need to be done with the human body. A more proactive strategy of keeping people healthy should be adopted. Continuous monitoring and trends identification are key to move forward.

"I believe that healthcare will move out of the hospitals, and into the home; Out of the institutions, into a much more digitized, personalized element."

Dr. Peter H. Diamandis
Founder and Executive Chairman, XPRIZE Foundation, Board of Trustees Member, FII Institute, USA

"What we call the healthcare system, in truth is more of a 'sickcare' system – we wait for emergencies, crises to happen, and then decide how to deal with or treat them on an individual basis. When the pandemic came, we very soon found out that this will not work, and that we need to have a more proactive strategy of keeping people healthy."

Dr. Ali Parsadoust
Founder and CEO, Babylon Health, UK

Collective efforts

To begin with, equipping our healthcare systems will require a shift to think of healthcare not as a cost but rather as an investment. Accordingly, healthcare policy makers, tech companies, industry professionals, scholars, and all those involved in the system must work together to comprehensively be prepared for any unpredicted emergencies. Policies and regulations must be unambiguous. On the other hand, investors are encouraged to invest based on the ease of doing business.

Spearheading investments

Better R&D

What has been really highlighted during this pandemic is the need to channel more investments into research and development in healthcare. This is applicable to both governmental and private investment which was stagnant in the previous years in developed countries and really lagging in the developing countries. One area that should be heavily invested in by governments is immunology, which is expected to reap many benefits – gene editing technology was born out of study of the immune system of bacteria. This pandemic has taught us that the immune system is complex and studying it has benefits to realize the future vision of what healthcare could be.

"We have the technology needed to continuously monitor the body, to see trends, to try and keep individuals healthy, and then when emergencies happen, and only then, to try and find suitable treatment."

Dr. Ali Parsadoust
Founder and CEO, Babylon Health, UK

"[The successful development of the Sputnik vaccine] is a key example of how sovereign wealth funds can mobilize their capital to invest in breakthrough projects around the world."

Kirill Dmitriev
CEO, Russian Direct Investment Fund, Russia

Delivery methods

Another area that needs additional investments is drug delivery. The reason behind the success of RNA technologies are multifold. The delivery vehicle of RNA is a recent breakthrough while at the same time amplifications methods like self-replicating mRNA is another reason.

" We want to worry less about what could go wrong. And take definitely more risks."

Prof. Adah Almutairi
Co-Director, Center of Excellence in Nanomedicine and Engineering, UCSD, Board of Trustees Member, FII Institute, USA

> **"Healthcare can no longer be managed as a cost. It needs to be approached as an investment."**

Dr. Harsh Vardhan
Minister of Health and Family Welfare, Science and Technology, Earth Sciences, India

Shift in thinking

The pandemic has also taught us that there is a need to overcome our loss aversion bias – which is a big challenge in the current decision-making process. Authorities must shift from thinking about the loss if technologies are not approved, to rather think about the potential benefits which such technologies can bring.

The year of biotech

COVID-19: Magic formula

The COVID-19 crisis may be the trigger needed for a fundamental change in global healthcare. Global healthcare systems are put to the ultimate test, emphasizing inequalities and exposing key shortcomings across both developing and developed countries. On the other hand, the impressive speed by which the first successful vaccines were brought to market has revealed the true potential of the healthcare industry. The rapid response to the pandemic has been monumental in the evolution of the biotechnology industry, the source of some of the most ground-breaking innovations over the past decades.

Advancements in nerve regeneration, targeted cancer therapies, gene editing systems, and mRNA vaccine technology have the potential to transform diagnosis and treatment, and to ultimately drive the shift from caring, to curing and ultimately preventing diseases. The accelerated integration of life-saving innovations and processes that we have seen during the pandemic gives us hope that such innovations will be fully leveraged, and that the last year has triggered a fundamental shift in our global healthcare systems.

"If you asked for example about CRISPR 10 years ago, nobody would have known what you meant. And I think that we always want to keep an open mind for what kind of discoveries from basic science, university labs and other places contracts the world. Those don't have a name yet because they haven't even happened."

Dr. Robert Langer
Institute Professor,
Massachusetts Institute of Technology, USA

Match between newcomers and incumbents

The mechanism to reward investments in R&D should be reviewed. Risk tolerance of biotech startups vs. larger companies should be balanced. On one hand, an increased trend towards innovations in smaller biotech startups can be seen. On the other hand, larger companies might be missing innovations in biotech due to the extent of loss they can assume and accordingly the risks they take. This calls for an increased collaboration between larger companies that can supply talent and capital and startups that can generate a lot of value and innovation.

"

OUR TARGET IS TO HAVE RIYADH ECONOMY BECOME ONE OF THE 10 LARGEST ECONOMIES IN THE WORLD."

H.R.H. Prince Mohammad bin Salman Al-Saud
Crown Prince and Deputy Prime Minister,
Kingdom of Saudi Arabia

Snapshot – Future of Riyadh

Riyadh economy

There is no doubt that world economies are based on cities. As a matter of fact, 85% of the world economy comes from cities, and in the next few years this contribution is expected to grow to 95%. In line with this outlook, the Kingdom will concentrate on the cities that have growth capabilities. Today, Riyadh stands at the 40th largest economy in the world.

Currently, Riyadh accounts for 45% of KSA economy and 30% of the Kingdom's population. Riyadh has very special features that sets it apart from other cities in the Kingdom:

- Riyadh accounts for 50% of Saudi non-oil economy
- Cost of job creation is 30% less than other cities in the Kingdom
- Cost of real estate development is approximately 30% less compared to other Saudi cities
- Outstanding infrastructure, thanks to the work of King Salman over the past 55 years

Riyadh represents a huge opportunity to create tremendous economic growth in KSA and to develop industry, tourism and realize great progress.

Riyadh Vision

Riyadh has an ambitious plan to double its population to 15 million by 2030 and its economy is targeted to be one of the 10 largest economies in the world. Riyadh is used to such hyper growth and the city is ready for it as the infrastructure can support such expansion. This growth is supported by the Riyadh strategy which has multiple layers:

- Expanding economic footprint
- Improving livability
- Attracting talent
- Spatial elements
- Governance

There are also plans to enhance the quality of life, tourism and services in Riyadh. Namely, there is a plan to construct a park that is three time the size of Central Park, grow 7.5 million trees, and invest greatly in education.

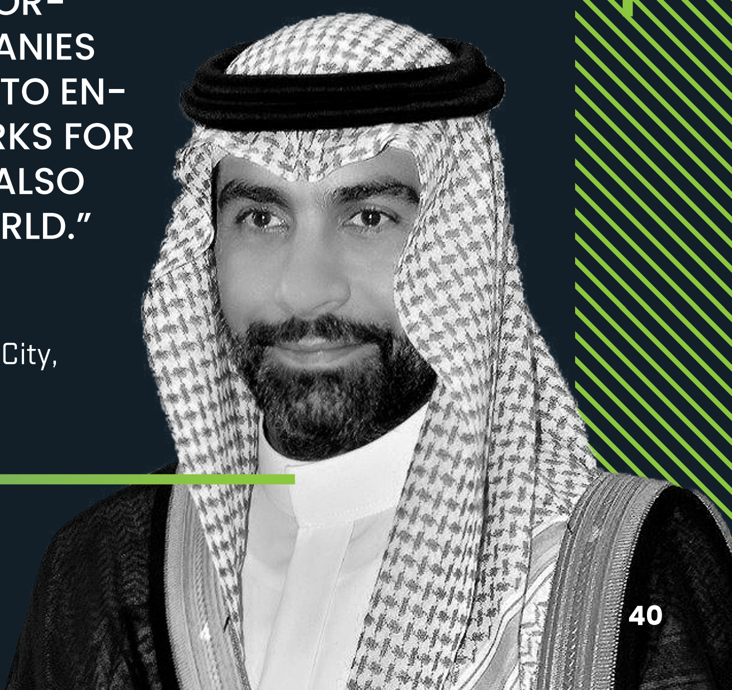
The vision will be achieved by the private sector as it presents profitable opportunities. Maintaining a reliable investment environment is key to ensure successful growth. Saudi Arabia plans to introduce two enhancement to the investment environment:

- Regulatory reforms: The regulatory environment will be second to none in terms of investor friendly, ease of doing business and competitiveness.
- Special economic zones: There will be 20 zones in the kingdom – 5-6 of which are in Riyadh. Specialized zones will be developed for different industries (e.g. digital, logistics, etc). There will be plenty of financing from the KSA financial sector to support the zones' growth.

"

CITIES SUCCEED MOSTLY BY CONNECTING TO OTHER CITIES. WE LOOK FORWARD TO WORKING WITH COMPANIES AND CITIES AROUND THE WORLD TO ENSURE THAT RIYADH'S VISION WORKS FOR RIYADH, FOR SAUDI ARABIA AND ALSO FOR THE BETTERMENT OF THE WORLD."

H.E. Fahd bin Abdulmohsen Al-Rasheed
President of the Royal Commission for Riyadh City, Kingdom of Saudi Arabia



FRONTIER INNOVATIONS

Disruptive technologies and business models to accelerate digital work, life and leisure

V. Tech & transformation

We have seen over the past years, and specifically after the COVID-19 pandemic, an explosion of disruptive technologies from those that alter reality, leverage fully AI technologies and those that are out to disrupt financial and global industries. What we have also seen is a significant advancement in nascent technologies that would have taken decades to get to the point they find themselves today. It is not only the technology that is disruptive, but how people have interacted with it as well has how they have been funded.

- Machines and people
- AI investments and VCs
- Fintech
- Digital transformation capitalization
- Tech for good

A.Machines and people

“Maybe in 5 years when I attend this conference, you won’t be able to tell if it’s really me speaking or an AI-rendered version of me speaking.”

Dr. Kai-Fu Lee
Co-Founder, Chairman and CEO, Sinovation Ventures, China

Increased financial flows

The International Data Corporation (IDC) predicts worldwide spending on technologies and services that enable the digital transformation to reach $2.3T by 2023. Technologies that are accelerating the merger of humans and machines are technologies focused on changing realities, be it augmented, expanded, or virtual. It is forecasted that the spending on reality technologies will increase from just over $12B in 2020 to $72.8B in 2024

New experiences

Technology advancements are allowing to further shift day-to-day experiences into an enhanced virtual format. For example, Rekit is innovating in product photography and placement. The startup is working on transforming photography into 3D models, where items can be displayed in a virtual showroom and customers can use these models to overlay. Another example is cameraIQ which is innovating in how customers try products virtually, whether it is new shoes, hat or makeup.

Key is to streamline use-cases

Up to this point, the major difficulty lies in developing various solid use-cases to promote and develop these technologies. Where do we go from Zoom and Teams calls, and from Oculus and Magic Leap? Recent developments have poised AR to become ubiquitous in enterprise as the new interface between humans and machines continues to be developed. With the latest pivots to enterprise technology, examples in industry pop-up like Schneider Electric and Ericsson, who are both developing key AR devices to allow on-site engineers and technicians to be able to quickly understand key metrics of their machines and understand how to maintain them if required. These devices can also dial in support personnel to be walked through and cut costs on time and travel. Another example comes from UC Davis where a 30-person surgical team used Magic Leap to practice for the separation of conjoined twins, practice that paid off as the surgery was a complete success.

The focus now is to advance the use-cases of these technologies and rather make them mainstream – just like we witnessed the evolution of mobile phones. The future is bright, and virtual.

“If you look at the digital transformation industry more broadly, AR fits right there as an early adopter...AR is the exact same trajectory [as cell phones].”

Peggy Johnson
CEO, Magic Leap, USA

Humanizing interactions

With all the video conferencing tools available to improve and allow more efficient work, there is a sense of fatigue that hinders the potential of these technologies due to their sudden prevalence, irrespective of how we feel about them. So how do we work towards using the best of these technologies to ensure the efficiency they promised matches and promotes the potential from people to expand these areas?

The answer lies in growing these trends and bringing more "human" into the on-camera experience. Taking cues from the video gaming industry, 3D avatars have begun replacing meeting participants, changing the interaction dynamics. These avatars could be dressed in any form and become a digital barrier between how you look and how others perceive you. In addition to avatars, startups are developing ways to allow users to interact with the virtual space. One startup creates triangles on Zoom calls in which participants can shuffle across them, giving a sense of interactivity with the video call space. Both avatars and virtual interactivity can provide teams with the ability to feel more human.

Companies like Magic Leap combine both avatars and spatial interactivity through bringing the users into the virtual reality space. Their Board of Directors virtually enter the board room and interact with digital boards and each other, creating very real memories in a digital space.

Technology will promote and provide humans with the tools to not only survive this pandemic, but to thrive and create more "human" experiences.

"We are spending a lot of time looking at new paradigms for software that help bring more of the human experience through or help reduce the fatigue we're experiencing."

Jacob Mullins
Managing Director, Shasta Ventures, USA

B. AI investments and VCs

Increased financial flows

The global AI software market is expected to grow over 150% year-on-year, reaching USD 126 bn by 2025. With such potential and growth expected, questions are being asked on both the challenges that AI will solve, as well as the form that it will take as it grows to provide these solutions.

Data as a foundation

AI and its applications could be significant, and data is the foundation. Data is the source and heart of AI and with it, it solves problems outside of the current capabilities. Currently, AI has succeeded in completing most of its given tasks better than humans, with the greatest achievements being in protein folding, which is an extremely difficult process impacting many fields such as mathematics, genetics and traffic. Therefore, countries that can leverage more data are able to increase the use-cases of AI.

"When we talk about AI, we need to understand that the foundation is data. Data is going to become the asset for every single individual, every corporate and every institute. And based on all this huge amount of data, we will be able to better transfer it, identify it and provide personalized information."

Lu Zhang
Founder and Managing Partner,
Fusion Fund, USA

Industries impacted

Considering that 8 out of the top 10 companies in the world are internet related, this gives an indication on the extent of the impact of AI. Advertisement (1% of global GDP) and retail (9% of global GDP) might be the industries that are most significantly impacted by AI, with the remaining businesses due to be changed radically over the next 10 years. Industries like housing, transportation, logistics, healthcare and education are all being reviewed to understand where the data is and how can AI solve few of the industries' problems.

During the pandemic, Chinese robots have replaced humans to ensure food and necessities are delivered while minimizing the risk of spreading the virus; virtual classrooms and virtual teachers are providing fun and interactive experiences to students to liven the educational experience and provide them with new ways to learn; businesses are hosting meetings virtually, becoming more efficient with less time wasted on travel; and the advent of autonomous driving will ultimately drive financial, logistical and human costs down. AI exists to free human capacity by taking up the routine tasks that take up time.

"I think [AI] is the most fundamental breakthrough. This is the greatest technology evolution that mankind ever created."

Masayoshi Son
Chairman and CEO,
SoftBank Group, Japan

"We use simulation models that started with 1 million cell simulation models and now we are using 1 trillion cell simulation models to manage our reservoirs. For that, we need a lot of platforms, algorithms, data analytics, and recently we just inaugurated one of the biggest 10 supercomputers globally in Dharan techno Valley."

Amin Nasser
President and CEO,
Saudi Aramco, KSA

Balancing pessimism and positive progress

While some people believe in the potential of AI, there are others with different opinions. These opinions stem from the human and ethical concerns that cannot be resolved without people collaborating to identify the source of these concerns. A middle balance of successful implementations and possibilities, curbed to ensure it does not go to excess, can be a starting point to gather the different opinions and help guide the future of AI. Currently, AI works in limited domains backed by a large amount of training data, and in it they only work on optimization. They do not work towards creating a goal for themselves, understand human touch or contact, have self-awareness or consciousness. These tools are under human control. With these points in mind, the future of AI is dependent on the direction and vision of all ecosystem stakeholders. Major groups such as the OECD, G7, European Union, IEEE, ITU as well as the major countries of the world all have different restraints and guidance for the technology; but, it is global and ultimately there needs to be congruence so that the application of the technology can be used for good and for the protection of humanity.

"Our whole hypothesis that we had with the Vision Fund – that AI and technology is going to disrupt every aspect of this planet – has accelerated dramatically in the past 12 months. It will go after all these companies in different industries that are inefficiently run."

Rajeev Misra
CEO, SoftBank Investment Advisers, UK

"These issues are so powerful, so wide ranging, they are going to affect everyone in the society, either directly or indirectly… you have to have some set of rules or principles so this gets applied, so this is good for human beings. It won't necessarily happen if you let it happen."

Stephen A. Schwarzman
Chairman, CEO and Co-Founder, Blackstone, USA

Data sovereignty

Data is the foundation of AI. Accordingly, the conversation of data ownership must be held as data can easily travel across the world. Countries may implement rules to ensure data copies exist within the borders, which creates redundancies and additional stress in the network. Trends can be seen on data sovereignty with the General Data Protection Regulation (GDPR) in the EU and California Consumer Protection Act (CCPA) which are beginning to shape the data policies in their respective regions; but, there are still considerations as to the comprehensive inclusion of all stakeholders. To help build and promote innovation in these spaces, small companies need easy access to data to be able to innovate, however restrictive policies allow more protection of data. Regulators need to bring small companies to the table to discuss and identify the balance between assisting the growth of these SMEs, as well as key players like tax experts and economists. Ultimately, reviews of data policy and sovereignty need to include both software and hardware layers to ensure a comprehensive discussion takes place.

Fintech

Forced adaptation?

The pandemic forced changes in the financial services industry at a rate that would have been unimaginable a year ago. Although fintech market share is 1% of the total global finance industry, the push for stronger, more personalized digital solutions has led to an explosion of cash-less transactions adoption.

"E-commerce really came of age and I think it was great to be able to serve in this period, we were really the front line."

Faraz Khalid
CEO, Noon, UAE

Focus: developed countries

Looking at more developed markets, three major trends have been apparent:

1. In the US, incumbent national banks are becoming larger, more concentrated and more integrated with the government. This is due to a consolidation of assets which has resulted in over 50% of all retail deposits in the United Stated being concentrated across 4 banks.
2. As with the developing markets, consumer behavior has significantly shifted to digital, especially with banking. The banks with the best digital experience and offerings are the ones that receive the most traffic.
3. Depth and opportunity of liquid capital markets has led to a significant competition to IPO projects, traditionally the most effective way to raise capital. The biggest contributor being SPACs (Special-purpose acquisition companies), in which shell corporations are designed to take companies public while circumventing the IPO. With the burst of technology and fintech opportunities, SPACs have been the vehicle of choice to go public.

Focus: KSA

In KSA and over a few nights, cash payments disappeared and were replaced by digital and card payments only. E-commerce platform Noon indicated that prior to the pandemic, 1/4 of its transactions involved digital payments and now 2/3 of the transactions involve digital payments. The growing fintech space means that products allowing for lending opportunities are appearing in different forms.

Focus: India

These trends are not limited to the Middle East only. India has registered mobile payments greater than both cash and card payments, specifically QR-code based payments, pushing India ahead of many developed countries like the US in this space. The current trend has moved to mobile lending products.

Focus: Africa

In Africa, payment gateway Paga has seen an increase of 700% in signups, which translated to a 400% increase in revenue for the year. African governments and large corporations across Africa are leveraging and pushing for online payments.

"The financial services industry is often categorized in many countries with oligarchy. And that breeds lack of competition and a poor service. That's why fintech have such a huge opportunity because they can come in with their digital native mindset and their user experience focus."

Vijay Shekhar Sharma
Founder and CEO, Paytm, India

Collaboration is the way forward

Despite the boom in fintech companies, banks have been focusing on a collaboration instead of acquisition. This is because in areas like electronic trading, a lot of the banks can't take the positions on the balance sheet that they took previously. One fintech company announced a collaboration with Barclays and Goldman Sachs, neither of which could acquire the business because then it becomes proprietary to them, which decreases the value of the technology significantly.

"In Africa, we're seeing governments leveraging digital payments. In Senegal, the government has been pushing for more digital transactions, and Ghana came out with a unified QR code."

Tayo Oviosu
Founder and Group CEO, Paga, Nigeria

A small note on Bitcoin:

1. Bitcoin is a significant monetary network, with 140 million users. Nigeria is now the second largest market for bitcoin P2P trading. This is due to currency policy of Nigeria which led towards this adoption
2. Bitcoin is mature enough that countries are considering creating policies to interact with it. Institutional spenders are also considering BTC. This means that countries are looking at regulating and taxing transactions on the BTC network, possibly increasing adoption further.
3. BTC storage is easier now than a few years ago, with fintech companies providing a host of different storage options with different levels of security.

Digital transformation capitalization

Mobilize to capitalize

IDC predicts worldwide spending on technologies and services that enable the digital transformation to reach USD 2.3 trillion by 2023. Reinvented business models and business processes which have unleashed unprecedented opportunity are driving this; however, not all transformations are successful. While there is a big support in digital transformation, only 16% of executives are saying their current digital transformation is succeeding. This failure to convert transformations into wins is shocking the supply side for services and products, while in the other side demand is spiking in areas positively impacted by COVID-19.

Average capex expenditure in digital infrastructure prior to COVID-19 was USD 240 billion and estimated to reach USD 396 billion in 2021. These are some of the areas that have increased demand trends and companies that capitalize on these trends will be the winners in the market. These trends have either focused on the consumer behavior or the platform levels in which they play in, with key sectors being industry, healthcare, health and wellness and education. The most impacted areas, retail, hospitality and travel, are the ripest for disruption due to the fundamental impact of the pandemic.

" We've been playing more defense than offence certainly. We have the opinion that it's extremely difficult to do due diligence over zoom."

Jack Selby
Managing Director, Thiel Capital, USA

Remote working, an accelerator

In the e-commerce industry, sequential spikes have moved from household goods, followed by home furniture, curtains, home office, gyms – all brought on by the increasing number of remote working. Remote working has also led to an increase in load in secondary and tertiary market areas like suburbs, increasing the demand in improved digital infrastructure like fiber cables. Cloud servers and farms also are facing a significant load as more services are moved online.

VCs – a driver for innovation

With the boom in technology stocks and accelerated digital transformation across industries, there has been a V-shaped recovery for VCs during the pandemic. This is further highlighted by a steady or stronger performance of the top global venture capital portfolio companies. The VCs role in the ecosystem is effectively to raise capital for their acquisitions. Once achieved, they provide advice in the form of market entry strategies and changes in geographies as well as mentorship to understand how to survive the difficult times.

" We've seen great shifts in different industries, some have really seen tailwinds from COVID and are doing phenomenally well and that's reflected in portfolio companies of ours and others where those sectors were already in decline and COVID just accelerated that decline."

Christine Tsai
CEO and Founder, 500 Startups, USA

Some successful VCs provide comfort to their startups through their confidence and ability to support them in different areas. Their expertise in the markets is a critical factor to the success of the startup, with China pushing strong on digital innovation to be comparative to the US and Europe. With the support of VCs, there has been a big push in China to look at many areas, from gene therapy to e-commerce, with an estimate for China to contribute approximately 30% of global growth in the future due to their digital foundations. Countries like China support both the VCs and startups across the value chain from providing grassroot level support to promoting the return of skillsets from abroad to promoting and assisting on innovative products across the ecosystem.

American VCs on the other hand are currently reviewing the exodus of talent out of Silicon Valley across the United States and further.

This has been driven by the impact of previously anti-business states and VCs are scrambling to identify the true impact. Their role in understanding the impact of this migration is key to identifying the winners of the future.

" The tech cycle will not be checked by market forces in the past, it's going to be checked by these migration forces taking placed currently."

Jack Selby
Managing Director, Thiel Capital, USA


FII INSTITUTE
Future Investment Initiative Institute

Tech for good

Enormous losses

Counterfeiting and piracy will drain USD 4.2 trillion from the global economy and put 5.4 million legitimate jobs at risk by 2022, according to the International Chamber of Commerce. The damage done is equivalent to 2.5 times the defense budget of all the countries in the world. Zooming into Africa alone, this has significant repercussions to public health, the ability for governments to collect revenues and the displacement of players in the markets.
The significant growth of international trade has also increased the number of seizures of illicit trade, for example the US has registered 33,810 border seizures in 2018. Part of the illicit trade market rise is linked with goods related to the current global pandemic. The European Anti-Fraud Office (OLAF) has identified more than 800 suspicious companies acting as intermediaries or traders and has contributed to the seizure or detention of more than 14 million counterfeit or substandard items linked to the COVID-19 pandemic.

“ Tracing, authentication, all of these things are absolutely essential tools for us to fight this scourge, and we cannot do it as just the public sector alone. This also affects the private sector.”

H.E. Wamkele Mene
Secretary General, African Continental Free Trade Area (AfCFTA), Ghana

“ Counterfeiting alone is projected to cost the global economy $4.2 trillion every single year. That is the equivalent of 2.5 times all of the defense budgets of the world combined. It is somewhere in between the GDP of Japan and Germany.”

Hans Schwab
CEO, Originall, Switzerland

Tech as an enabler

Companies are looking towards different technologies to allow lawmakers, customs agents and customers differentiate between their official goods and counterfeits. Some of these technologies, be it mobile, radio frequency identification or blockchain technology, focus on tackling tracking and validation of the product across the supply chain. Stolen goods will be easily identified as such and local and international law enforcement operations can assist in the seizer. Alternative technologies like advanced computational methods and online verifications make the product more difficult to counterfeit through current mechanical abilities. Counterfeiting operations have advanced significantly due to the advent of technology, and so companies find themselves becoming smarter in identifying how their trade is being affected and develop plans to fight back.

VI. Accelerated industries

- Sports
- Entertainment
- Education

Sports

Hit hard but the future is bright

The pandemic has hit the sports industry hard, with many professional leagues suspending their seasons, the cancelation of the Olympic Games, hundreds of thousands of jobs put at risk – this has resulted in a 50% loss in revenue, according to Statista. Before COVID-19, advanced technology applications associated with gaming and sports were reinventing the industry and creating countless new opportunities for investment. These trends are now accelerating.

Focus: developed countries

COVID-19 has impacted the sports ecosystem including competition, calendars, operating models, as well as commercial relationship with broadcasters and sponsors. In Saudi Arabia, a rising physical exercising trend was observed. Namely, "physical exercising" search increased by 96% during the pandemic. This shows huge individual demand to maintain healthy lifestyle despite COVID-induced restrictions. This demand presents opportunities for new exercising business models.

During the next decade, global trends are expected to impact the sports industry significantly. Namely, it is expected that we will see more sustainable sport practices, increased women participation, and increased fan engagement (also digitally). These new trends will generate new income sources which will re-shape the industry.

Across different sports, there is a rising trend to adopt business models that favor climate action. Specifically, Formula E is promoting electric motorsport. Some experts go further and expect Formula One to be electric in 20 years after they end their current licensing contract
motorsport. Some experts go further and expect Formula One to be electric in 20 years after they end their current licensing contract.

" COVID-19 has impacted the ecosystem of sports – competition, calendars, operating models, broadcasting arrangements, fan engagement. The industry needs to leverage the disruptions of 2020 to develop more resilient business models fueled by innovative technology."

Richard Attias
CEO, FII Institute, KSA

" I think Formula 1 will eventually have to become electric."

Alejandro Agag
Founder and CEO, Extreme E, UK

The future is healthy for KSA

Saudi national sport strategy focuses on private sector engagement to ensure sustainable growth. This engagement is supported by the introduction of the licensing program to increase registered clubs and athletes in the Kingdom and potentially match the UK ratios for athletes and clubs over population. Although the UK population is only twice that of Saudi Arabia, the UK has 7,500 clubs and 1.6 m registered athletes, compared to only 170 clubs and 50'000 registered athletes in the Kingdom. The new licensing strategy aims to bridge this gap and ease the registration process for more clubs and athletes.

The Saudi Ministry of Sports utilized this slow COVID-19 time to build strategies and form partnerships for the Saudi sector. This is demonstrated by the partnership with Formula One and the launch of the Mahd sports academy. Despite COVID-19, Saudi Arabia has successfully positioned itself as a global hub for large sports events. KSA has hosted the Dakar Rally and the Formula E race. It will host the Formula One race at the end of 2021. KSA will also host the Asian Games in 2034 and is bidding to host the Asian Cup 2027.

Numbers show that the Saudi sports sector is progressing fast. Mass population participation in sports has increased from 13% to 23% and is now on track to reach 40%. In addition, diversity as demonstrated by female participation has doubled in the last three years. Lastly, sport sector GDP contribution has tripled as it increased from SAR 2.4 bn to SAR 6.9 bn since 2016. The Kingdom's very active sports landscape is due to the rising interest of the population in sports, which endures during the COVID-19 pandemic.

Globally, it is expected that hosting of motorcycle events will be back to normal in the second half of 2021. However, Rallys in Saudi Arabia are progressing as scheduled, supported by strong commitment by the government to bring 3,500 people to the Kingdom via charter flights. What makes Saudi Arabia competitive in organizing global events is the complete support and publicity that large sports events receive from the country's leadership. KSA has repeatedly shown that it was eager to invest into large events and fund even the most ambitious plans.

Focus: Kenya

Kenya hosted World Under 18 Championship in 2017, scheduled to host World Under 20 Championship in 2021, scheduled to host again the World Rallye Championship (WRC) Safari Rallye in 2021, and currently bidding for hosting the World Athletic Championships in 2025. These events have contributed greatly to the growth of sports in Kenya both on the economic and social fronts. Facilities and sport infrastructure have improved and enhanced ahead of hosting such large international events. In addition, hosting global events presents an opportunity for Kenyan athletes to put forward their best efforts to prepare and enhance their skills as such event creates a lot of enthusiasm.

"With the tremendous backing that we are having from the government [...] we definitely believe in the sustainability and long-term planning for sports. Best practices have taught us that there are no shortcuts in achieving sports goals."

Bader AlKadi
Advisor to the Minister of Sports, KSA

Focus: Kenya

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" Just remember your dream. Remember what you want, why you started doing what you are doing. You have to focus on that and push on. I know it is going to be hard, but just keep your mind on the prize, and you will be fine."

Usain Bold
Eight-time Olympic Gold Medalist, Jamaica

Entertainment

Changing fundamentals

The global entertainment market surpassed USD 100 bn in revenues for the first time in 2020, according to the Motion Picture Association. While the pandemic shut movie theatres across the world, over 75% of people say they like to go to the movies. Demand for digital entertainment grew by 18% in the US and 29% globally. At the same time, the number of subscriptions to online video services increased by almost 30%.

COVID-19 has changed consumer entertainment behavior significantly across the world. The U.S. box office revenues dropped by 80% from USD 11.4 bn in 2019 to USD 2.2 bn in 2020. Despite this decrease, the global subscription for streaming services, totaling USD 50 bn, generated more revenues than the global movie releases, totaling USD 40 bn, driven by the 880 million active users. Furthermore, it is projected that the number of streaming users will increase by 60% to 1.4 bn users in 2025, generating a net revenue of USD 85 bn.

"The pandemic is an important and serious topic but should also be made digestible for people."

Bob Simonds
Co-Chairman and CEO, Eros STX Global Corporation, USA

Entertainment awareness

As a measure to raise awareness and distribute information, YouTube has partnered with entertainment personalities and figures as well as medical experts to create COVID-related content using these entertainment tools. This helped to widespread the knowledge on the topic and made it digestible and engaging for people.

Content creation

Content creators and influencers are expected to have even a stronger influence and impact on society in the next years. Online commerce is expected to be tied to video platforms, with content creators selling their products online. This trend has already started, and in 5 years it is expected that the market would consolidate, leaving only the best creators with the most compelling products.

A look into the future

The pandemic has helped to accelerate plans and business model development. Change had to happen quicker than planned. Due to theater closing, AMC had to reconsider streaming options, creating opportunities to partner with streaming leaders such as Netflix, Hulu and Amazon.

Many online channels managed to increase their subscription base significantly in a relatively short period of time. Three new YouTube content types attracted large interest:
•Closed studios/ professional content creators
•Medical services and credible news
•Educational content

"And then obviously, during the time of COVID, a lot of people are coming to platforms like YouTube to look for authoritative sources of information or medical information, learning, etc, because suddenly they're at home and they have more time to spend on the platform."

Robert Kyncl
Chief Business Officer,
YouTube, USA

Education

"What's going to move the needle in the future is the future of our children."

H.R.H. Princess Reema bint Bandar bin Sultan Al-Saud
Ambassador to the United States, Board of Trustees Member, FII Institute, KSA

Future classrooms

The UNESCO estimates that over 1.2 billion children in 186 countries have been affected by school closures during the pandemic, which has sent waves of investment capital into the education and technology space. Globally, spending on education and training is expected to reach USD 10 trillion by 2030, up from USD 6 trillion in 2020, according to industry research firm HolonIQ,

New models for education, including AI and cloud-based technologies, have an extraordinary potential to transform the sector through personalized learning experiences and knowledge measurement. These technologies span across the full students' journey, covering video-based training platforms, test preparations, and open online courses. In addition, there are current efforts to involve family in the students' academic careers via online platforms designed for parents, ensuring students have all the support they need to be ready for their future.

The private sector should work hard on deploying the latest technological approaches like big data, AI, and VR to serve educational needs. Learning should be accessible, affordable, and personalized to increase engagement and efficiency.

"The private sector should work on a high-class high-tech global classroom for global kids."

Cindy Mi
Founder and CEO, VIPKid, China

Democratizing education

If the future of education is going digital, all students should have access to digital devices. Governments and private sector entities should step in and cooperate to make digital devices more affordable, make content more accessible, and set the necessary infrastructure in place.

As the global community comes together, it should be ensured that all student groups can understand and interact in one of the languages supported by the global classrooms. This challenge is especially highlighted in India where there are more than 1,600 different dialects. The Indian government has initiated several programs to enable students to continue their educational journey with minimum disturbance. Since not every Indian child may have digital devices, the government dispersed volunteers to reach out to communities and provide devices with pre-loaded content.

" The future of education should address the democratization of language and the affordability of devices."

H.E. Smriti Irani
Minister of Women and Child Development, India

“Cost can be really marginal for children to learn for free. We can then envision a future where learning can be ten times more efficient and engaging for children. Personalized learning is the key to change.”

Cindy Mi
Founder and CEO
VIPKid, China

Partnerships are the way forward

Governments need to build partnerships with the private sector to ensure students have access to the best forms of education. Government can utilize current and future discoveries in the EdTech space, provide grants for low-income families to enable them to participate in digital classrooms, and increase the overall involvement of parents and teachers in their students’ educational journeys.

The pandemic has forced governments to go through a steep learning curve to adopt the new educational norm. In India, there are 1.5 million schools, attended by 248 million children, and serviced by 9.4 million teachers. Majority of the students (156 million) are enrolled in government institutions. The pandemic has brought forth many challenges, especially for those who had never used tech as an educative enabler. The Government of India led a massive digital education campaign involving 15,000 organizations to create e-content. 150,000 e-modules were developed and made available.

Access to digital solutions is not a major problem anymore. All villages in India will be digitally connected in two years. Personalized learning is the key to change. Personalization can be made more cost-efficient. For instance, AI tutor is practically free. Also, online learning systems can be made more engaging and tailored to the student in focus.

With this new transition to use digital devices to deliver education to kids, there are growing health and societal concerns. Having a 24/7 access to a digital device can be risky for kids. The OECD suggests restricting kids’ access to digital devices. Families should play an active role in balancing how their kids access digital devices.

Snapshot – G-20 realization

Representing 80% of the world's GDP and 60% of its population, G20 leaders are working together to mitigate the COVID-19 crisis and protect human health, promote resilience, and encourage sustainability. During the last virtual meeting that was hosted in Riyadh in November 2020, the G20 leaders discussed 4 main topics: the COVID-19 challenge, economic recovery, tackling inequality through recovery and sustainability promises

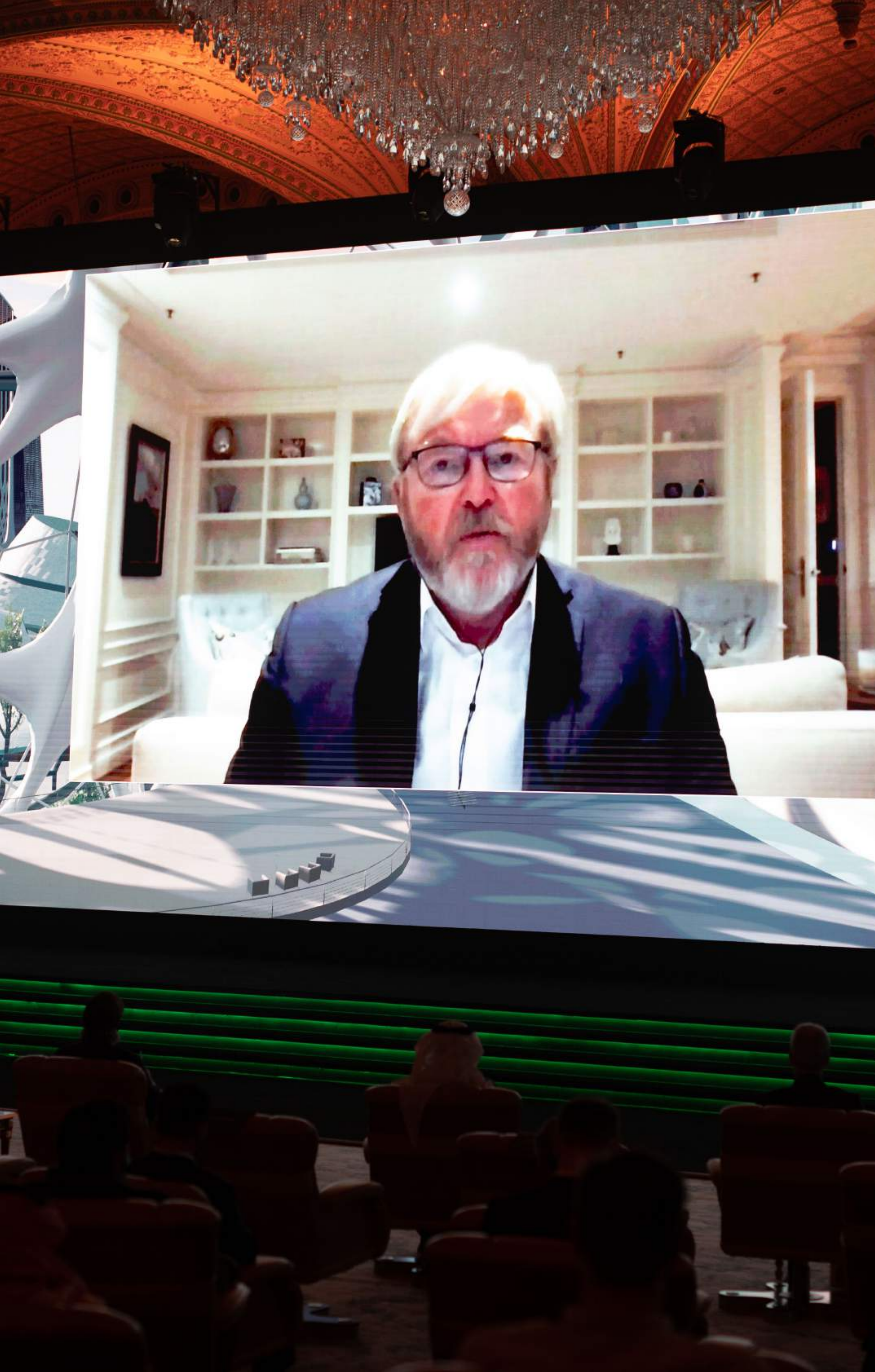
- To address COVID-19, the leaders discussed immunization and how to support all collaborative efforts to access accelerators and facilities. Also, on the agenda was a discussion on how to financially support countries hit heavily by the pandemic though a Debt Service Suspension Initiative (DSSI), which postpones the payment of debt services for countries. 46 countries have already requested to benefit from DSSI. A total of USD 14 bn are made available through debt relief, out of which USD 5 bn have been already distributed, with an additional pledge of more than USD 21 bn to support activities including the development of diagnostic tools, vaccines and effective therapeutics.

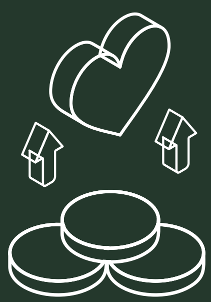
- Trade institutions and transportation routes support was pledged towards building a resilient and long-lasting global economy. The G20 will also promote and endorse financing of universal health coverages, health innovation hubs and a modern international tax system. A commitment was also made to continue the fight against corruption through initiatives like the Riyadh Initiative for Enhancing International Anti-Corruption Law Enforcement Cooperation. Leaders have been successful in mobilizing over USD 300 bn via development banks, IMF and the World Bank for emerging and low-income countries.

- To ensure the global economy's recovery is inclusive to all, the G20 is focusing topics on developing countries as well as young or female groups and SMEs. Inclusion will have the form of social protections for marginalized groups, financial inclusion through various schemes and labor inclusions in the case of gender. These will be promoted through developing actions for safe tourism, developing jobs and empowering local communities.

- Sustainability was also a main topic across multiple areas. Leaders launched and endorsed platforms and systems on topics of water and coral reed conservation, land degradation and terrestrial habitat conservation, agriculture and food systems and circular carbon economy platforms.

Moving forward, there is a clear call for action in three main areas: a more unified and stronger COVID-19 response, an ensured and continued macroeconomic management of global debt and support, and a further concerted effort to tackle climate change and global warming. This call is being raised to address these main topics for the next G21 in Italy to continue the outstanding work done since the meeting in Riyadh last year.





INVESTMENT FOR HUMANITY

Sustainable capital and resources to breathe new life into companies and markets

VII.

Sustainability

INVESTMENT FOR HUMANITY

Sustainable capital and resources to breathe new life into companies and markets

Energy

- Energy powering economic recovery
- Balancing sustainability and economic realities

Sustainable investments

- Responsible investing
- Supporting policies

Environmental standards

- Roadmap towards global ESG adoption
- Climate actions – Paris agreement

Energy powering economic recovery

Achieving greater sustainability will likely be one of the main international undertakings for 2021. In 2020, the global energy demand is estimated to have dropped by at least 6%; yet the demand for renewable energy has grown by 1%. Meanwhile, ESG is gaining momentum as a tool to channel funds into sustainable assets: assets under management in funds that conform to ESG principles surpassed USD 1 trillion in 2020. This trend is thus the result of the combined actions from the public and private sectors. Yet, a lot remains to be done in terms of alignment between sectors and countries on a sustainable way forward.

" With carbon sequestration we can do a lot. By converting gas to nitrogen we can do a lot. With the Fuel Displacement Program we can increase our exports of hydrocarbon by a lot. If we induce more efficiency, which we are, we can even export more."

H.R.H. Prince Abdulaziz bin Salman Al-Saud
Minister of Energy, KSA

" We will do so if we are able to put a lot of money on the new sectors, on the new value changes on which growth will be based in the future. Hydrogen, Electric batteries, AI."

H.E. Bruno Le Maire
Minister of Economy, Finance and Recovery, France

Evolution of the global energy market

Using clean power sources and energy generation methods are core to the international sustainability agenda. The case for a greener energy is compatible with greater economic development. Indeed, the International Renewable Energy Agency (IRENA) finds that deploying renewable energy solutions could drive global GDP up by 2.4% leading to a cumulative economic benefit of USD 98 trillion by 2050, including 42 million new green jobs.

The COVID-19 pandemic has accelerated the shift towards renewable energy. Indeed, not only have sustainable energies gained momentum, especially compared to hydrocarbon-based energy generation, but it also appeared sharply that the hydrocarbon market was unlikely to ever achieve stability, for the demand has become too volatile to adequately match with a coordinated production. Moreover, consumers, even in emerging markets, have been eagerly promoting energies that are clean, reliable and affordable. As a result, not only has the oil production decreased in 2020, but the investments made in the oil industry during that year have also sharply decreased.

Case for a sustainable recovery in emerging markets

As highlighted by H.R.H. Prince Abdulaziz bin Salman Al-Saud, Saudi Arabia's Minister of Energy, the benefits that sustainability can bring to a recovering economy should not be underestimated. For example, Saudi Arabia's Ministry of Energy is implementing a Circular Carbon Economy Program to sustain the demand for hydrocarbon while reducing the carbon emissions. Among other fields, the program aims to invest in technologies that reduce its CO2 emissions while generating valuable by-products of carbon capture.

Balancing sustainability and economic realities

Using innovation to power economic recovery

Emerging technologies like green or blue hydrogen production can be a way for some countries to value their hydrocarbon reserves and become producers of a greener type of energy. In this respect, Saudi Arabia has launched a program to value its hydrocarbon reserves in innovative ways that include the creation of other molecules and byproducts which can sustain the demand for hydrocarbons while opening the road to new business opportunities.

Economic realities of emerging markets

Emerging markets are driving the increase in global energy consumption. For many of them, the access to secure and cheap energy sources remains a priority to fuel their development and post-COVID economic recovery. In such an undertaking, they cannot be expected to achieve both recovery and sustainability in the same fashion as developed countries. Yet, smart initiatives can be struck to advance the global sustainability agenda without crippling emerging markets' dynamisms or recoveries.

The case for energy mix in Saudi Arabia

Saudi Arabia's ambition is to reach 50% of renewable energies in its electricity generation. Indeed, the country is working with European partners to advance this agenda, particularly with the use of blue and green hydrogen. Moreover, the Ministry of Energy has launched a sustainability program to improve its consumption efficiency and reduce carbon emission. Saudi Arabia would therefore be following the examples of European countries such as Germany, which nears 50% of its electricity production coming from renewables, and Sweden, which pledged to be fully carbon neutral by 2045.

Beyond low emissions: carbon capture

Because of the carbon emission that they generate, some energy sources, in the example of coal, oil, and gas have been qualified as "dirty". Yet, the emissions themselves are sometimes what should be targeted, rather the energy source itself. For this reason, carbon capture and sequestration are increasingly seen as a means to achieve carbon neutrality by offsetting the emissions from the use of traditional energy sources.

"We need to think about the future in terms of what customers want to have: reliable, affordable and clean energy."

Patrick Pouyanné
Chairman and CEO,
Total, France

"2020 was a big year for sustainability investing – and 2021 is lining up to be even bigger."

David Schwimmer
CEO of London Stock
Exchange, UK

"COVID-19 is the first proper sustainability crisis. It is really the first and foremost, ESG has to be taken very seriously."

John Studzinski
Managing Director and Vice
Chairman, PIMCO, USA

Responsible investing

> **"When you look at the history of investing, when there has been new geographies and new asset classes, some people had the opportunity to come bring structure to it and make real money. "**

Ronald O'Hanley
Chairman and CEO, State Street Corporation, USA

Sustainable investments are at the core of the global efforts to achieve greater sustainability from the inside. Indeed, as investors become increasingly careful about the impact of their investments, companies are increasingly expected to adopt sustainable behaviors if they want access to capital. ESG is part of such trend to structure sustainable financing. According to a survey conducted by the London Stock Exchange, 70% of international funds have already implemented or are considering the implementation of ESG. Sustainable investing is thus no longer a forerunner's ideal: it has become part of the new normal.

> **"People must change their mindset from risk, return to risk, return, and impact."**

Sherif Foda
Chairman of the Board of Directors and CEO, NESR, KSA

Criteria for investment in energy

Investments in energy remain driven by cost-efficiency, as most consumers remain highly price sensitive. However, renewable energies are increasingly looking like an investment which can overtake the investments in hydrocarbons in the long term. For example, Total, the French Oil Major Company, is presently investing in renewable energy projects that deliver a 10% return on equity. Yet, investments in renewable energy production fields should be considered in their long-term capacity to deliver high return: indeed, just like the exploitation of an oil field, the cost of installing a renewable energy production plant often requires to be amortized over several years or decades. As a result, investors in renewable energies should expect to materialize their benefits only after an amortization period.

Accounting for sustainability risks

Sustainability investors are often faced with risks that can hardly be assessed, such as country risks. For that, investors typically diversify their portfolios by putting stakes in different countries. This situation entices investors to a rather active role in identifying investment opportunities, which can generate high returns. Sustainability investing has become a core trend worldwide in the investment business and is delivering not only a positive impact on corporate behaviors, but also substantial returns for investors. It is likely that this trend will accelerate in the future, as further investors embrace sustainable investing.

SUSTAINABLE INVESTMENTS

Supporting policies

> " The future will be a lot more circular – you will go from hydrocarbon to renewable plastic, you will go from solar energy into liquids or gases. But to achieve that the energy industry needs to collaborate a lot more."

Marco Alverà
CEO, Snam, Italy

The need for policies that support sustainable investments

Although sustainable investment is on the rise, there is a need for private and corporate actors to align on a concerted way forward for sustainable investment.

Stock exchanges and sustainability criteria adoption

Many stock exchanges worldwide have mandated sustainability criteria reporting, which has catalyzed corporate commitments towards greater sustainability. For example, the London Stock Exchange and the Singapore Stock Exchange mandate the disclosure of sustainability data of all listed companies. This helps for instance investors in tracking or deriving ESG data that can support their investment decisions.

Moreover, stock exchanges are a natural platform to create alignment between national regulators and companies. For example, Saudi Arabia's stock exchange Tadawul has become a platform to create awareness of ESG within its listed companies, monitor if the ratings are applied, and provide feedback to investors in order to ensure that ESG performance is measured with the right indices.

SUSTAINABLE STANDARDS

Roadmap towards global ESG adoption

" There is presently a lot of capital going to companies that perform well, but we need also to have some capital going to companies to support their transitions."

David Schwimmer
CEO, London Stock Exchange, UK

ESG state of adoption

The global economy is estimated to be affected by USD 70 trillion by the end of the century if the issue of climate change is not addressed. The Paris Agreement has set clear goals for sustainability regarding carbon emissions to protect the environment. On top of the environmental aspect, the governance of companies and their social impact should be considered to determine whether a company is sustainable or not. This framework was encapsulated in ESG, which stands today as the major standard for sustainable investing.

ESG is mostly viewed globally as a positive initiative to advance sustainability. It was acknowledged as a de facto part of today's investment landscape. Indeed, major investment companies have promoted ESG in the past years, along with stock exchanges, and national or supranational regulators.

Moreover, ESG has gained momentum during the COVID-19 pandemic, as companies that are ESG compliant demonstrated greater resilience than their less sustainability-oriented peers. Thus, as the pressure mounts to monitor, report, and analyze ESG data, it is predicted that companies and investors that do not consider ESG will be increasingly left behind.

However, ESG has not yet reached a maturity that allows for it to be embraced globally. Among the hurdles that delay its adoption are the absence of a harmonized framework, the limited inclusion of emerging economy dialogues, and the absence of incremental mechanisms for companies that do not perform well today but display clear efforts to become sustainable.

> **“Against COVID there is a vaccine. Against global warming, there is no vaccine, but there is one antidote: the complete, full, global, precise implementation of the Paris Agreement. 2021 will be decisive, and it depends on all of us.”**

H.E. Laurent Fabius
Former President of the COP21, The Paris Agreement, France

Dissonance of ESG frameworks

Today, the major hurdle for ESG adoption is the lack of a harmonized framework. Indeed, ESG is being pushed by various rating agencies or governments in the example of the European Union, Brazil, and China. However, these initiatives can be incompatible, if not contradictory, as they rely on different methodologies, use diverging definitions, and consider distinct criteria. For example, some methodologies do not consider all of the E,S, and G dimensions of the model: typically, the Environmental aspect receives the most consideration, while the social aspect, which is the most complex to assess, can be vastly disregarded.

This dissonance of methodologies and considered criteria create a lot of confusion for companies and investors alike. Companies do not know clearly which parameters they should monitor to track and improve their ESG performance, while investors struggle with poor ESG data quality and methodologies that may lead to contradictory outputs. All in all, companies thus often follow an ESG framework which they tailored to themselves, while investors develop their own methodologies and assessment criteria. This can lead to investment decisions that are at best arbitrary and at worse based on a wrong picture of a company's performance.

"A very painful area is basically that there are no clear standards for ESG. And I think this is the core issue with ESG."

Khalid Abdullah Al-Hussan
CEO, Tadawul, KSA

Limited applicability for emerging market

ESG has been driven thus far by actors in advanced economies, in particular rating agencies, who thus pushed through frameworks a biased vision of sustainable performance. Indeed, as opposed to the UN SDGs, ESG has not been developed through a consensual multilateral alignment.

As a result, many experts warned that ESG might become a one-size-fits-all which assesses companies in different parts of the world with the same ruler, hereby penalizing emerging market firms which direct environment can be beyond their control. For example, some ESG methodologies penalize companies for being state-owned or family-owned, while these types of structures are very common in some countries.

Thus, in its present form, there is a risk for ESG to assess emerging market firms as less sustainable than their counterparts in advanced economies, hereby depriving them of the cheap capital that they need to become further sustainable. To avoid that situation, which would not only be detrimental to sustainability, but would also sharply impact the credibility of ESG, there is a need to create an international forum that ensures that the perspectives of emerging actors are evenly included.

Focus on present state rather than progression

As it stands today, ESG focusses mostly on the assessment of a company's present performance, rather than considering the progress that it is making. This sharply disfavors companies in fields that are not deemed sustainable, such as oil, and does not encourage corporate pivot towards more sustainable activities. Worse, this might give a competitive disadvantage to companies undertaking a costly shift towards more sustainable operations.

For example, the present frameworks are likely to rate two companies operating in the tobacco industry the same way, even if one operates on a business-as-usual basis while the other tries to divest in tobacco activities. As a result, any company choosing to divest bears the cost of this fundamental transformation in its business while its competitor can keep pursuing benefits in this industry. There is therefore no incentive for companies to undertake their transformation with the present model.

Thus, ESG risks having a counterproductive effect in "dirty" industries and emerging market firms that are not deemed sustainable, for it does not encourage the shift towards better corporate practices.

" The one-size-fits-all approach [for ESG investing] of this is evil and this is good is actually inhibiting the ability to make progress."

Scott Minerd
Founding Managing Partner and Global Chief Investment Officer, Guggenheim Investments, USA

A call to reform ESG

It was clear that a call for the creation of a global forum that aims to fix ESG's present pitfalls to genuinely make it an efficient tool to encourage corporate sustainability.

Firstly, the multiplicity of frameworks should cease to the benefit of a globally aligned framework which can be used irrespective of a company's geography or industry. This framework will have to state clearly what elements of the ratings are based on a company's actions and what elements proceed from factors beyond corporate control such as the country of origin and the field of industry.

Secondly, emerging countries should be included in the dialogue on ESG, either through a multilateral forum, or an independent platform like the IFRS. This will ensure that the perspective of international actors from all types of economies are considered to design an ESG framework that cannot be counterproductive for sustainability.
It was advised that this discussion be driven by public-private partnerships to create a market-oriented framework that can deliver results that consider the practicality of corporate day-to-day activities.

Thirdly, the progression of companies should be considered as much as their present states in order to encourage sustainability commitments.

> **" You do not want a situation where everybody is driven to a portfolio that consists of the Teslas of the world, and no energy companies."**

Ronald O'Hanley
Chairman and CEO, State Street Corporation, USA

SUSTAINABLE INVESTMENTS

Climate actions – Paris agreement

" We, as Saudi Arabia, are a strong believer in the Paris Agreement and we will do everything in our book as a government to enable our companies to achieve their targets."

H.R.H. Prince Abdulaziz bin Salman Al-Saud
Minister of Energy, KSA

Increased momentum of the Paris Agreement

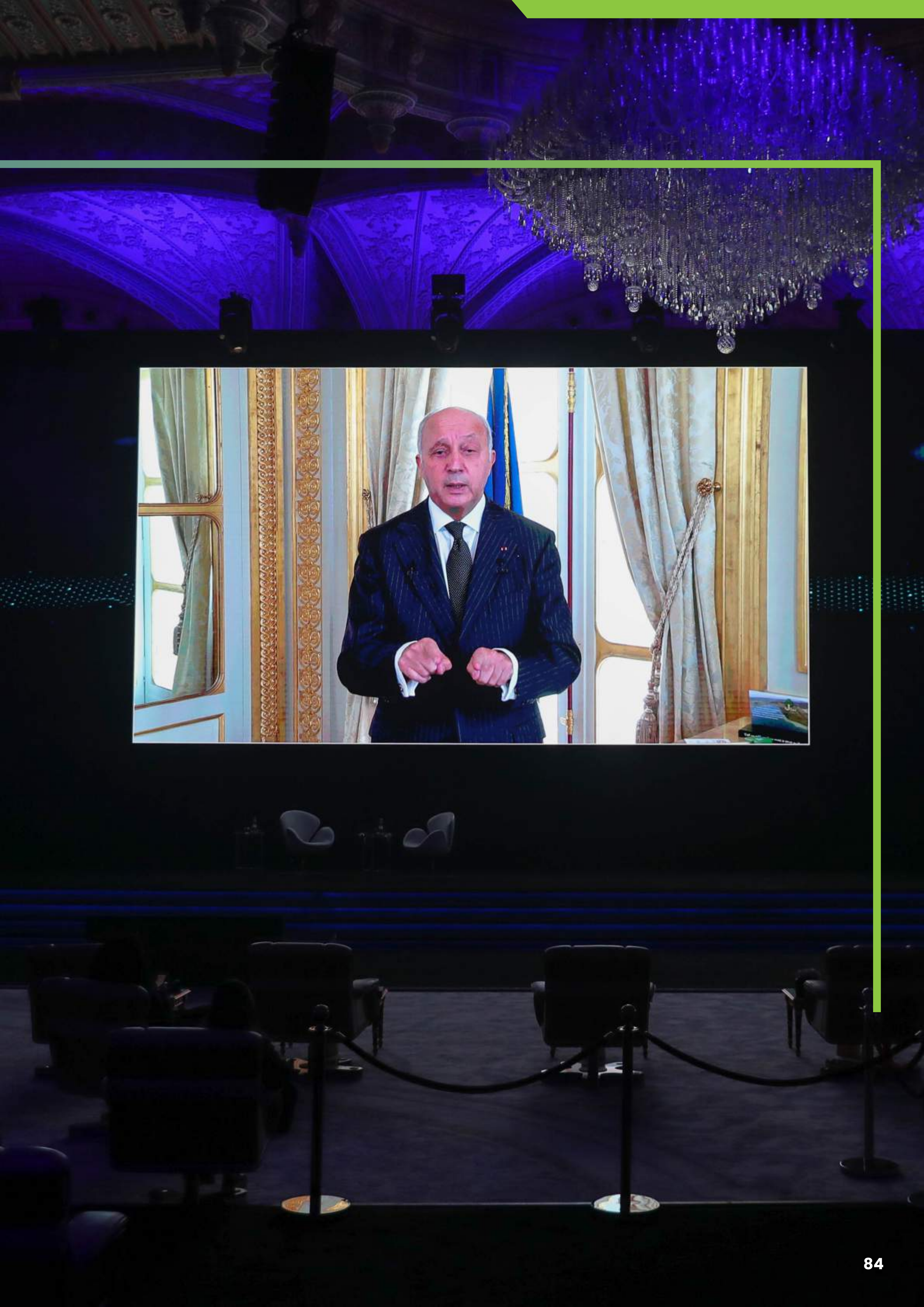
The Paris Agreement has been shaken during the past years but seems to emerge stronger as 2021 begins. Today, governments around the world embrace the principles and goals of the Paris Agreement and have designed ambitious plans that sometimes reach beyond. For example, Saudi Arabia, China, Japan, South Korea, the United Kingdom, and the European Union are embracing plans for sustainable transition that goes as far as pargetting carbon neutrality by the middle of the 21st Century.

Reaching beyond the Paris Agreement

This year's COP26 in Glasgow will be the opportunity for international actors to reach beyond the Paris Agreement's goals, by involving sectors that were not core to the agreement, like maritime transportation, air transportation, and technology industries, and by enacting ambitious commitments that have already been announced by some countries, such as the aim to become a carbon-neutral society in the medium term.

The need for multilateral agreements

Reaching a consensual way forward for all countries is critical to ensure the soundness and fairness of the adopted solutions. Yet, coming to multilateral agreements can be highly challenging because of the differences in landscapes for emerging and advanced countries. For example, when it comes to energy topics, most advanced countries focus on making their secured energy sources more sustainable, while players in emerging parts of the world focus primarily on securing their energy supplies before they can consider making them greener. Thus, international dialogues and compromises are the only way forward to drive the global agenda on sustainability.



VIII. Foundations for the future

Future workplaces

- Human needs
- Adaptive companies & reinvented workplaces

Technology policy

- New governance
- Investors roles

FUTURE WORKPLACES

Human needs

> "Purpose-led capitalism, where enlightened self-interest aligns with community interest, that is the future for business."

Anand Mahindra
Chairman, Mahindra Group, India

> "COVID has highlighted the urgent need for us to collectively reassess and reevaluate our relationship with the planet and with one another, across borders and generations."

Lubna S. Olayan
Chair of Executive Committee, Olayan Financing Company and Chair, Saudi British Bank (SABB), KSA

> " The conversation about wellness typically took place in HR, we are now discussing this in the C-suite on a regular basis."

Todd Gibbons
CEO, BNY Mellon, USA

Health of employees at the forefront

While the previous trend was to find cheap labor and a suboptimal technology to meet the demands of operations, COVID-19 has taught us that in the future, health of the employees should come first. Purpose and place can be rediscovered and reestablished by future companies which in turn will outlay a purpose for the workforce of tomorrow. This should be coupled with fair paying jobs that will create a certain level of productivity. Typically, wellness is something that took place in HR and was occasionally raised, but it's a conversation that is being held now at the at the C-suite on a regular basis.

On the social front, Gallup found four universal human needs tend to rise in importance: trust, compassion, stability, and hope. These 4 human needs will determine new rules for business, finance, government, and innovation.

Comprehensive approach

Recognizing these inherent needs of the workforce, companies are increasingly adopting a holistic approach to match those needs.

An example of that is the approach SABIC follows which is based on three principles. Firstly, understanding the well-being requirements of employees comes as a baseline, specifically around the social, physical, financial and mental needs. Secondly, adopting a policy system to cope with the new normal, defining the future needs of an organization from a human perspective to stay relevant in the market, is crucial. Lastly, the continuous feedback on operating models of the companies, in its way of operating domestically globally, and making sure that the models cope with the market changes and in turn cope with the new generations.

Another example is of BNY Mellon, where the company's actions are tailed towards the well-being of employees. It was announced that no layoffs will take place. In addition to that, mental health services for employees and their families were offered. Additionally, stipends were provided to help the workforce set up their workplace from home offices. In some instances, for the lower paid people, stipends were provided to install faster broadband. Last but not least, a lot of training were given on how to cope with the enduring situation.

Adaptive companies & reinvented workplaces

Combining global value with local value

Companies will have to adapt and be clever about combining the global value with local value. Although COVID-19 has shown us the need to be interconnected, it also highlighted the dependency on our global systems which came to a halt. No one person is safe unless all are. This has pushed companies to think of ways where local resources are leveraged. This calls upon regulators to devise long term strategies that make sure local value is extracted while balancing it with.

" We have learned that competence [of governments], may be more important than ideology."

Timothy Collins
CEO and Managing Partner,
Ripplewood Advisors, LLC, USA

Digital, accelerated!

Many leaders have indicated that their companies already set, even before the pandemic, strategies to ensure that they maximize their digital infrastructures. COVID-19 has only accelerated this adoption. As a foundational step, seamless engagement and communication platforms will ensure companies' growth and future competitive positioning. Teams working across the globe, on very complex developments require enablement. With the introduction of AI, voice recognition, machine learning, the experience of being virtually in an office is not in the too distant future. What will not change, however, is the need for empathy. Leaders must recognize the environments they are in, understanding it objectivity and driving decisions accordingly.

Companies and governments must continue to work together

Government capacity during the crisis was exploited. On one hand, governments are balancing between responding to the crisis, containing the virus spread, guaranteeing investments in new sectors, stabilizing jobs and thinking of the future. On the other hand, companies should mobilize to reach this vision. The crisis has showed us great collaboration outcomes between the public sector and the private sector. This should be further enhanced, and these collaboration opportunities kept and further exploited. It can also be further argued that COVID-19 has taught us that we are vulnerable and reliant on governments more than we thought.

"We have been living in a global world, but we need to get the best out of it. And one of the lessons from COVID has been 'local'. In the future, being able to combine global value and local value is crucial."

Mr. Jean Lemierre
Chairman, BNP Paribas, France

"We see clearly that many companies have won by being quick and agile in decision-making. This has opened the minds of business leaders in terms of doing business in new ways."

Sarah Al Suhaimi
Chairperson, Tadawul, KSA
and CEO, NCB Capital, KSA

TECHNOLOGY POLICY

New governance

New, agile and innovative governance

With the increased global trends in digital transformation, across all fields and sectors, governments need to be agile in transforming their regulations to ensure that national best interests are aligned with the private sector's digital transformation growth goals. Good governance is key to promote the growth of the key market players, support their success in digital transformation and protect the security and interests of the country and its people.

Accordingly, regulation of yesterday needs to be overhauled. Examples of exercising a reset was used in KSA when the regulatory authority enforced a digital only payment method during the beginning of the pandemic. This reset was significant in decreasing dependence on cash transactions that even today, months after cash transactions returned to KSA, the dependence on digital payments is significant. As well as a reset, regulators need to build a dynamic platform in which the government can pivot their regulations to apply on different areas and remove restrictions on other areas. This flexibility will allow quick and effective application and removal of regulations in key areas, required for regulatory taskforces to ensure different sections of the government can respond quickly. Finally, regulations need to be innovative, focusing on the future post transformation and not just the current state. As new digital technologies appear, regulations need to be up to date with the latest trends to ensure that the use of these technologies are primarily for the benefit of the country and the people. These three steps are key to ensure technological growth is supported by the regulatory authorities.

" Any distractions such as experienced with COVID-19, always bring inspiring and new rules for governments and business which they need to adapt to."

Yousef Abdullah Al-Benyan
Vice Chairman and CEO,
SABIC, KSA

Missing pieces

Today, cybersecurity and supply chains technology regulations and policies are missing. With increased data exchange, it is the responsibility of all of us to ensure that the data must remain in the hands of those who it belongs to. With the push for cloud-first policies, there is an increased risk of cyber-attacks. Regulators must ensure standards are in place to protect data, especially in the fintech space. Along with cybersecurity comes the need for policies that target the entire supply chain, both in the real world and digitally. Larger corporations have shown resilience in responding to the pandemic due to the depth and robustness of their supply chains, however the vulnerabilities of smaller players got exposed. Thus, support, both legislative and financial, is needed to keep up with the pace of the global advancement. We have seen firsthand the impacts of the Solar Winds nation state hack that significantly impacted many business, governments and countries around the world.

“With so much volatility, uncertainty, complexity and ambiguity (VUCA) in the world, the future belongs to those that are digitally resilient. And this generation and next generations will not forgive us if we don’t invest and innovate in digital [sector]. Because digital in 2020 has showed us not only to be the largest economic multiplier and social equalizer, but it kept our social fabric [almost] intact and it kept our economies interconnected.”

H.E. Eng. Abdullah Amer Al-Swaha
Minister of Communications and Information Technology, KSA

Investors roles

The future of technology is driven by regulators and policymakers but also investors. For example, Saudi Aramco and Google teamed to advise the government of KSA to move towards a cloud-first policy. Institutional investors are working with the US government on the feasibility of rolling-out the digital dollar. Investors should work with governments to shape the future. Concurrently, investors must also push their companies to promote security features above and beyond what is expected or required. Post Solar Winds, investors are pushing for a zero-trust infrastructure to avoid similar cases.

"I think the bottom line is we're at an exponential growth of technology out there today, in fact, we're at what's called the knee and the curve of an exponential curve and technology is just taking off so there's ways to innovate, things that we thought we couldn't have been before and it's being done, day in and day out by company, but also what other companies around the world and also at different governments."

Dr. Thomas A. Kennedy
Executive Chairman, Board of Directors, Raytheon Technologies, USA

The pandemic was a rude awakening for all of us. And we shouldn't let any crisis go to waste. We went mourning the loss of over 2 million lives so far. We cannot, without marking, cross to see how we can change the world. We have to call for an action to see where and how we can start a new beginning from this [pandemic].

I'd like to leave a message for the millennials, you are the voice of our countries. And I would urge them not to fall in the trap that many of us from my generation fell into – the characteristics of greed, selfishness, and arrogance. I think you should stay true to your values and pride to have a society that everyone benefits from.

Lubna S. Olayan
Chair of Executive Committee, Olayan Financing Company and Chair, Saudi British Bank (SABB), KSA

IX.

About the Institute

ABOUT THE INSTITUTE

The FII Institute is a new generation of not-for-profit foundation that curates and enables ideas that can solve today's global challenges by using technologies that have the potential to positively impact humanity. Its initial work will concentrate on four strategic impact areas: artificial intelligence, healthcare, robotics and sustainability.

> **"We felt the world needed to come together to discuss how we should move forward. COVID is not going to disappear tomorrow, so we needed to get everyone around one table. That table is here."**

Rakan Tarabzoni
COO, FII Institute, KSA

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