



The Power of Excellence

alfanar Electric
Sustainability Report 2022



Contents





About this Report Introduction





About this Report

We are proud to present our first Sustainability Report, which showcases our environmental, social, and governance (ESG) non-financial performance data for the period of January 2022 to December 2022.

This report outlines our commitments and goals for the future, highlighting our dedication to promoting sustainability in all aspects of our operations.

It also provides an in-depth look at the way we address sustainability and gives an overview of relevant policies, guidelines and programmes established for continued improvement in sustainability performance metrics.

To define the contents of this report, we have referred to the Global Reporting Initiative (GRI) Standards (core option). We chose not to appoint an external party to audit our non-financial data for this report.

We followed an internal assurance process to give our stakeholders confidence in the accuracy of the reported information.

We acknowledge that measuring and reporting our progress and challenges is critical to building trust and credibility amongst our stakeholders. For that reason, we intend to continue reporting on our sustainability progress regularly.

For further information on GRI Context Index, refer to Appendix 1.

For any enquiries about this report, please contact: 800 124 1333 or +966 11 494 5400.



This report outlines our commitments and goals for the future, highlighting our dedication to promoting sustainability in all aspects of our operations.



Scope of the Report



Year: The report covers our environmental, social and governance performance for the year 2022.



Entities: This report covers the alfanar Electrical (AE) operations only.



Countries: Unless otherwise indicated, the report covers our operations in the Kingdom of Saudi Arabia only.



Monetary Values: Unless otherwise stated, all economic values in this report are expressed in Saudi Riyal (SAR).





About alfanar

Chapter one



About alfanar

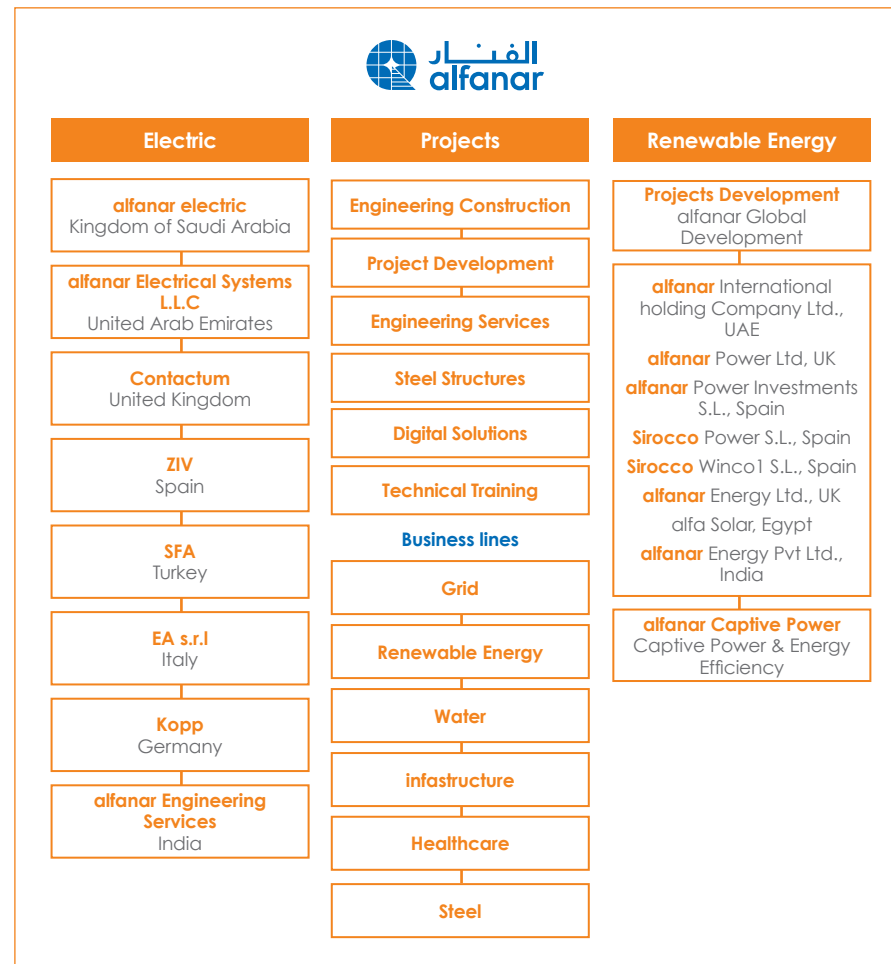
About alfanar

alfanar, a distinguished manufacturer and distributor of electrical construction products in the Cooperation Council for the Arab States of the Gulf (GCC) region, is renowned for its advanced technology, quality, and safety standards that have gained international recognition

As a leader and trusted partner in producing the products and services that build and power our world, we believe in delivering quality across everything we do. Together with a dedicated and talented team, we maintain an active and ever growing global presence.

At alfanar, we design and manufacture a variety of low, medium and high voltage electrical products for both domestic and industrial use. Our offerings span from basic electrical components to advanced power distribution systems, all crafted with dedication, expertise, and precision.

The heart of our manufacturing division lies in our industrial city outside of Riyadh. Spread across 700,000 square meters, it houses a variety of modern factories, all equipped with state-of-the-art machines and production lines. Together with our international production facilities, we are able to guarantee fast turnarounds and high-quality deliveries of a wide range of premium electrical products.



Corporate Vision

To be a major player in the electrical manufacturing and construction industries with unique attributes characterized by quality products and services, excellence in practices, and values that nurture human potential.

We believe in bringing a spirit of excellence to everything we do. In constantly striving to be the best in our field we remain at the cutting edge of electrical technology while supplying the growing demand for energy around the world.



About alfanar Electric

alfanar Electric (AE) is the manufacturing arm of alfanar, established in 1989 with the twin objectives of import substitution and self-reliance. The commercial production of junction boxes started in 1990, with several production expansions throughout the years. Our products have gained widespread acceptance not only domestically but also internationally. We have made significant progress in expanding our export trade while establishing a presence in all GCC countries, and we operate four overseas branches in Dubai, Kuwait, Egypt, and Iraq.

Our manufacturing unit has several key strengths that contribute to our success. We have a diverse and highly skilled workforce of over 5,000 people, including qualified engineers and experienced technicians. Also, we have implemented high-quality management systems, in-house tool designing capabilities, and robust engineering design capabilities. These strengths enable us to deliver products that meet or exceed industry standards for quality and safety. Additionally, our proven research and development team drives innovation.

As part of our fifth expansion plan, we established a mega-industrial city spanning 700,000 square meters on South of Riyadh. This expansion allows us to continue delivering high-quality products while contributing to the local economy's growth and development.

Corporate Governance

alfanar governance approach is a fundamental framework that establishes the structures and systems necessary to prepare alfanar for sustained growth and success in the future. In addition to promoting responsible monitoring and management practices, alfanar approach to corporate governance is grounded in a firm commitment to fostering an environment of innovation, collaboration, and sustainability. Through these efforts, alfanar aims to enhance our adaptability to an ever-changing business landscape while generating long-term value for all stakeholders.

alfanar Electric governance framework establish several committees to ensure the governance policies have been implemented effectively, such as: is governed by the alfanar Board of Directors, where several committees have been established to support the Board in realising the Corporate Governance framework. These committees are specifically:

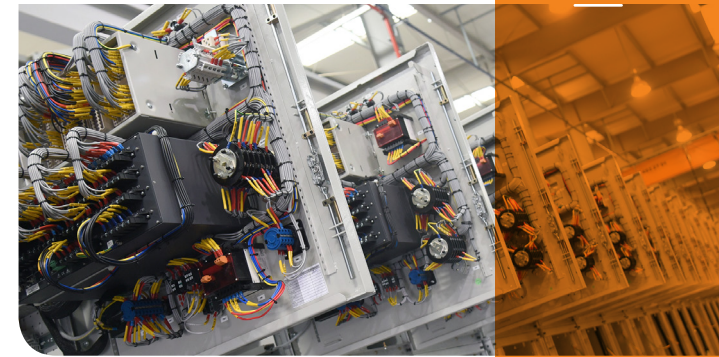
- Governance Committee
- Audit Committee
- Risk Management Committee
- Nomination and Compensation Committee
- Synergy and Business Development Committee
- Systems and Authorities Committee

Transparency

alfanar's Board has a commitment to providing transparent and comprehensive information to shareholders. Written policies, procedures, and supervisory rules related to sharing the company's information have been set in place by the Board to include guidelines on disclosure methods, enabling shareholders to access both financial and non-financial performance information, as well as details about share ownership. All disclosures will be made in a clear, correct, and non-misleading manner and in a timely and regular fashion, ensuring that shareholders and other stakeholders can exercise their rights effectively. Our website will feature a list of information to be disclosed, along with the methods of sharing this information. Additionally, reporting rules are established to specify the required information and its classification based on nature and frequency of disclosure. The Board also reviews these disclosure policies periodically to ensure their relevance and effectiveness in keeping shareholders well-informed.

Business Ethics

At alfanar Electric, we firmly uphold the principles of responsible business as an integral part of our sustainable practices. Guided by integrity, transparency, and accountability, we are committed to conducting our operations with the utmost respect for all stakeholders.



Business integrity is a core value of alfanar Electric (AE). We strictly adhere to all Applicable Laws, including the Anti-Commercial Fraud Law, Anti-Forgery Law, Anti-Cover up Law, Anti-Money Laundering Law, and Anti-Bribery Law, ensuring a principled and lawful approach to conducting business. Integrity and honesty form the foundation of our business ethos, guiding every decision and action we take. We uphold the highest personal standards of integrity across all operations, ensuring utmost consistency between our words and actions. Operating with due skill, care, and diligence, we conduct business ethically and responsibly, setting the finest standard of professional ethics.

By upholding strong ethical standards, we strive to earn and maintain the trust of all stakeholders and reinforce our commitment to responsible and sustainable business conduct.



Code of Conduct

At alfanar Electric, we uphold the highest integrity, ethics, and corporate responsibility standards. As a proud member of the alfanar Group, we align ourselves with the shared values and principles that define our organisation. Our Code of Conduct serves as a guiding document that outlines the ethical standards and expectations, we hold ourselves to and our responsibilities towards our employees, stakeholders, communities, and the environment. By adhering to this Code, we demonstrate our commitment to conducting business with honesty, transparency, and respect, reflecting the core values that drive our actions and decisions as a part of the esteemed alfanar Company.

Our Code of Conduct outline the principles and values that guide our decision-making and shape our interactions with Customers, Suppliers, and Employees.

7 key values – “Individual Attributes” driving our business conduct



Responsibility - alfanar takes full ownership of its actions, behaviours, targets, and deliveries.

Constructiveness and Caring - alfanar recognises the importance of understanding and respecting the needs and expectations of our stakeholders.



Integrity - At alfanar, we hold ourselves to the highest ethical standards and are committed to fair dealing in all our operations. We have a zero-tolerance policy towards any form of fraudulent activities or corruption. By upholding these values in practice, we aim to create a culture of trust and reliability, earning the confidence of our stakeholders.

At alfanar Electric, we pride ourselves on upholding the highest integrity, ethics, and corporate responsibility standards. As a proud member of the alfanar Company, we align ourselves with the shared values and principles that define our organisation. Our Code of Conduct serves as a guiding document that outlines the ethical standards and expectations. We hold ourselves to and our responsibilities towards our employees, stakeholders, communities, and the environment. By adhering to this Code, we demonstrate our commitment to conducting business with honesty, transparency, and respect, reflecting the core values that drive our actions and decisions as a part of the esteemed alfanar Company.



Delivery and No-Nonsense Attitude - alfanar is a result-oriented company, fundamentally concerned with execution and delivery of results.



Excellence - Quality is at the forefront of everything we do at alfanar, and we are dedicated to maintaining high standards across all aspects of our operations.



Professional - alfanar leverages the expertise of its highly skilled employees to accomplish tasks and follows a set of well-defined, systemic processes to ensure consistent, high-quality results are delivered.



Transparency - Transparency and open communication are fundamental to the way we do business at alfanar. We believe in conducting all our dealings with forthrightness and honesty, while also respecting the need for confidentiality when appropriate. We welcome all questions and feedback.

Through our 'Code of Conduct & Ethics Application Manual', we defined alfanar Company's values, principles, and ethical behaviour are translated by our employees and us. The Manual ensures that all employees are treated with dignity and respect and that their basic needs are met, as it sets strict guidelines and procedures to be followed by everyone working in or on behalf of alfanar and all its divisions.



Code of Conduct Training

We place a strong emphasis on ethical business practices. To ensure that all of our employees understand our expectations and guidelines, we provide comprehensive training on Business Ethics Policy and Procedure. This training covers a range of topics, including the proper handling of confidential information, avoiding conflicts of interest, and maintaining a respectful and inclusive workplace.

Through our training programmes, we aim to install a strong sense of ethical responsibility and accountability among all members of our team. We believe that by providing our employees with the tools and knowledge necessary to make ethical decisions, we can create a culture of integrity and trust that benefits both alfanar and our stakeholders.

To ensure regulatory compliance and effectively monitor employee participation, we maintain and record all training forms.

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Through our training programmes, we aim to install a strong sense of ethical responsibility and accountability among all members of our team.

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Sustainability Management Chapter two



Sustainability Management

As we embark on our sustainability journey, we find ourselves at the beginning of a transformative pathway towards ESG integration. Recognising the pressing global challenges posed by climate change, resource depletion, and social responsibility, alfanar Electric embrace and support the sustainability principles in every aspect of its operations.

Engaging with our Stakeholders

As a crucial step in our transformative pathway towards ESG integration, engaging with our stakeholders is not simply a priority, but a necessity. Understanding that the transition to a sustainable future is a shared endeavour, we recognize the importance of continuous engagement with our stakeholders. It enables us to stay up-to-date with their most pressing concerns and integrates their voices into our journey. This collaborative approach not only keeps us well-informed but is vital for refining our strategies and driving ongoing improvement. Together, we are shaping our path towards a responsible and sustainable future.

Listed opposite are our key stakeholder groups, and our key engagement methods:

Employees

Engagement Methods

- Meetings
- Employee Care programme
- Emails
- Newsletters
- Company Portal
- Employee surveys
- Whistle-blower system



Suppliers and Contractors

Engagement Methods

- Workshops and seminars
- Meetings
- Emails
- Tender and pre-award questionnaires
- Suppliers' assessments



Government

Engagement Methods

- Conferences / forums
- Market disclosures
- Meetings
- Workshops
- Site tours
- Compliance with Saudi's laws and regulations



Customers

Engagement Methods

- Call centre
- Social Media
- Trainings
- Workshops and Seminars
- Meetings and visits



Community

Engagement Methods

- Partnerships with community organisations
- CSR activities



Media

Engagement Methods

- Radio/TV interviews
- Social Media posts
- Press Releases



Our Materiality Topics

In alignment with the Global Reporting Initiative (GRI), we have undertaken our first formal materiality assessment, aiming to identify the most important and relevant sustainability topics for our stakeholders and business operations. This comprehensive assessment was conducted through a collaborative process that involved peer reviews, stakeholder engagement sessions, and a materiality survey distributed among alfanar Electric stakeholders.

The outcomes of this assessment are reflected in our Materiality Assessment Matrix, which categorises sustainability topics based on their measured importance. This matrix guides us in directing our efforts towards areas that hold the most importance for our stakeholders, as well as our operational and performance priorities.

To ensure ongoing relevance, we commit to periodically reviewing and revising our Materiality Assessment Matrix, aligning it with evolving stakeholder expectations, sector and landscape ESG trends, and peer analysis. Through this process, we strive to prioritise our disclosure obligations and ensure our sustainability reporting remains responsive to the topics that truly matter to our stakeholders, operations, and overall performance.

Our identified material topics are ranked in line with their importance, measured as "Most Material", "Very Material" and "Material"; where:

Materiality Assessment Matrix

Most Material

Material topics that scored highest within our Materiality Assessment Matrix. These are the topics that alfanar Electric considers most important and are the areas of focus which we believe should represent our priority.

1. Climate Change Risk & Adaptation
2. GHG Emissions
3. Renewable Energy
4. Energy Management
6. Materials Management
8. Water Management
10. Saudization
11. Occupational Health, Safety & Wellbeing
12. Diversity, Equity & Inclusion
16. Customer Satisfaction
17. Customer Health and Safety
18. Human Rights
29. Stakeholder Engagement

Very Material

These areas remain highly important to alfanar Electric and may be included as immediate focus areas.

5. Biodiversity
7. Waste Management
9. Circular Economy
14. Training and Education
14. Social Impact
15. Employment
19. Procurement Practices
20. Customer Privacy
25. Systematic Risk Management
26. Responsible Marketing and Labelling
27. Research & Innovation
28. ESG Compliance

Material

These topics remain important to alfanar Electric but may not be immediate focus areas.

21. Cyber Security
22. Anti-Competitive
23. Economic Performance
24. Anti-corruption and Behaviour



Environment

1. Climate Change Risk & Adaptation
2. GHG Emissions
3. Renewable Energy
4. Energy Management
5. Biodiversity
6. Materials Management
7. Waste Management
8. Water Management
9. Circular Economy

Social

10. Saudization
11. Occupational Health, Safety & Wellbeing
12. Diversity, Equity & Inclusion
13. Training and Education
14. Social Impact
15. Employment
16. Customer Satisfaction
17. Customer Health and Safety
18. Human Rights

Governance

19. Procurement Practices
20. Customer Privacy
21. Cyber Security
22. Anti-Competitive Behaviour
23. Economic Performance
24. Anti-corruption and Transparency
25. Systematic Risk Management
26. Responsible Marketing and Labelling
27. Research & Innovation
28. ESG Compliance
29. Stakeholder Engagement

Alignment of alfanar Electric's Most Material Topics to the United Nations' Sustainable Development Goals (SDGs).

Topics	Alignment to SDGs
Climate Change Risk & Adaptation	13 CLIMATE ACTION
GHG Emissions	13 CLIMATE ACTION
Renewable Energy	13 CLIMATE ACTION, 7 AFFORDABLE AND CLEAN ENERGY
Energy Management	13 CLIMATE ACTION
Materials Management	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Water Management	6 CLEAN WATER AND SANITATION, 14 LIFE BELOW WATER
Saudization	8 DECENT WORK AND ECONOMIC GROWTH
Occupational Health, Safety & Wellbeing	3 GOOD HEALTH AND WELL-BEING, 8 DECENT WORK AND ECONOMIC GROWTH
Diversity, Equity & Inclusion	5 GENDER EQUALITY, 10 REDUCED INEQUALITIES
Customer Satisfaction	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Customer Health and Safety	3 GOOD HEALTH AND WELL-BEING, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Human Rights	5 GENDER EQUALITY, 10 REDUCED INEQUALITIES
Stakeholder Engagement	17 PARTNERSHIPS FOR THE GOALS

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To ensure ongoing relevance, we commit to periodically reviewing and revising our Materiality Assessment Matrix.

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Our People

Chapter three





Our People

At alfanar Electric, we believe that innovation comes from people who think differently, explore without limits, and use their life experiences to solve challenging customer problems.

Diversity and Equal Opportunity

We value diversity in our team and strive to ensure that everyone feels included and valued. This creates a sense of belonging and enables each person to contribute their best every day. We have a firm commitment to equality and inclusivity as outlined in the Diversity and Inclusion sections in both our Human Resource (HR) policy and Employees Guide. We strive to create an inclusive workplace that values and respects diversity in all forms, including age, gender, ethnicity, religion, and disability, ensuring that every employee is treated with respect and dignity in accordance with labour laws.

We are dedicated to enhancing workforce diversity through inclusive recruitment and hiring practices. This involves setting targets for diverse candidate recruitment, employing objective criteria in the hiring process, and providing training to hiring managers to address unconscious bias. We take pride in our female employees, accounting for 7% of our total workforce, reflecting a 10% increase from the previous year. Additionally,

we recognise the significance of nurturing young talent, as 28% of our employees are under the age of 30. These individuals receive guidance from experienced experts across our various business lines, ensuring future business continuity and supporting both national and international talent.

We prioritise fostering an inclusive work environment through diversity training programmes, addressing unconscious biases, and cultivating a culture of respect and value for all individuals. Encouraging participation in diversity events further strengthens our commitment. To ensure the continuous improvement and effectiveness, we set clear goals, track progress, and hold leaders and managers accountable for maintaining an inclusive workplace and promoting diversity and equity throughout the organisation.

Inclusive Benefits:

- We review our benefits packages regularly to ensure they are inclusive and meet the needs of all employees, regardless of their background or circumstance.

- Maternity/Paternity Leave policy: According to Saudi labour law, eligible employees are granted maternity and paternity leave. Female employees who have completed one year with the company are entitled to up to 10 weeks (70 days) of fully paid maternity leave, which can be taken before and after childbirth. Male employees who have completed six months with the company can avail up to three days of fully paid paternity leave within six months of their child's birth. In the reporting period, we approved 230 paternity leaves and 31 maternity leaves for our employees.
- We provide all our employees comprehensive medical insurance coverage to ensure that our employees have access to top-notch healthcare services when needed.



Employment

Our communities and people are our biggest asset and catalyst for the positive impact we aim to achieve. They are the ones who make the difference and we put their development and welfare – including health, safety, and wellbeing – at the heart of our operations. alfanar Electric have robust policies and procedures to protect our workforce and create a working environment in which they can thrive.

To execute our HR plan effectively, we define roles and responsibilities and establish a project management structure to oversee the implementation process. Regular monitoring and evaluation of progress allow us to track key performance metrics and make necessary adjustments to the plan as we move forward. We believe that this collaborative approach fosters support for HR initiatives and enhances the overall effectiveness of our HR practices.

At alfanar Electric, we understand that attracting and retaining top talent is critical for our success. alfanar Electric adheres to the Labour Law, ensuring compliance with all regulations concerning labour practices, while also implementing a comprehensive maternity and paternity policy in alignment with the respective law. We regularly review industry practices and international standards to ensure that our allowances, wages, and benefits remain competitive in the

countries where we operate, alfanar Electric aims to recognise and reward the valuable contributions of its employees.

Furthermore, we value the feedback of our employees, and to ensure their satisfaction, we conduct an annual company-wide survey. This survey allows to gauge employee sentiment and identify areas where alfanar Electric can further improve its HR practices and work environment.

Our goal is to build a human capital that reflects the talent pool. Here are some of the efforts and goals we have in place for achieving this:

- **Partnerships with Educational Institutions:** We collaborate with leading universities and vocational training centres to attract and nurture talent. We extend internships, apprenticeships, and various development opportunities to provide practical experience and industry exposure.
- **Talent Development:** We prioritise the growth of our employees by offering on-the-job training, leadership development programmes, mentorship opportunities.
- **Succession Planning:** Through our comprehensive succession planning process, we identify and develop talents for crucial leadership positions, fostering a robust pipeline of future leaders to propel our company's growth.

- **Community Outreach:** We actively engage with local communities to raise awareness about career opportunities at alfanar and promote our industry. Through participation in career fairs and events, we connect with potential candidates, share information about our company and the exciting.

Whistle Blower Policy

alfanar Electric ensures that all employees have a chance to voice their concerns and raise issues, whether they are related to business or non-business matters. We have clear grievance and whistleblowing mechanisms, along with policies and procedures to handle these matters transparently and fairly.

Our whistleblowing policy allows stakeholders, including employees, to report any violations of laws, regulations, or rules, as well as any doubts about financial statements or internal audit controls, whether they are directly affected or not. We take these reports seriously and conduct thorough investigations.

To maintain confidentiality, stakeholders can directly contact an independent member of the Audit Committee or other specialised committees. We also appoint a designated individual to receive and address complaints and provide a dedicated telephone number and email address for receiving such reports.

At alfanar, transparency and adherence to a code of conduct are essential elements of our governance framework, ensuring fairness and accountability in all our operations.

Occupational Health, Safety and Wellbeing

alfanar Electric place great emphasis on Health and Safety. It is a core value that permeates every aspect of our business. We understand the potential risks and hazards of its industry and is committed to maintaining a safe and healthy work environment for all. This commitment is evidenced by the prominent position of Health and Safety as one of the most material topics within alfanar Electric's Materiality Matrix.



By integrating robust Health and Safety practices, the company not only safeguards its workforce but also upholds its social responsibility as a responsible global player in the electrical solutions sector.



Operation and Mitigation Controls

Key Health and Safety risks include human injury connected with a workplace accident and non-compliance with regulations. These risks can potentially impact productivity, customer confidence, company image or financial penalties through legal proceedings. At the same time, the effort taken to manage risks can create new business opportunities through greater trust. Strategic action plans and targets, and risk analysis are performed each year. These targets include reducing and preventing serious and fatal incidents, lost LTI, providing safe working conditions, and improving OSH standards by continuously raising employees' awareness and providing training.

We take immense pride in our exceptional safety record, achieving zero work-related fatalities and zero high-consequence work-related injuries. This accomplishment reflects our relentless commitment to prioritising the well-being of our employees. While we celebrate this achievement, we recognise the importance of continuous improvement. We are actively working towards reducing the number of recordable work-related injuries, setting ambitious targets, and implementing comprehensive action plans to enhance our safety performance further.

alfanar Employees - Work-related injuries		2021	2022
The number of fatalities as a result of work-related injuries	Number of Fatalities	0	0
The rate of fatalities as a result of work-related injuries	Rate of Fatalities per 1000 full-time equivalent (FTE) workers	0	0
The number of high-consequence work-related injuries (excluding fatalities).	Number of Injuries	0	0
The rate of high-consequence work-related injuries (excluding fatalities).	Rate of Injuries 1000 full-time equivalent (FTE) workers	0	0
The rate of recorded work-related injuries	Rate of Injuries	%0.00820	%0.00823

Occupational Health and Safety is a collaborative process that all parties must be part of and work together to achieve a safe and healthy work environment. We work closely with our contractors and made significant improvements to reduce the number of incidents by providing contractors with training via the toolbox talk, inspecting their equipment and auditing and verifying their reports, and conducting daily inspections of the site.

All workers who are not employees of alfanar Electric but whose work and/or workplace is controlled by alfanar Electric		2021	2022
The number and rate of fatalities as a result of work-related injuries	Number of Fatalities	0	0
The number and rate of fatalities as a result of work-related injuries	Rate of Fatalities per 1000 full-time equivalent (FTE) workers	0	0
The number of high-consequence work-related injuries (excluding fatalities)	Number of Injuries	0	0
The rate of high-consequence work-related injuries (excluding fatalities)	Rate of Injuries 1000 full-time equivalent (FTE) workers	0	0
The number of recordable work-related injuries	Number of Injuries	0	0
The rate of recordable work-related injuries	Total recordable incident rate (TRIR)	0	0
The number of hours worked	Number of Hours	0	0



Emergency Preparedness

We have established robust lockout/tagout (LOTO) and hot work practices and procedures to safeguard workers from hazardous energy releases. Regular toolbox talks are conducted to ensure that all employees are well-informed and educated on the necessary safety protocols. Additionally, technical training sessions are provided periodically to enhance employees' skills and knowledge in handling hazardous energy sources. Comprehensive job hazard analysis, hazard identification, and risk assessment are carried out to identify potential risks and implement appropriate control measures proactively.

We strive to be ready to respond to any scenario by engaging in frequent emergency response activities including training, emergency drills, and continuous inspecting and auditing our sites in accordance to the ISO standards. In 2022, alfanar Electric performed semi annual HSE audits and monthly emergency drills.

HSE Support and Communication

We ensure effective communication of all relevant health and safety information to our employees through various channels. This includes conducting HSE Committee meetings, where important updates and discussions occur regarding health and safety matters. Regular toolbox talks are also held to provide targeted information and reminders on specific safety topics. Internal safety meetings serve as platforms for sharing vital safety-related information and fostering open discussions among employees.

Emergency response activities

		2021	2022
HSE audits	Number of Audits	4 Audits (2 internal audits and 2 audits conducted by an external third party)	2 Audits (1 internal audits and 1 audits conducted by an external third party)
HSE drills	Number of Drills	22 drills (2 for each Buiness Unit within alfanar Electric)	22 drills (2 for each Buiness Unit within alfanar Electric)

HSE Training

We strive to develop a safety culture within alfanar Electric and guarantee that all employees have the knowledge required to execute their roles safely. Our HSE training offers essential occupational Health and Safety information for alfanar Electric employees, supervising consultants and contractors performing work on behalf of alfanar Electric.

Certificates and Standards

Obtaining the ISO 45001 certification stands as a significant milestone for alfanar Electric, underscoring the company's commitment to excellence in Occupational Health and Safety. This globally recognised standard provides a systematic framework for managing risks and hazards in the workplace, enabling alfanar Electric to establish and maintain a safe and healthy working environment for its employees. By adhering to the stringent requirements of ISO 45001, alfanar Electric demonstrates its dedication to minimising workplace accidents, injuries, and occupational illnesses. The certification signifies that alfanar Electric has implemented robust

systems and processes to identify, assess, and control occupational health and safety risks, fostering a culture of continuous improvement. ISO 45001 enhances the company's competitiveness by enabling it to meet the evolving expectations of clients and partners who prioritise working with organisations that prioritise the well-being of their workforce.

In 2022, alfanar Electric achieved a remarkable milestone by successfully implementing an Integrated Management System (IMS) for its ISO certifications. This accomplishment highlights the company's dedication to excellence across multiple areas, including quality management, environmental sustainability, and occupational health and safety. By integrating various ISO standards, such as ISO 9001 for quality management, ISO 14001 for environmental management, ISO 45001 for occupational health and safety, and ISO 27001 for information security management systems, alfanar Electric has streamlined its management processes, improved operational efficiency, and strengthened its overall performance. The implementation of

an IMS demonstrates alfanar Electric's commitment to harmonising and optimising its management systems, fostering synergies, and ensuring a holistic approach to sustainable business practices. This achievement showcases alfanar Electric's organisational agility and capability and positions it as a leader in integrated and responsible management systems within the industry. By consolidating its ISO certifications under an IMS, alfanar Electric has set a strong foundation for continued success, continuous improvement, and long-term sustainability.



Employees Wellbeing Programmes

We understand the importance of promoting a healthy lifestyle, which is why we offer wellness programmes that encourage employees to prioritise their physical health. We offer our employees memberships to health clubs and gyms. By promoting physical health, we aim to enhance employee well-being, productivity, and overall job satisfaction. Furthermore, we provide healthy food options in the workplace, ensuring employees access to nutritious meals and snacks.

In addition to physical health, we recognise the significance of work-life balance in maintaining overall well-being. alfanar Electric is committed to supporting our employees in achieving a healthy equilibrium between their personal and professional lives. Furthermore, we have established parental leave policies that provide support and time off for employees. These initiatives help reduce stress levels and promote a healthier work-life balance, enabling our employees to thrive personally and professionally.

To ensure that our well-being initiatives effectively meet the needs of our employees, we actively seek and value their feedback. We have established regular employee feedback mechanisms and open communication channels, allowing individuals to voice their opinions, concerns, and suggestions. We can continuously improve and adapt our well-being programmes and policies by listening to our employees

and incorporating their input. This collaborative approach helps foster a supportive and inclusive work environment where the well-being of our employees remains a top priority.

Training and Education

At our company, we recognise the importance of investing in our employees' learning and development. As part of our commitment to equipping our workforce with the necessary skills for success, we offer a comprehensive range of training and development programmes. These initiatives aim to identify potential risks in our employees' skill sets and address them proactively, ensuring they are equipped to excel in their roles and advance their careers within our organisation.

As we value the growth and progression of our employees, we have established strategic partnerships with reputable online educational platforms. This collaboration provides our workforce with access to a wide array of courses and programmes designed to develop new skills or enhance existing ones, directly relevant to their current responsibilities or future aspirations.

In 2022, we dedicated more than 22,000 hours to training initiatives.



To ensure that our well-being initiatives effectively meet the needs of our employees, we actively seek and value their feedback.



Labour Law and Practices

We are committed to promoting ethical and fair employment practices. We firmly believe that employment should always be a voluntary choice, free from any form of force or coercion. Our company strictly prohibits the use of child labour and does not tolerate discrimination based on factors such as gender, colour, nationality, ethnicity, culture, religion, or disability.

To ensure that these values are upheld, alfanar Electric works diligently to ensure compliance with all aspects of the Saudi Labour Law and any other relevant laws and regulations pertaining to employment. This applies not only to our own organisation but also to our contractors and suppliers.

By adhering to these standards, we aim to create a positive and supportive work environment that promotes equality and respect for all.

IT Security and Privacy

alfanar Electric has proactively developed a comprehensive set of policies to strengthen its cybersecurity practices and prioritise the protection of personal data and privacy. These policies include the IT Security Compliance Policy and are

complemented by alfanar Company's Code of Conduct, which establishes a framework for ethical and responsible behaviour in handling sensitive information.

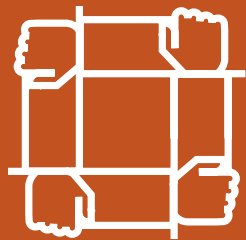
alfanar Electric's achievement of ISO 27001:2013 certification demonstrates its commitment to information security and the protection of valuable data assets. By obtaining this globally recognised standard for Information Security Management Systems (ISMS), we showcase our dedication to implementing robust security controls and ensuring information assets' confidentiality, integrity, and availability. By adhering to the standards, we have established a systematic approach to identify, assess, and mitigate information security risks while continuously improving its information security practices.





Our Communities and Initiatives

Chapter four



Our Communities and Initiatives

As an organisation committed to sustainability and responsible corporate practices, we recognise that our impact extends beyond our immediate operations. Our communities play a crucial role in shaping our business environment, and we have a responsibility to support and contribute to their well-being.

By actively engaging with and investing in our communities, we aim to create lasting positive change and contribute to a more sustainable future for all. Driven by a strong sense of social responsibility and commitment to community welfare, alfanar Electric has been actively involved in numerous social awareness initiatives over the years.

The Children with Disability Association

In Saudi Arabia, alfanar Electric joined hands with The Children with Disability Association for the inspiring "Greeting Cards 2022" programme. This unique initiative features an exclusive collection of greeting cards, with each design crafted by talented disabled children themselves. The sale of these special greeting cards serves as a meaningful fundraising effort, with all proceeds directly benefiting the association's efforts in supporting children with disabilities. Our partnership with the Children with Disability Association holds significant pride as we witness the positive impact it has on the lives of these exceptional children. Through

the association's support, these children are empowered to enhance their lifestyle skills and foster positive interactions, enriching their lives and promoting inclusivity in society.



In Saudi Arabia alfanar Wins Ideal Housing Award at "Labour Award 2022 Ceremony"

As part of its commitment to recognising the efforts of outstanding enterprises, the Ministry of Human Resources and Social Development has taken various initiatives across different tracks. These initiatives

aim to motivate enterprises to adopt distinctive practical models and enhance compliance with the standards of an ideal work environment. By doing so, they strive to foster competitiveness and encourage the workforce.

For the second year in a row, the Ministry organised the Labour Award to celebrate private sector organisations that have excelled in these areas. alfanar won first place for the "Ideal Workers Accommodation" award. Over the years, alfanar has been keen to create an ideal housing environment for its employees, firmly believing that the human element is the most important asset. The company cherishes its workforce and invests heavily in their development.



Electricity and Associated Electrical Hazards Educational Campaign

As part of our commitment to community well-being, alfanar conducted an educational campaign to raise awareness about electricity and associated electrical hazards. Through social media outreach and community engagement initiatives, we provided valuable information on preventing electric shocks and offered guidance on contacting the appropriate support channels in case of emergencies. Moreover, alfanar, in collaboration with the Saudi Electric Company (SEC), took proactive steps to enhance electrical safety by replacing 20,000 chord extensions across the Kingdom of Saudi Arabia free of charge. This joint effort not only improved safety but also strengthened the bonds between alfanar, SEC, and the communities we serve, fostering a safer and more secure environment for all.





Driving a Responsible Business

Chapter five





Driving a Responsible Business

alfanar Electric is dedicated to driving a responsible business, with sustainability and ethical practices as our guiding principles.

We are committed to creating a positive impact through our initiatives and efforts, promoting responsible business practices, encompassing environmental stewardship, community engagement, ethical governance, and employee well-being. We are governed by alfanar Company governance practices which are centred on accountability, transparency, and integrity. We firmly believe that by upholding these principles, we can build trust with our stakeholders, foster a culture of responsible behaviour, and make informed decisions that balance the interests of multiple stakeholders.

Procurement Practices

At the heart of our procurement mission lies the goal of gaining a competitive edge for our organisation and customers. This entails strategic selection, development, and collaboration with exceptional suppliers capable of delivering excellent materials/ services in terms of quality, delivery, price, and features. By forming robust partnerships and achieving outstanding performance, we seek to fortify our standing in the market.

Our unwavering commitment to ethical procurement is evident through the extensive measures we have implemented to ensure that our suppliers align with our core values and sustainability objectives.

Supplier's Code of Conduct

As part of our commitment to responsible procurement practices, we implemented a robust supplier code of conduct to ensure operations are being performed in a manner that is appropriate. We expect our suppliers to adhere to this code of conduct, which encompasses ethical, legal, environmental, and social responsibilities.

Suppliers Qualification

We also implemented a rigorous supplier qualification process to ensure our new suppliers meet our established minimum requirements before joining our supplier list. This process entails a first delivery assessment, thorough review, and approval of initial samples from the supplier, followed by a comprehensive evaluation of the supplier through a self-assessment and on-site assessment. By fostering a collaborative approach, this

process is designed to be a cooperative effort between alfanar Electric and its suppliers, ensuring and upholding the delivery of high-quality products throughout our entire supply chain.

Suppliers Development

alfanar Electric demonstrates its commitment to knowledge sharing and empowering its stakeholders through conducting technical workshops and seminars in the locations it operates in. These sessions are tailored for electricians, traders, and contractors and offer valuable insights into the company's diverse product range and their technical aspects. By fostering a collaborative environment, alfanar Electric actively works with its stakeholders to enhance their skills and knowledge, ensuring customer satisfaction through the delivery of top-notch products and services. These workshops and seminars stand as a testament to alfanar Electric's dedication to empowering its suppliers and building lasting partnerships in the industry.



Procurement QA Manual

We consistently upheld our products' excellence, reliability, and safety values. As the market's leading top-tier provider of dependable and secure solutions, we greatly emphasise maintaining our reputation. To achieve this, we adhere to our Procurement QA Manual, which serves as a guiding framework. This commitment drives us to continuously improve our organisation, processes, and employee skill set, ensuring we meet the highest industry standards. Our customer-centric and quality-focused approach remains at the core of our continuous improvement journey.

The Procurement QA Manual comprises three main sections: Sourcing, Operation, and Management, encompassing twelve main KPIs. Our manual outlines the sourcing process for supplier selection based on alfanar's commitment to quality. It also covers contractual aspects, including various methods like purchase requisitions/orders. Moreover, it details supplier performance evaluation, life cycle management, and the supplier development programme aimed at enhancing capabilities and product performance. This comprehensive manual serves as a guiding framework to maintain exceptional standards and forge strong supplier relationships, ensuring sustainable growth and excellence at alfanar.

Local Content

At alfanar Electric, we recognise our responsibility as a Saudi company in supporting the local economy through our commitment to local content initiatives. By localising the manufacture of electric power distribution equipment for the medium-voltage network and other critical components, we contribute to the Kingdom's vision of fostering a thriving and self-reliant industrial sector. Our endeavours in supporting local content not only create job opportunities but also enhance the capabilities of qualified local suppliers. As we take pride in our achievements, we remain steadfast in our dedication to driving the prosperity of Saudi economy through strategic localisation efforts.

We initiated our remarkable journey to localise the manufacture of electric power distribution equipment for the medium-voltage network in 2004. This strategic move was driven by our strong belief that executing major projects within the Kingdom necessitates the presence of qualified local suppliers. These suppliers play a pivotal role in providing various electrical products, engineering solutions, technical support, and essential services to meet project needs and requirements, ensuring timely delivery as per the approved schedule.

To achieve our objective, we strategically targeted critical elements of electric power transmission and distribution networks for localisation. Our focus centred on key components such as medium-voltage panels, ring-connection units, and transformers. To materialise this goal, we have made significant investments in establishing state-of-the-art industrial facilities that exemplify the latest advancements in technology and innovation. These dedicated efforts have yielded remarkable success, and we are delighted to share the inspiring story of alfanar Electric's achievements in localising these vital products.



alfanar Electric obtained membership certification in the "Made in Saudi Arabia" program for being an active member of the Program since 2021. We are one of the first industrial companies in Saudi Arabia that contributes to the localisation of the electrical products industry.



It is noteworthy that the "Made in Saudi Arabia" programme is a national initiative, launched by the Saudi Export Development Authority as part of the National Industry Development and Logistics Services Program. The program aims to stimulate national industries, encourage consumers to buy local products, and develop the Kingdom's exports to global markets.



Cyber security

As organisations strive to integrate sustainability into their operations, it is crucial to recognise the importance of cybersecurity in achieving sustainable practices. Safeguarding data, preserving digital system integrity, and upholding stakeholder privacy are critical aspects of our commitment to being a responsible business. At alfanar Electric, we take our responsibility seriously when it comes to collecting, handling, and protecting employees' and customers' personal information in strict compliance with applicable privacy and information security laws. Implementing best-in-class cybersecurity measures, we fortify our networks, systems, devices, and data, ensuring a secure environment for all stakeholders. We build trust with our stakeholders by prioritising cybersecurity and contributing to a sustainable and secure future.

Research and Development

Innovation and progress lie at the heart of our Research and Development (R&D) work. We are committed to pushing the boundaries of technological advancement and sustainability in the electrical industry. Our R&D mission is centred on providing innovative, effective, and

reliable technologies, products, systems, and solutions that not only cater to diverse applications but also promote the safe and efficient use of electricity. With a relentless pursuit of excellence, we strive to enhance everyday life, making it more comfortable, secure, and user-friendly for our valued customers.

At alfanar Electric, our commitment to innovation is governed by a structured internal R&D stage-gate process. We meticulously monitor progress throughout each stage to ensure alignment with our standards and requirements. From inception to completion, this process enables us to assess the project's status, product cost, and design, making sure that every aspect meets our high expectations for quality and performance.

We acknowledge the challenges we face, including the absence of an advanced manufacturing ecosystem in KSA and limited local suppliers offering sustainable materials. However, we are resolute in our determination to find solution-based initiatives to overcome these obstacles. Proactively, we have taken steps to create a supportive ecosystem for advanced manufacturing by establishing multi-location R&D resources.

Collaborating with global partners, we have imported their expertise and experiences, growing the local market with valuable knowledge. Our commitment extends to empowering and building the capacities of local partners and suppliers, facilitating their growth alongside the sector's advancement in Saudi Arabia. Through continuous collaboration and knowledge-sharing in our R&D process, we ensure collective improvement and progress among all stakeholders, paving the way for a sustainable future.

In 2022, we made significant strides in innovation by establishing an Electronic R&D Team and Lab, attuned to the latest market trends. Our dynamic R&D team includes Plastic Material Experts, while our advanced Lab houses a state-of-the-art prototype section dedicated to electro-mechanical parts and electronics. We invested in cutting-edge software, including FEA, Moldflow, and Mechanism, to expand our capabilities.

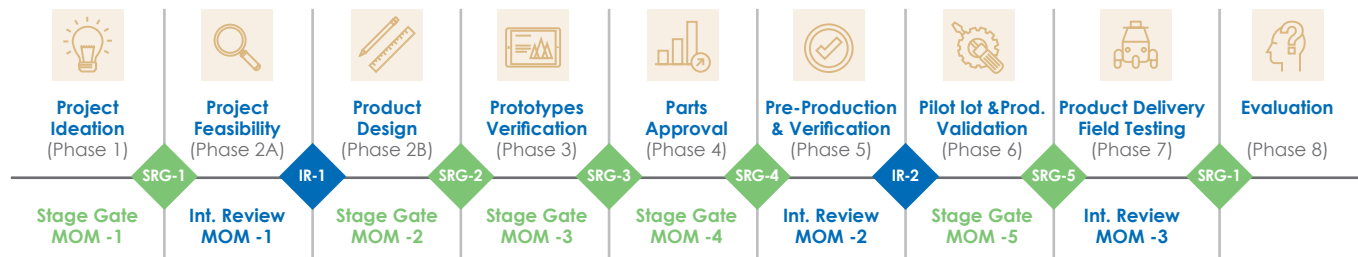
Our R&D process culminated in introducing new products to the market, focusing on safety and energy efficiency. These offerings include the Residual Current Operated Circuit Breaker (RCBO), Residual Current Device Switched Socket Outlet (SRCD),

“Our commitment extends to empowering and building the capacities of local partners and suppliers, facilitating their growth alongside the sector's advancement in Saudi Arabia.”

Portable Residual Current Protective Device (PRCD), Electrical Circuit Breaker (ECB), SMART Meters, and Motion Sensors.

We enhanced the capabilities of our International Product Standard Test Lab, attaining approval from Saudi Accreditation and DEKRA for our short circuit lab, IP testing, and other electronics. Through these efforts, we reinforce our commitment to delivering cutting-edge solutions, prioritising safety, efficiency, and adherence to international standards.

We subject our products to rigorous testing and certification in both internal and external labs. Through these thorough assessments, we ensure that our products adhere to the highest international and national standards. This unwavering dedication to quality assurance reinforces our reputation as a trusted provider of cutting-edge and reliable electrical solutions, instilling confidence in our customers and partners.



The Progress of every project is monitored at each review to ensure project status, product cost & design input Vs Output requirements.



alfanar Electrical Systems Laboratory Passes DEKRA Conformity Assessment

As part of our ongoing commitment to enhance and uphold the quality of our products, alfanar Circuit Breaker Laboratory has achieved a significant milestone by successfully renewing its certificate of approval at DEKRA, one of the world's largest electrical laboratories. By meeting all the technical and administrative requirements of the assessment, our laboratory became the exclusive regional facility authorised by DEKRA to conduct circuit breaker testing up to 10 kA. This achievement was commemorated with the inclusion of alfanar Electrical Systems Laboratory, representing the Kingdom of Saudi Arabia, on the International Electrotechnical Commission's website, signifying our dedication to excellence on a global scale.



alfanar Electric received International Design Award for the innovative 'Defender 2.0 range of Consumer Units.'

alfanar Electric received an international award from International Design Award for Home Interior Products and Switches for the innovative 'Defender 2.0 range of Consumer Units.' This award-winning product line is thoughtfully designed to seamlessly integrate into modern living environments while prioritizing enhanced safety and full compliance with the 18th Edition wiring regulations BS7671:2018. The upgraded range features a dual row board in surface mount, along with the introduction of flush mount consumer units. Notable features include:

- A fixed lid position during operation.
- An adjustable frame for flush installation.
- A spirit level for precise positioning.

Additionally, the lid is equipped with a lock, offering the added option of key lock capability. This prestigious accolade is a testament to alfanar Electric's commitment to pushing the boundaries of design and innovation, bringing top-tier solutions to our valued customers.





Our Environment

Chapter six



Our Environment

alfanar Electric is committed to sustainable practices and reducing our environmental impact. We hold international certifications for our management systems and conduct thorough assessments to optimize our operations. We will begin reporting our emissions data to track and mitigate our carbon footprint.

Our Plan to Integrate Circular Design Method

At alfanar Electric, we are committed to embracing sustainable practices and minimising our environmental impact. To achieve this, we have developed a comprehensive four-stage plan to integrate Circular Design principles into our R&D processes. Our plan entails utilising circular opportunities by incorporating waste and recycled materials into our products. By localising parts and ensuring easy disassembly, we aim to enhance the quality of life, promote community well-being, and protect the environment.

Collaboration with our suppliers is essential to achieving our circular design goals as we work together to adopt Cradle to Cradle product innovation, adhering to RoHS and REACH standards for safe and circular materials.

Our multi-year plan outlines specific milestones:



by **2024,**

we aim to effectively re-use plastic waste...



by **2028,**

our focus will shift to refurbishing product returns, reducing waste and maximising resource efficiency.

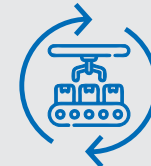
...followed by the selection of plastic, paper, and packaging materials for recycling by



2026

Ultimately, by

2030,



we plan to establish a sustainable closed-loop system for remanufacturing, encouraging the return and recycling of products at the source.

Through this holistic approach, we are dedicated to promoting a circular economy and ensuring that our innovations contribute to a more sustainable future.



International Certifications

In 2022, alfanar Electric achieved a significant milestone by obtaining ISO 14001 certification. This certification empowers us to adopt a more environmentally conscious approach, contributing positively to both the business and the planet. ISO 14001 is an internationally recognised standard for environmental management systems (EMS) that provides a framework for organisations to manage and improve their environmental performance. It outlines requirements and guidelines for identifying and controlling environmental aspects, promoting sustainable practices, and ensuring compliance with relevant regulations.

alfanar Electric's attainment of this certification confirms our successful implementation of an effective Environmental Management System (EMS) that follows globally recognised best practices. By adopting this system, we can systematically identify and address environmental aspects, resulting in reduced resource use, waste, and emissions. Moreover, it enhances our reputation and credibility, leading to new business opportunities, as more companies seek environmentally conscious partners. This not only contributes to a greener future but also helps us save costs through improved operational efficiency, waste reduction, and ensures compliance with environmental regulations.

Life Cycle Assessment

In 2022, we undertook a detailed Lifecycle Assessment (LCA) of products that represents a significant and crucial initiative for alfanar Electric. The assessment looked into identifying product-wise lifecycle impact on the environment to identify their contributions towards Sustainability certification requirements.

This comprehensive analysis delves into the entire life cycle of each product, from raw material extraction to manufacturing, distribution, usage, and eventual disposal or recycling. By conducting such a thorough evaluation, we gained a comprehensive understanding of the environmental impact associated with each product throughout its life cycle. The assessment outcomes help us make informed decisions and strategically prioritise our sustainability commitments. It also allows us to make key changes in our manufacturing process and procurement strategies to ensure that our products have the least environmental impact throughout their lifecycle.

These assessments will undergo a thorough third-party verification and lead to the development of an Environment Product Declaration

(EPD) that will be published on global EPD program operator platforms.

These declarations serve as tangible evidence of our commitment to sustainability and reassure our customers that they are investing in eco-friendly and responsible products, along with a transparent declaration of product-related environmental information.

Sustainable Offerings

alfanar Electric pursuit of sustainability, we have taken significant steps to expand its portfolio in sustainable energy ventures. One such endeavour involves a framework agreement with

the Red Sea Development Company in Saudi Arabia. Under this agreement, we will provide electric vehicle AC/DC chargers for the company's infrastructure projects, contributing

to a greener future. Notably, alfanar Electric is the first local manufacturer to supply Electric Vehicle (EV) chargers, aligning with the Red Sea Development Company's vision of promoting green energy and reducing carbon emissions. This partnership represents a milestone in alfanar Electric commitment to sustainability and its ongoing efforts to support eco-friendly initiatives.

Additionally, we are actively supporting the Middle East Green Initiative, spearheaded by His Royal Highness Crown Prince Mohammed Bin Salman. To this end, we joined forces with several organisations in Egypt to establish a green ammonia facility. With a substantial investment of \$3.5 billion, the project will harness renewable energy sources to produce 500,000 tons of green ammonia annually, derived from 100,000 tons of green hydrogen.

By actively engaging in both the EV charger project and the green ammonia facility, alfanar Electric continues to demonstrate its dedication to advancing sustainable offerings and playing a pivotal role in the region's transition towards a more environmentally conscious future.

Moreover, in 2022, alfanar Electric initiated a RoHS (Restriction of Hazardous Substances) assessment for its product portfolio, reaffirming our commitment to environmental stewardship and regulatory compliance. This detailed study demonstrates our dedication to minimising the utilisation of hazardous substances within our products, thereby championing environmental preservation and delivering safer, more sustainable solutions to our valued clientele. This program serves as a pivotal milestone in our ongoing pursuit of manufacturing products that align with international best practices. We anticipate the results of this study, which will be disclosed in 2023, as will further inform our sustainability efforts and product development.



In 2022, we undertook a detailed Lifecycle Assessment (LCA) of products that represents a significant and crucial initiative for alfanar Electric.





GRI Index Appendix 1



GRI Index

GRI Standard	Disclosure	Qualitative Details
General disclosures		
GRI 2: General Disclosures 2021	2-1 Organisational details	Chapter 1 - About alfanar, p. 6
	2-2 Entities included in the organization's sustainability reporting	About this Report, p.4
	2-3 Reporting period, frequency and contact point	About this Report, p.4
	2-4 Restatements of information	Not Applicable
	2-5 External assurance	AE has not sought external assurance of its sustainability report.
	2-6 Activities, value chain and other business relationships	Chapter 1 - About alfanar, p. 6
	2-7 Employees	Chapter 1 - About alfanar, p. 7
	2-9 Governance structure and composition	Chapter 1 - About alfanar, p. 7
	2-10 Nomination and selection of the highest governance body	Chapter 1 - About alfanar, p. 7
	2-21 Annual total compensation ratio	Not Applicable
	2-22 Statement on sustainable development strategy	Chapter 2 - Sustainability Management, p. 11
	2-23 Policy commitments	Chapter 1 - About alfanar, p. 7 - 9 and Chapter 5 - Driving a Responsible Business, P. 23
	2-24 Embedding policy commitments	Chapter 1 - About alfanar, p. 7 - 9 and Chapter 5 - Driving a Responsible Business, P. 23
	2-25 Processes to remediate negative impacts	Chapter 3 - Our People, p. 16
	2-26 Mechanisms for seeking advice and raising concerns	Chapter 1 - About alfanar, p. 8 and Chapter 3 - Our People, p. 16
	2-27 Compliance with laws and regulations	Chapter 1 - About alfanar, p. 7 and Chapter 3 - Our People, p. 15
	2-28 Membership associations	Chapter 5 - Driving a Responsible Business, p. 24
	2-29 Approach to stakeholder engagement	Chapter 2 - Sustainability Management, p. 11
	2-30 Collective bargaining agreements	AE is committed to compliance with local laws and regulations. While the UAE has signed six ILO fundamental conventions, it has not yet ratified those related to collective bargaining and freedom of association. We maintain clear grievance and whistleblowing mechanisms, ensuring transparency and fairness. Our whistleblowing policy enables stakeholders, including employees, to confidentially report any violations, including direct contact with an independent member of relevant committees for confidentiality.



GRI Index

GRI Standard	Disclosure	Qualitative Details
Material topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Chapter 2 - Sustainability Management, p. 11 - 13
	3-2 List of material topics	Chapter 2 - Sustainability Management, p. 12 - 13
Market presence		
GRI 3: Material Topics 2021	3-3 Management of material topics	Chapter 1, About alfanar, P. 6
	202-2 Proportion of senior management hired from the local community	Omission: Information unavailable/incomplete AE is currently not monitoring this data; however, it is in the process of collecting it.
Indirect economic impacts		
	203-2 Significant indirect economic impacts	Chapter 5 - Driving a Responsible Business, p. 24
Procurement practices		
GRI 3: Material Topics 2021	3-3 Management of material topics	Chapter 2 - Sustainability Management, p. 9
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	No confirmed incidents of corruption were recorded in the reporting period.
Anti-corruption		
	205-2 Communication and training about anti-corruption policies and procedures	Chapter 2 - Sustainability Management, p. 9
	205-3 Confirmed incidents of corruption and actions taken	No confirmed incidents of corruption were recorded in the reporting period.
Anti-competitive behaviour		
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	No legal actions or potential legal action reporting in 2022.



GRI Index

GRI Standard	Disclosure	Qualitative Details
Materials		
GRI 3: Material Topics 2021	3-3 Management of material topics	Chapter 6 - Our Environment, p. 28
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Omission: Information unavailable/incomplete
	301-2 Recycled input materials used	AE is currently not monitoring this data; however, it is in the process of collecting it.
	301-3 Reclaimed products and their packaging materials	
Energy		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Omission: Information unavailable/incomplete
	302-2 Energy consumption outside of the organization	AE is currently not monitoring this data; however, it is in the process of collecting it.
	302-3 Energy intensity	
	302-4 Reduction of energy consumption	
	302-5 Reductions in energy requirements of products and services	
Water and effluents		
	303-3 Water withdrawal	Omission: Information unavailable/incomplete
	303-4 Water discharge	AE is currently not monitoring this data; however, it is in the process of collecting it.
	303-5 Water consumption	
Biodiversity		
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Omission: Information unavailable/incomplete
	304-2 Significant impacts of activities, products and services on biodiversity	AE is currently not monitoring this data; however, it is in the process of collecting it.
	304-3 Habitats protected or restored	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	



GRI Index

GRI Standard	Disclosure	Qualitative Details
Emissions		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Omission: Information unavailable/incomplete
	305-2 Energy indirect (Scope 2) GHG emissions	AE is currently not monitoring this data; however, it is in the process of collecting it.
	305-3 Other indirect (Scope 3) GHG emissions	
	305-4 GHG emissions intensity	
	305-5 Reduction of GHG emissions	
	305-6 Emissions of ozone-depleting substances (ODS)	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	
Waste		
GRI 3: Material Topics 2021	3-3 Management of material topics	Chapter 6 - Our Environment, p. 27
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Omission: Information unavailable/incomplete AE is currently not monitoring this data; however, it is in the process of collecting it.
	306-2 Management of significant waste-related impacts	
	306-3 Waste generated	
	306-4 Waste diverted from disposal	
	306-5 Waste directed to disposal	
Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	Chapter 3 - Our People, p. 16
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Omission: Information unavailable/incomplete AE is currently not monitoring this data; however, it is in the process of collecting it.
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Chapter 3 - Our People, p. 15
	401-3 Parental leave	AE's parental leaves policy is in line with KSA's labour law.



GRI Index

GRI Standard	Disclosure	Qualitative Details
Labor/management relations		
GRI 3: Material Topics 2021	3-3 Management of material topics	Chapter 3 - Our People, p. 15 - 16
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	AE complies with KSA's labour law.
Occupational health and safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Chapter 3 - Our People, p. 16 - 19
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Chapter 3 - Our People, p. 16 - 19
	403-2 Hazard identification, risk assessment, and incident investigation	Chapter 3 - Our People, p. 16 - 19
	403-3 Occupational health services	Chapter 3 - Our People, p. 16 - 19
	403-4 Worker participation, consultation, and communication on occupational health and safety	Chapter 3 - Our People, p. 17
	403-5 Worker training on occupational health and safety	Chapter 3 - Our People, p. 16 - 19
	403-6 Promotion of worker health	Chapter 3 - Our People, p. 17
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Chapter 3 - Our People, p. 16 - 19
	403-8 Workers covered by an occupational health and safety management system	Chapter 3 - Our People, p. 16 - 19
	403-9 Work-related injuries	Chapter 3 - Our People, p. 17
	403-10 Work-related ill health	Omission: Information unavailable/incomplete AE is currently not monitoring this data; however, it is in the process of collecting it.



GRI Index

GRI Standard	Disclosure	Qualitative Details
Training and education		
GRI 3: Material Topics 2021	3-3 Management of material topics	Chapter 3 - Our People, p. 16
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Chapter 3 - Our People, p. 19
	404-2 Programs for upgrading employee skills and transition assistance programs	Chapter 3 - Our People, p. 16 & 19
	404-3 Percentage of employees receiving regular performance and career development reviews	Omission: Information unavailable/incomplete AE is currently not monitoring this data; however, it is in the process of collecting it.
Diversity and equal opportunity		
GRI 3: Material Topics 2021	3-3 Management of material topics	Chapter 3 - Our People, p. 15
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Chapter 3 - Our People, p. 15
	405-2 Ratio of basic salary and remuneration of women to men	This is AE's first sustainability report. Data collection is currently underway, and the results will be presented in the forthcoming report.
Non-discrimination		
GRI 3: Material Topics 2021	3-3 Management of material topics	Chapter 3 - Our People, p. 15
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Omission: Information unavailable/incomplete AE is currently not monitoring this data; however, it is in the process of collecting it.
Child labour		
GRI 3: Material Topics 2021	3-3 Management of material topics	Chapter 3 - Our People, p. 19
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	The Saudi Government imposes stringent controls on employment for anyone below the age of 18. This makes it highly unlikely for anyone conducting business with alfanar to have children in their workforce.



GRI Index

GRI Standard	Disclosure	Qualitative Details
Local communities		
GRI 3: Material Topics 2021	3-3 Management of material topics	Chapter 4 - Our Communities and Initiatives, p.21
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Chapter 4 - Our Communities and Initiatives, p.21
	413-2 Operations with significant actual and potential negative impacts on local communities	Omission: Information unavailable/incomplete AE is currently not monitoring this data; however, it is in the process of collecting it.
Customer health and safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Chapter 1 - About alfanar, p.7 and Chapter 5 - Driving a Responsible Business, p. 25
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	AE places the highest importance on customers' health and safety, embodying this commitment through a rigorous assessment process, ensuring every product leaving the manufacturing facilities meets the highest safety standards. AE's enduring commitment to continuous innovation and improvement drives excellence across all aspects of operations.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Omission: Information unavailable/incomplete AE is currently not monitoring this data; however, it is in the process of collecting it.
Customer privacy		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	





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