



alfanar Electric⁺⁺ Sustainability | 23 Report | 24

Contents ⁺⁺

About the Report	3
A Message from the President	4

Chapter 1: About Us	5
Corporate Vision, Mission & Values	7
Operations	8
Our Recognitions, Awards & Accomplishments	9

Chapter 2: Sustainability Governance & Insights	11
Our Sustainability Performance Highlights	12
Stakeholder Engagement	14
Materiality Assessment	15

Chapter 3: Driving a Responsible Business	18
Corporate Governance	19
Business Ethics	20
Risk Management & Business Continuity	21
ESG Risk & Compliance	22
Local Content	23
Cybersecurity & Data Privacy	24
Digital Transformation & Innovation	26
Customer Relationship Management	28
Product Quality & Safety	29
Supply Chain & Procurement Management	31

Chapter 4: Workforce Wellbeing and Development	32
Talent Management	33
Diversity, Equity & Inclusion	34
Learning & Development	35
Occupational Health, Safety & Wellbeing	36
Human and Labor Rights	40

Sustainable Resource Management	41
Materials Management & Circularity	42
Waste Management	43
Energy Management	44
Greenhouse Gas (GHG) Emissions and Climate Change	45
Mitigation & Adaptation Water Management	45
Biodiversity	46

Chapter 5: Engaging with our Communities	47
Community Development & Partnerships	48

Appendices	50
Appendix A – GRI Content Index	51
Appendix B – Abbreviations & Acronyms	61

About the Report⁺⁺

[GRI 2-2 | 2-3 | 2-4 | 2-5]

+ Report Overview

At alfanar Electric (AE), we are pleased to present the 2023-2024 Sustainability Report, comprehensively outlining our sustainability commitments, key achievements, and future goals, highlighting our consistent dedication to integrating sustainability into every facet of our operations.

It offers an in-depth analysis of our approach to sustainability management and provides an overview of the policies, frameworks, and programs designed to drive continuous improvement in our Sustainability journey.

The report is structured in a cohesive manner beginning with the context of our business model and the foundation of our sustainability approach which then translates into our non-financial performance data in Environmental, Social, and Governance (ESG) metrics ensuring clarity and transparency in communicating our current progress and long-term vision.

+ Report Scope









The information presented in this report covers the AE operations in the Kingdom of Saudi Arabia (KSA) and alfanar L.L.C (UAE) and where available data from AE's fully owned subsidiaries: Contactum (United Kingdom), ZIV (Spain), SFA (Turkey), E.A Srl (Italy), and Kopp (Germany). The alfanar Engineering Services subsidiary's information is excluded from this report. All economic values are expressed in Saudi Riyal (SAR). Our statements on future developments and past occurrences are based on the information and assumption available at the time of documentation. Nevertheless, 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.

+ Report Period and Frequency

The report highlights the significant activities, events and changes that took place in the fiscal year 2023-2024 (1st January 2023 – 31st December 2024). We intend to continue reporting on our sustainability progress annually.

Report Standards and Principles

To define the contents of this report, the report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021 which supports organizations to report on environmental, social and corporate governance impacts. This report is developed in line with GRI's 8 reporting principles:

 Sustainability	 Context completeness	 Accuracy	 Balance
 Comparability	 Timeliness	 Clarity	 Verifiability

This report's GRI content index can be found in Appendix A. We have also aligned our material topics to 17 United Nations Sustainability Development Goals (UN SDGs), which can be found in Chapter 2 – Materiality Assessment.

+ Report Assurance and Restatements

Please note that this Sustainability report has not been externally assured to audit our data. This report presents quantitative data for 2023 and 2024. Since no historical data is included, restatements are not applicable for this year's report.

+ Report Feedback

Thank you for your interest in AE, we welcome all feedback from our stakeholders for enhancing this report. If you have any questions or require further information about its content, please reach out to us.



Website
www.alfanar.com



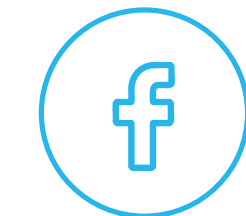
Email
ahmad.alsaleh@alfanar.com



Telephone
800-124-1333 (toll free)
+966-11-494-5400 (overseas)



Fax
00966-11-275-6699



Facebook



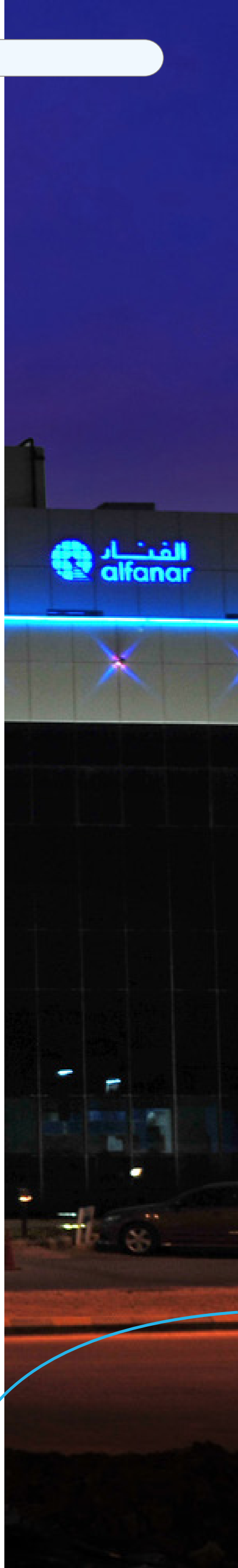
X



Youtube



LinkedIn



A Message from the President⁺

[GRI 2-22]

⁺ alfanar Electric 2023-2024 Sustainability Report provides a comprehensive progress overview of its Environmental, Social, and Governance (ESG) performance measures for 2023 and 2024, in alignment with the GRI Standards 2021.

“”

We are pleased to introduce alfanar Electric's 2023-24 Sustainability Report, which reflects our commitment to sustainability and our ongoing efforts to contribute meaningfully to the environment, communities and the economy. Sustainability is not just respecting regulations for us; it is a fundamental value that drives our decisions, shaping the way we work today and securing a better future for generations to come.



In 2024, alfanar Electric refreshed its materiality analysis following the GRI 3: Material Topics 2021 Impact materiality guidelines, conducting extensive cross-departmental engagements to identify and prioritize material risks, opportunities, and overall impact. alfanar Electric is also proud to share that its UK operation has secured a Silver Rating from EcoVadis, placing them among the top 25% of companies in sustainability performance within EcoVadis universe. For alfanar Electric, sustainability reporting is more than a requirement, it is a commitment to be transparent and accountable for continuous improvement to its people, and the communities we serve. It is not just about what we do, but how we do it, and we believe that openness and accountability are key to driving trust with all our stakeholders and creating a lasting positive impact.

At the heart of our success are our people. We are dedicated to continuous learning and development by providing technical training programs, which equip our employees with the skills to thrive in an ever-evolving work environment. In 2023, alfanar Electric launched the Empowering Potential Ladies (EPL) program, a three-month on-the-job training initiative designed to equip women with the skills needed to transition into leadership and administrative roles, promoting diversity and inclusion. In 2024, we were honored to receive the Certificate of Completion for Medinet Alfanar, our industrial city, from Saudi Authority for Industrial Cities and Technology Zones (MODON) recognizing our contributions to Saudi Arabia's energy and industrial sectors. alfanar Electric was also recognized by the Ministry of Human Resources and Social Development for its responsibility to providing the ideal accommodation in the Kingdom, reinforcing our efforts to create quality, sustainable and comfortable living environments for our employees.

We are truly committed to driving the growth of the local economy through our strategic focus on local content initiatives. In 2024, alfanar Electric was honored to receive an Honorary Shield from HE Mr. Yasser Al-Rumayyan, Governor of the Public Investment Fund (PIF), for its outstanding contribution to local content in its collaboration with PIF portfolio companies. alfanar Electric also secured gold membership in the "Saudi Made" program, which highlights its ongoing efforts to develop local capabilities and promote homegrown talent. We continue to work towards increasing our share of local procurement year by year.

Innovation has always been a cornerstone of alfanar Electric approach. We are continuously looking for ways to improve and lead in the areas of technology while integrating sustainability. A proud milestone in this journey was the inauguration of alfanar Electric SF6-Free Smart Ring Main Unit (SRMU) factory, the first of its kind in the Middle East, by the Saudi Energy Minister. Knowing that 1g of this SF6 gas is equivalent to 22800g of CO2, this achievement marks a significant milestone in adopting green technologies. It will position Saudi Arabia as a producer and exporter of sustainable solutions to Europe and beyond, while reducing the Kingdom's environmental footprint and contributing to the global transition toward clean energy.

As part of our ongoing commitment to sustainability, we continuously introduce new practices and provide platforms like Kaizen for employees to contribute their ideas on process efficiency and environmental improvements. Through regular sustainability audits, we evaluate factory performance, identify areas for enhancement, and implement targeted improvement plans. Our efforts to reduce plastic waste and optimize packaging

by increasing the use of reusable materials have significantly minimized our environmental footprint. We've transitioned from manual label painting to a laser machine, resulting in a 50% reduction in chemical waste, with plans to completely eliminate spray paint use by 2025. To enhance energy efficiency, we have adopted electric forklifts, jacks, and VNA machines, supported by nine battery charging stations to shift to electric equipment and introduced smart meters to track energy consumption and identify major energy consumers. We source our wood requirements only from FSC forest management certification. alfanar Electric manufacture its products solutions only from RoHS Certified raw materials. These collective initiatives underscore our commitment to driving sustainability, improving resource efficiency, and managing our environmental impact.

We also engage in community development initiatives aimed at creating lasting, positive change by addressing local needs. Our efforts focus on areas such as education, safety, welfare, and infrastructure, all with the goal of improving the quality of life for the communities we serve. In 2023-2024, we dedicated our efforts to combating counterfeit electrical products and supporting children with disabilities.

As we look to the future, we remain dedicated to our values excellence, innovation, and responsibility that have shaped our success. Thank you for your continued support as we work to create our lasting impact on the Kingdom and beyond.

Sincerely,

Pascal Hoerter
alfanar Electric President

CHAPTER 1: ABOUT US ⁺₊

As an electrical solution provider and product manufacturer with a presence across multiple regions, we are dedicated to delivering efficient, innovative and quality expertise that power energy industries and communities worldwide. Our commitment is guided by our vision and core values, ensuring that we consistently meet the evolving needs of our customers while promoting sustainability and safety.

This chapter provides an overview of our purpose, core divisions and diverse range of products and services, showcasing how we contribute to industrial growth and community development through electrical solutions. It also highlights our key recognitions, partnerships, and awards for our commitment to excellence and collaboration.

1





About alfanar

[GRI 2-1]

At alfanar, we design and manufacture a wide range of Low, Medium and High Voltage electrical construction products, Engineering, Procurement, and Construction (EPC) solutions for conventional and renewable power plants, allied engineering services and design engineering for the Energy, Water, and Infrastructure Industries. We have an active and constantly growing global presence across Middle East, Asia, Africa, and Europe.

Our products reflect our commitment to the highest standards of quality, safety and performance as they are designed and manufactured in modern plants employing state-of-the-art technologies and practices and subjected to rigorous quality testing in all production stages. We are adopting alternative energy sources by specializing in developing and investing in renewable energy projects to minimize the environmental impact of the energy

industry. We operate a number of well-equipped research and development laboratories staffed by highly qualified engineers to ensure that we can keep abreast of the latest developments in our industries. We are engaged in various research and development projects that focus on the development of infrastructure and energy management systems, intelligent transformation for the distribution automation & the integration of smart meters.



alfanar has 3 operating segments as shown below: alfanar Electric, alfanar Project and alfanar Renewable Energy.



About alfanar Electric⁺

[GRI 2-1]

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 domestically and internationally. We operate our activities from several locations around the world, including alfanar Industrial City Kingdom of Saudi Arabia (KSA) and alfanar L.L.C (UAE), Contactum (United Kingdom), ZIV (Spain), SFA (Turkey), E.A Srl (Italy), and Kopp (Germany).

We have implemented high-quality management systems, in-house tool designing and engineering design capabilities. These strengths enable us to deliver products that meet or exceed industry standards for quality and safety.

Corporate Vision, Mission & Values

[GRI 2-1]

AE aligns closely with alfanar’s corporate vision, mission, and values. Our mission is embedded in our vision.

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.

“The POWER OF EXCELLENCE”

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.

Operations ⁺⁺

[GRI 2-1 | 2-6]

At AE, we manufacture and distribute products related to electrical systems. Our KSA manufacturing operations hub is based in Medinet Alfancar (Alfancar Industrial City), a high-tech 700,000 square meter complex in Riyadh's Third Industrial Zone, supported by our global network of manufacturing facilities. It houses a variety of ultra-modern manufacturing facilities and laboratories equipped with state-of-the-art technologies and staffed by highly trained professionals. These facilities produce the following categories of electrical products:

<p>Electrical Switches & Sockets</p> 	<p>LED Lighting</p> 	<p>Distribution Boards</p> 	<p>Metal Boxes & Enclosures</p> 	<p>Circuit Breakers</p> 	<p>Cables and Wires</p> 
<p>E-Mobility Solutions</p> 	<p>LV Systems and Solutions</p> 	<p>Medium Voltage Systems & Solutions</p> 	<p>Transformers & Package Substations</p> 	<p>Distribution & Substations Automation</p> 	<p>Cyber Security</p> 
<p>Dry Type Transformers</p> 	<p>RMU - Ring Main Units</p> 	<p>Masa</p> 	<p>New Raysan Load Center</p> 	<p>ACB</p> 	

Our Recognitions, Awards & Accomplishments

alfanar Receives Honorary Shield from HE Mr. Yasser Al-Rumayyan, Governor of the Public Investment Fund (PIF), for Outstanding Contribution to Local Content and Best Performance in PIF's Musahamah Program



alfanar Electric has taken a significant step in advancing Saudi Arabia's industrial capabilities by securing gold membership in the "Saudi Made" program



alfanar Showcases Sustainable Mobility Solutions at EV Auto Show 2023, Featuring alfaCharge and Solar Charging Systems



Our Recognitions, Awards & Accomplishments

alfanar Receives Certificate of Completion for Medinet alfanar from MODON, Recognizing Contributions to Saudi Arabia's Energy and Industrial Sectors



alfanar & Hewlett Packard Enterprise (HPE) Announce the Launch of the First "Saudi Made" Servers



CHAPTER 2: ⁺ OUR SUSTAINABILITY FOCUS ⁺

Sustainability is integral to our corporate strategy, shaping leadership decision-making, fostering our stakeholder collaboration, and our approach to address key ESG priorities. We aim to create meaningful impact across our operations and communities we serve, guided by regional and global sustainability standards.

This chapter portrays our sustainability performance, how we integrate sustainability within our governance framework, engage with stakeholders to align on shared priorities, and address ESG risks and opportunities through materiality assessments to take decisive actions that enhance sustainability maturity and drive long-term value creation.



Our Sustainability Performance Highlights ⁺

Saudi Energy Minister inaugurates sulfur hexafluoride free Smart Ring Main Unit



Training Department at alfanar Electric introduced a Project Management Professional (PMP) Program for alfanar Electric employees



alfanar Electric Signed the Sustainability Champions Program at COP16 Riyadh, in partnership with Saudi Electricity Company (SEC) and the Ministry of Economy and Planning - MEPSaudi.



Our Sustainability Performance Highlights ⁺

Human Resource' Department at alfanar Electric celebrated the graduation of the Empowering Potential Ladies (EPL) program.



alfanar Electric honored the winners of the AE Challenge, driving excellence in HSE, maintenance, standards, sustainability, and hygiene across factories



alfanar Electric in Spain: UNGC signatory since 2006



alfanar Electric in UK: Silver Sustainability Rating



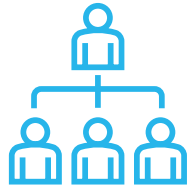





Stakeholder Engagement⁺⁺

[GRI 2-29 | 3-3]

⁺ Through regular and targeted engagement with stakeholders, we deepen our understanding of their priorities and, where appropriate, align our initiatives with their interests and needs.

Recognizing that the transition to a sustainable future is a shared endeavor, we place great importance on ongoing dialogue with our stakeholders. We engage with our key stakeholder groups through diverse platforms ensuring two-way communication that drives continuous improvement in both our ambitions and operational performance. This approach keeps us informed of their most pressing concerns and integrates their perspectives into our journey. We strive to create a positive impact on society and work towards a brighter and more inclusive future for all by involving stakeholders in our decision-making processes. Through open and transparent communication, we aim to foster lasting partnerships that drive mutual growth and ensure our actions are in harmony with the needs and expectations of our stakeholders.

Opposite are the key stakeholder groups, engagement objectives, and methods we use to drive meaningful collaboration:

Stakeholder group	Engagement objective	Engagement methods	
 Employees	To actively involve employees in decisions that shape the future of alfanar Electric.	<ul style="list-style-type: none"> • Internal events & gatherings • Employee care program • Emails • Newsletters • Company portal • Employee surveys • Whistle-blower system 	<ul style="list-style-type: none"> • Employee development committee • Training and development programs • Performance reviews • Communal spaces within Medinet alfanar
 Suppliers and Contractors	To collaborate on delivering safe and responsible operations that align with our sustainability goals.	<ul style="list-style-type: none"> • Workshops and seminars • Meetings • Emails 	<ul style="list-style-type: none"> • Tender and pre-award questionnaires • Suppliers' assessments
 Government	To contribute to the development of future policy and stay informed of new legislation or regulations that may impact our operations.	<ul style="list-style-type: none"> • Conferences / forums • Market disclosures • Meetings • Workshops • Site tours 	<ul style="list-style-type: none"> • Compliance with Saudi's laws and regulations • Lead the introduction of new sustainable solutions
 Shareholder	To align on growth opportunities, provide insights into market trends, and identify and address potential risks to our long-term financial viability through strategic collaboration.	<ul style="list-style-type: none"> • Annual shareholders meetings • Annual and quarterly reporting 	<ul style="list-style-type: none"> • Meetings between investors, senior leadership and investor relations
 Customers	To better understand market needs, identify innovation opportunities, and drive business value through tailored solutions.	<ul style="list-style-type: none"> • Call center • Digital channels (website, social media, apps, etc.) • Trainings • Workshops and Seminars 	<ul style="list-style-type: none"> • Meetings and visits • Customer feedback channels • Co-development of products and solutions
 Local Communities	To understand the expectations and needs of our communities and engage them in initiatives that support community development.	<ul style="list-style-type: none"> • Partnerships with community organizations • CSR activities 	<ul style="list-style-type: none"> • Job Fairs

Materiality Assessment⁺⁺

[GRI 3-1]

⁺⁺ At alfanar Electric, materiality plays a key role in shaping our approach to sustainability. Through an ongoing process of evaluating environmental, social, and governance factors, we identify the most relevant risks and opportunities that could impact our business in the short, medium and long term.

This includes understanding emerging trends in sustainability, technology, demographics, and geopolitical shifts that could influence our strategies and operations. By focusing on these material topics, we aim to address challenges effectively and align our efforts with sustainable growth, while considering both the direct and indirect impacts we have on people, the planet, and our value chain.

We conducted our first formal materiality assessment in 2022 and revised it in 2024 to align with the GRI 3 Material Topics 2021 guidelines part of GRI Universal Standards 2021, which became effective on January 1, 2023. The process involved the following steps:

1. Topic Review and Update⁺⁺

To refine our previous material topics and align with emerging sustainability priorities, we benchmarked our topics against those of industry peers, both globally and nationally. We also reviewed relevant sustainability frameworks, including GRI Standards 2021 and the 17 UN SDGs, ensuring that our material topics reflect both current and future industry challenges.

3. Prioritization and Validation⁺⁺

Results of stakeholder consultations were integrated to offer a well-rounded perspective on topic prioritization. This led to the development of a ranked list of material topics, which was presented to senior management for validation to ensure it aligned with the organization's broader strategic and sustainability goals.



2. Impact, Risk and Opportunity Analysis⁺⁺

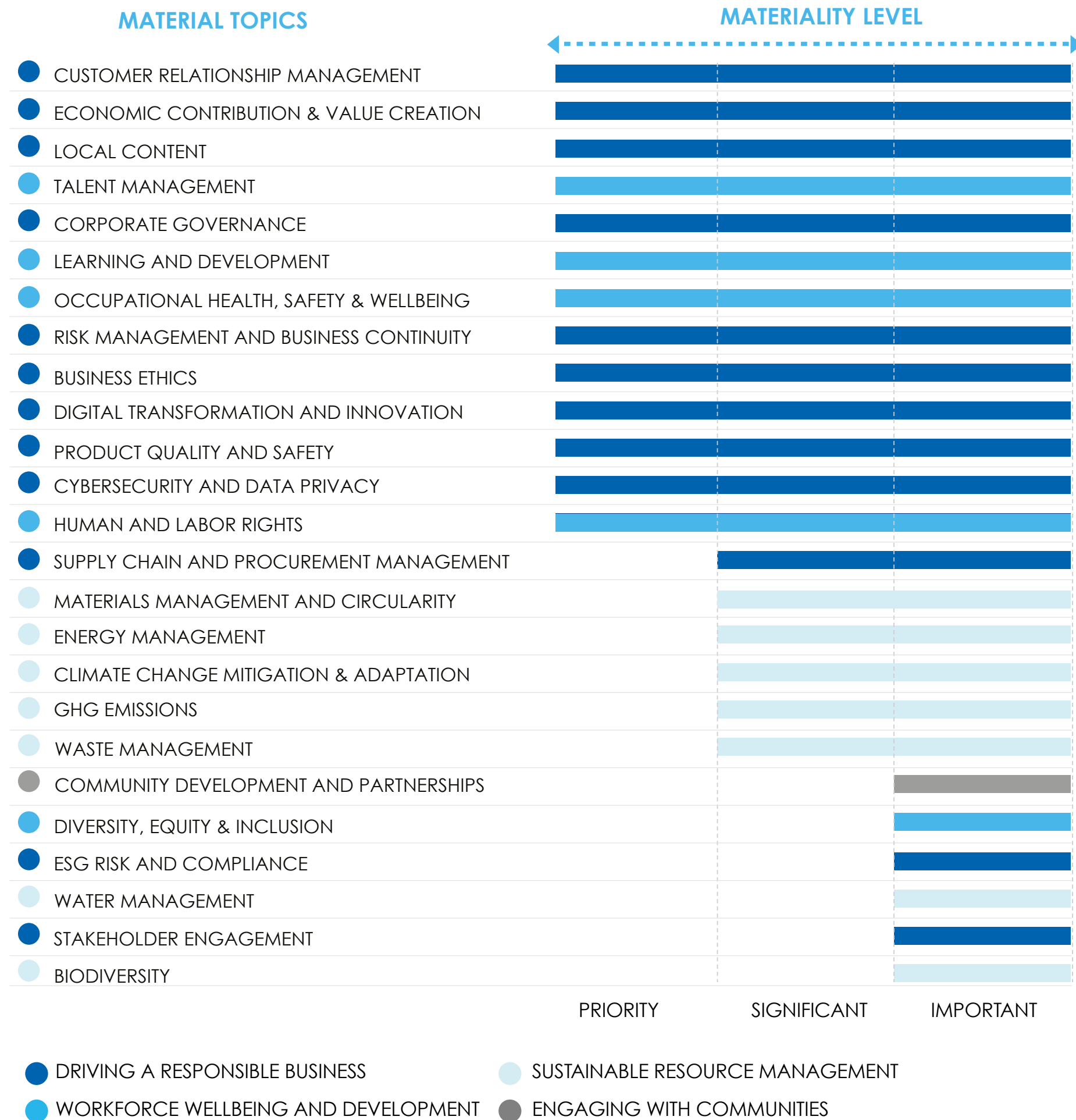
alfanar Electric's Enterprise Risk Management (ERM) framework guided the development of our methodology for assessing risks, opportunities, and impacts. Stakeholder groups across the organization, including departments and representatives from our subsidiaries in Germany, Turkey, Spain, Italy, and the UK, participated in the evaluation process. The assessment considered the scale, scope, likelihood of each identified risk and opportunity, including the impact on human rights. Each topic was evaluated for its potential effects on our business, as well as on society, the economy, and the environment.

The results are reflected in the section Material Topics, which categorizes sustainability topics based on their importance ranked as "Priority," "Significant," and "Important." Out of twenty-five topics, thirteen are ranked as "Priority," six as "Significant," and six as "Important." This process helps us prioritize our disclosure obligations and ensure our sustainability reporting addresses the most relevant issues for our stakeholders, operations, and performance. To maintain relevance, we commit to regularly reviewing and updating the assessment to align with stakeholder expectations, industry trends, and peer practices.



alfanar Electric's⁺⁺ Materiality Results

[GRI 3-2]



Our 10 material topics contribute to all 17 UN Sustainable Development Goals ⁺⁺

Environment ⁺⁺

Climate Change Mitigation & Adaptation	
GHG Emissions	
Energy Management	
Water Management	
Waste Management	
Materials Management and Circularity	
Biodiversity	

Social ⁺⁺

Talent Management	
Learning and Development	
Human and Labor Rights	
Diversity, Equity & Inclusion	
Occupational Health, Safety & Wellbeing	
Community Development and Partnerships	

Economic ⁺⁺

Economic Contribution & Value Creation	
--	--

Governance ⁺⁺

Supply Chain & Procurement Management	
ESG Risk and Compliance	
Digital Transformation and Innovation	
Business Ethics	
Cybersecurity and Data Privacy	
Corporate Governance	
Local Content	
Product Quality and Safety	
Customer Relationship Management	
Stakeholder Engagement	n/a
Risk Management and Business Continuity	n/a

CHAPTER 3: DRIVING A RESPONSIBLE BUSINESS⁺

Responsible business practices are at the core of how we conduct business driving long-term success and creating lasting value by upholding integrity, transparency, accountability and sustainability as our guiding principles in everything we do. We are governed by alfanar governance practices with ethical standards embedded into our operations.

This chapter outlines a comprehensive overview of our strategies and actions across key areas, including corporate governance, ethical business practices, innovation in digital transformation, and commitment to product quality and safety, while also highlighting our efforts in supply chain management, cybersecurity, and value creation within the organization.

3



Corporate Governance⁺

[GRI 2-9 | 2-12 | 2-13 | 2-17 | 2-18 | 3-3]

⁺ alfanar’s governance approach is a fundamental framework that establishes the structures and systems necessary to position alfanar for sustained growth and long-term success.

In addition to promoting responsible monitoring and management practices, alfanar’s approach to corporate governance is grounded in a firm commitment to encouraging an environment of innovation, collaboration, and sustainability. By embracing these values, we aim to remain agile in a changing business environment while delivering long-term value to all stakeholders. Our Board works with management to oversee the organization’s overall conduct, setting and implementing strategies, policies, and objectives, while maintaining internal controls, upholding governance standards, and managing risks effectively. In doing so, it aims to meet the needs of all stakeholders, including employees, customers, suppliers, communities, and shareholders.

We provide training programs for newly appointed Board members, committee members, and executive management to familiarize them with the organization’s strategy, objectives, financials, operations, and their respective duties and responsibilities. Ongoing training opportunities are also available to ensure continuous development of their skills and knowledge in areas relevant to the organization’s activities. The Board, with input from the nomination committee,

implements an annual performance evaluation for itself, its members, and the executive management, using key performance indicators related to the achievement of strategic objectives, risk management, and internal controls. The process identifies strengths and weaknesses, and proposes solutions for improvement, with an external assessment conducted every three years to ensure continuous effectiveness.

alfanar’s Board is committed to providing transparent and comprehensive information to shareholders. To ensure this, written policies, procedures, and supervisory rules related to sharing the organization’s information have been established 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. Our website will feature a list of information to be disclosed, along with the methods of sharing this information. Additionally, reporting rules have been put in place to specify the required information and its classification based on nature and frequency of disclosure. The Board regularly reviews these disclosure policies to ensure they remain relevant and effective in keeping shareholders well-informed.

The Board of Directors relies on the work and recommendations of its five committees which are specifically:

-  Executive Management Committee
-  Governance Committee
-  Audit Committee
-  Risk Management Committee
-  Nomination and Compensation Committee



Business Ethics⁺

GRI 2-23 | 2-24 | 2-26 | 2-27 | 3-3 | 205-2 | 205-3 | 206-1]

+ We are deeply committed to upholding the highest standards of ethics, corporate responsibility, and integrity in every aspect of our operations.

Guided by integrity and honesty, which form the foundation of our business ethos, we uphold the highest personal standards and ensure utmost consistency between our words and actions. We strictly adhere to all relevant laws, including the Anti-Commercial Fraud, Anti-Forgery, Anti-Cover-Up, Anti-Money Laundering, and Anti-Bribery laws, ensuring a principled and lawful approach to business. Operating with due care, diligence, and responsibility, we aim to set the highest standard of professionalism, striving to earn and preserve the trust of all our stakeholders. As part of the alfanar Group, we proudly share in the values and principles that define our collective vision.

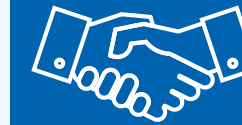
Our Code of Conduct & Ethics is the cornerstone of our ethical framework, outlining the standards to which we hold ourselves and our responsibilities to employees, stakeholders, and the wider community. The code upholds the dignity and respect of all employees, ensuring their basic needs are met, while setting clear guidelines and procedures to be followed by everyone working within or on behalf of alfanar and its divisions. By adhering to this Code, we reaffirm our commitment to conducting business with transparency, honesty, and respect—values that guide our interactions with customers, suppliers, and employees alike.

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.



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 & 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.

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.

To ensure that all our employees understand and align with the organization's ethical expectations, we provide comprehensive training on Business Ethics Policy and Procedure. This training covers essential topics such as anti-corruption, anti-bribery, handling confidential information, avoiding conflicts of interest, and maintaining a respectful and inclusive workplace. We also maintain records of all training sessions to ensure regulatory compliance and monitor participation.

We prioritize providing employees with a platform to raise concerns, whether business-related or otherwise. Our grievance and whistleblowing mechanisms are designed to handle such matters transparently and fairly. Employees who observe violations or require assistance understanding the manual are encouraged to consult with their manager, corporate governance, Internal Audit, or Legal Affairs, in line with the company's Whistleblowing Policy. This policy allows stakeholders, including employees, to report violations of laws, regulations, or internal policies, as well as concerns about financial statements or audit controls. We take every report seriously, conducting thorough investigations to address the issue. To protect confidentiality, stakeholders can report concerns to an independent Audit Committee member or other designated committees, with a dedicated phone line and email available for submitting reports.

In 2023, we provided Code of Conduct & Ethics training through the employee portal. In 2024, we expanded this by offering both portal-based and in-person training, attended by 4,623 employees. We aim to continue strengthening these training efforts in the future.

In 2023 and 2024, no confirmed incidents of corruption or anti-competitive behavior were reported.

Risk Management & Business Continuity

[GRI 2-25 | 3-3]

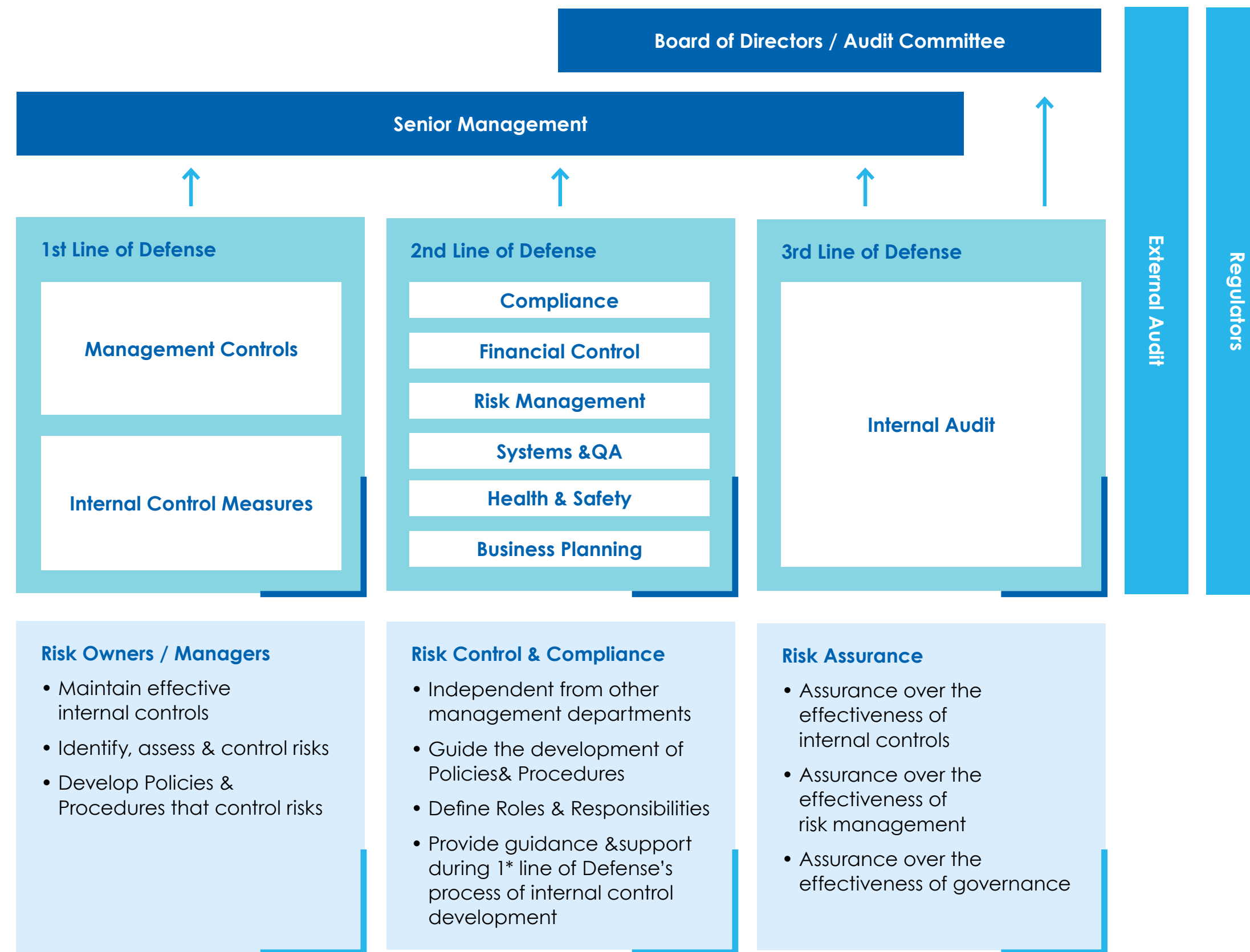
Our risk management is a part of our daily operations, embedded in decision-making at every level.

The primary objective of risk management within AE is to ensure that organizational resources and capabilities are used efficiently and effectively to manage risks, protect assets, and achieve our business goals. By incorporating risk management into the decision-making process, we empower our leaders to identify potential threats and opportunities, assess associated risks, and implement appropriate mitigation strategies, leading to more informed and conscious decisions.

As part of our Risk Management Framework, we actively promote a strong risk management culture across all levels of the organization. This is achieved by enhancing employees' and management's understanding of risk exposures and how to manage them effectively through both day-to-day operations and strategic planning activities. Our framework provides clear guidelines on our

risk management methodology for identifying, assessing, and addressing risks, while defining and documenting roles and responsibilities.

Our Internal Audit Department oversees the Risk Management Framework, ensuring its proper implementation throughout the organization. The implementation of an effective Risk Management Exercise is a collective responsibility requiring the support of AE Top Management, Business Unit Managers, Internal Audit and Support /Auxiliary Service Managers. In our 'Three Lines of Defense' model for risk management, management control serves as the first line of defense, while risk control and compliance oversight functions established by management represent the second line of defense. Independent assurance constitutes the third line. Each of these lines plays a vital role within AE's risk management framework.



We maintain a comprehensive risk register, which summarizes all individual risks within each assessment, including risk ratings (original and residual), level of control, risk decision, risk owner, and a summary of key controls or mitigating actions. Each year, process owners and risk representatives are responsible for updating their respective business unit's risk register. This update process involves reassessing the impact and likelihood of existing risks after the implementation of action plans, identifying new risks arising from changes in products, projects, or regulations, and revising action plans accordingly. Internal

Audit consolidates all business unit risk registers into a unified, comprehensive overview, with top risks analyzed and reported at two levels: to AE Management by Internal Audit and to business-specific management by Risk Representatives. Timely follow-up is crucial for ensuring the effectiveness of our risk management efforts, with each risk representative tracking progress and providing semi-annual reports. This structured and continuous approach ensures that we proactively manage and mitigate risks, safeguarding the company's objectives and reinforcing our commitment to effective risk management.

ESG Risk & Compliance

[GRI 2-23 | 3-3]

alfanar Electric is committed to maintaining the highest standards of Environmental, Social, and Governance (ESG) compliance, ensuring that our business operations align with our sustainability goals and meet the expectations of our stakeholders.

Our approach to ESG risk management incorporates robust systems, certifications, and policies that enable us to reduce environmental impacts and promote long-term sustainable growth. We maintain certifications in ISO 14001 (Environmental Management), ISO 9001 (Quality Management), and ISO 45001 (Occupational Health and Safety Management), which demonstrate our dedication to systematic risk management and continuous improvement across all facets of our operations. These certifications confirm that our business processes adhere to rigorous global standards for environmental protection, quality, and workplace safety.

We are deeply committed to minimizing the environmental impact of our operations and projects, in collaboration with stakeholders. We adhere to both international and local environmental guidelines, laws, and regulations ensuring that we meet all relevant legal requirements. We take proactive

measures to prevent pollution, optimize resource usage, and combat climate change, particularly when launching new projects or modifying existing ones. This is further reflected in the ongoing development of technologies and business systems aimed at improving sustainability. Our environmental goals include preserving biodiversity, improving operational efficiency, and reducing waste. In terms of procurement, we go beyond evaluating the quality and cost of resources and actively assess the environmental impact of materials and services, ensuring that we prioritize products and services from suppliers who demonstrate a commitment to minimizing their environmental footprint. Moreover, we hold an active Presidency of Meteorology and Environment (PME) compliance certificate from the National Center for Environmental Compliance, further attesting to our dedication to meeting environmental compliance requirements and staying ahead of regulatory developments.

Our sustainability policy provides a framework for guiding our efforts to manage ESG risks and ensure compliance with relevant standards by covering the following key areas:



ESG reporting in accordance with the GRI standard



CSRD reporting for alfanar Electric companies in the European Union



Compliance with the United Nations Sustainable Development Goals (SDGs)



Product lifecycle assessments against ISO 14025, ISO 14040, and ISO 14044



Compliance with the relevant RoHS local directive



Adherence to local waste management regulations

“OUR COMPLIANCE MANUAL UNDERSCORES OUR RESPONSIBILITY AS CORPORATE CITIZENS TO ACTIVELY PROTECT THE ENVIRONMENT AND WORK IN HARMONY WITH SOCIETAL PROSPERITY.”



Local Content⁺

[GRI 3-3 | 203-1 | 203-2]

⁺ We take great pride in our role as a Saudi organization committed to driving the growth of the local economy. Through our dedication to local content initiatives, we support the Kingdom’s vision of promoting a self-reliant and thriving industrial sector.

By localizing the manufacture of electric power distribution equipment for the medium-voltage network and other key components, we not only create valuable job opportunities but also enhance the capabilities of local suppliers to meet the diverse needs of major projects. Since 2004, we have strategically focused on the localization of critical elements within electric power transmission and distribution networks, such as medium-voltage panels, ring main units, and transformers. This forward-thinking approach has led to significant investments in cutting-edge industrial facilities, ensuring the highest standards of technology, innovation, and quality in all our products and services. Our efforts have been instrumental in making a meaningful contribution to the Kingdom's industrial ecosystem.

Our commitment to local content was recently recognized with the prestigious “Musahamah” award from the Public Investment Fund (PIF), awarded for our positive contribution to local content through collaborations with PIF portfolio companies. The award acknowledges our focus on maximizing local content while transferring know-how and fostering national expertise.

This recognition highlights our ongoing efforts to support the private sector and the national economic transformation.

We are also honored to be part of the “Made in Saudi Arabia” program, an initiative launched by the Saudi Export Development Authority to stimulate national industries and promote the purchase of local products. Since 2021, alfanar Electric has been an active member, contributing to the localization of the electrical products industry. The program encourages Saudi consumers to support local goods while boosting the Kingdom's exports to global markets. In recognition of our continued commitment to local innovation, alfanar Electric has earned gold membership in the program, which reflects our dedication to expanding the range of Saudi-made products globally and investing in research and development to enhance capabilities within the local industry. As we move forward, we remain steadfast in our commitment to driving the prosperity of Saudi Arabia's economy, with a clear focus on local workforce development and supplier empowerment.

Highlight: Empowering Local Capability Through Strategic Partnership with HPE⁺

In March 2024, Hewlett Packard Enterprise (HPE), in collaboration with alfanar Electric, launched a state-of-the-art production facility in Riyadh to manufacture HPE ProLiant DL360 and DL380 Gen11 servers locally. This partnership supports Saudi Arabia's Vision 2030 by enhancing local content and diversifying the Kingdom's tech ecosystem. The facility produces thousands of servers annually, meeting the rising demand for IT infrastructure driven by mega-projects and emerging technologies such as AI. Operated by a highly qualified Saudi workforce, including a majority of women, the facility is set to become a key hub for both local and international clients, ensuring timely delivery and the highest quality manufacturing standards. A major focus of this initiative is the development of local talent, in line with alfanar's commitment to Saudization and empowering women in the workforce.

are already exploring further investments to increase the volume of output from the facility, including new production lines dedicated to servers optimized for telecoms and Cloud Service Providers.



HPE's specialized training programs equip Saudi employees with advanced technical skills, fostering long-term growth and building a skilled workforce capable of supporting Saudi Arabia's technological ambitions. This initiative not only creates job opportunities but also enhances the capabilities of local suppliers, contributing to the Kingdom's broader economic and technological goals. HPE and alfanar

Cybersecurity & Data Privacy ⁺⁺

[GRI 2-23 | 3-3 | 418-1]

It is crucial to recognize the importance of cybersecurity and privacy in achieving sustainable practices by safeguarding data and preserving digital system integrity as critical aspects of our commitment to being a responsible business.

We proactively ensure compliance with KSA's Cybersecurity regulations - National Cybersecurity Authority Essential Cybersecurity Controls (NCA ECC) and Personal Data Protection Law (PDPL), fostering trust and transparency. We have developed policies, including the IT Security Compliance Policy and our Code of Conduct, to ensure the ethical handling of sensitive data. We are ISO 27001:2013 certified for Information Security Management Systems (ISMS), ISO/IEC 20000-1:2018 certified for IT service management, and ISO 22301:2019 certified for Business Continuity Management (BCM).

We established a Privacy Governance Framework aimed to protect customer trust, ensure PDPL compliance, enhance internal data protection processes, and strengthen cybersecurity resilience. This framework included establishing a Privacy Office with a dedicated Data Protection Officer (DPO), a data classification scheme and a Privacy Policy, defining key roles and responsibilities, conducting Privacy Impact Assessments (PIAs), and embedding privacy into new and

ongoing projects with data minimized to essential purposes and privacy defaults applied to all systems. In parallel, our cybersecurity department maintained the highest standards of protection through continuous monitoring, proactive threat hunting, and implementing advanced security measures such as Data Loss Prevention (DLP) and application security practices, including Static (SAST) and Dynamic (DAST) Application Security Testing.

The regular training sessions were conducted to raise awareness and ensure compliance. An external consultant reviewed progress and provided expert recommendations, aligning with global best practices and regulatory requirements. The achievements included increased customer trust, improved compliance and a stronger cybersecurity culture. This also helped in improving the technical vulnerability management with reduced risks associated with violations by identifying and mitigating issues early through PIAs, Security by Design (SbD) and Third-Party Risk Management (TPRM).



In 2023-2024, we made significant strides in enhancing privacy and cybersecurity through cross-departmental collaboration and enhancement of privacy management tools and systems. Key initiatives included:



Third-Party Management: vendor requirements established to assess and protect access to personal data.



Awareness and Training: specialized training and awareness program with reporting mechanisms to track participation and ensure compliance.



Privacy Risk Assessments: introduced PIAs to evaluate risks and track the effectiveness of privacy initiatives.



Data Processing and Handling: tools to monitor data retention schedules with optimized practices, audit compliance and secure data disposal.



Privacy Technology: tools to monitor data breaches, automate consent management, and streamline data subject rights.

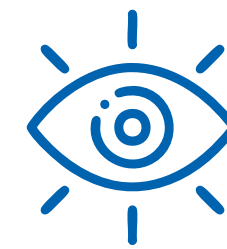


Customer Enhancements: centralized consent management and clear privacy notices to improve customer rights and accessibility.



In addition, we conducted Penetration Testing on critical systems to identify vulnerabilities and strengthen cybersecurity defenses and integrated Business Continuity Management into our cybersecurity practices to ensure resilient recovery plans during cyber incidents, safeguarding our information assets and operations. As a result of this, there were no issues raised, or grievances reported during 2023-2024 concerning breaches of customer privacy.

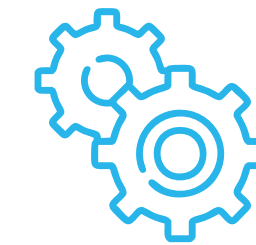
Our future plans focus on key performance indicators (KPIs) for enhanced cybersecurity maturity, privacy compliance, and vendor management. Over the next 2-5 years, we aim to fully automate privacy processes for greater tracking efficiency, achieve global data protection certifications such as ISO 27001, encourage an enterprise-wide privacy culture, and reduce data breach risks using AI-driven threat detection.



Privacy Awareness and Training: Ensure **100%** employee participation annually, with at least 85% successfully completing the training.



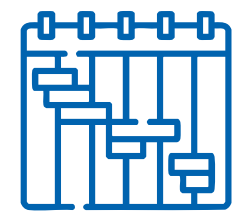
Third-Party Privacy Compliance (Foxhound): Assess **100%** of active vendors for privacy compliance annually.



Consent Management: Maintain **95%** accuracy in consent documentation, with mechanisms to verify and update records.



Privacy Metrics and Reporting: Deliver **accurate** privacy performance reports to stakeholders monthly.



PIAs: Ensure **100%** PIAs for new projects and major updates within the defined project timeline.



Privacy Policy Updates: Review and update the Privacy Policy **annually** or in response to major regulatory changes.

Digital Transformation & Innovation⁺

[GRI 3-3]

✦ We are embracing digital transformation and innovation to drive operational efficiency and improve the quality of our products which lie at the heart of our Research and Development (R&D) efforts.

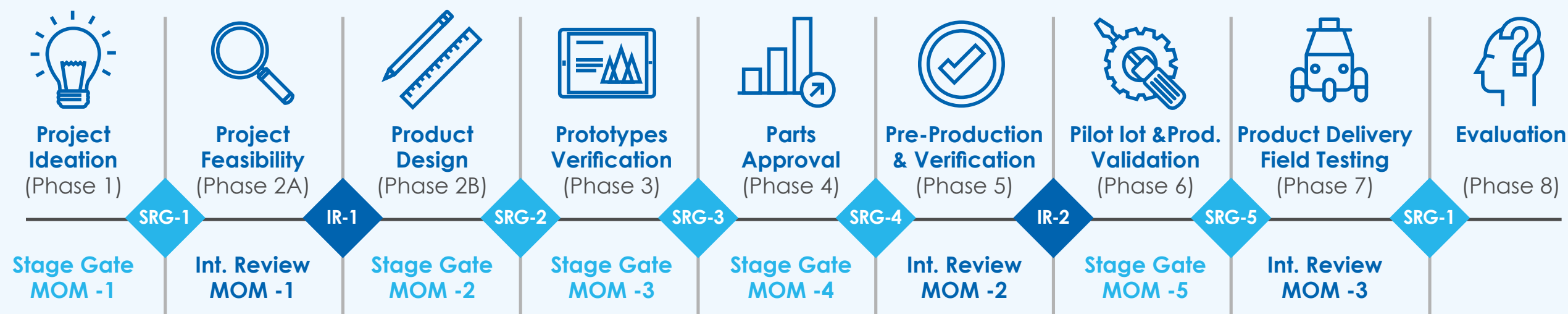
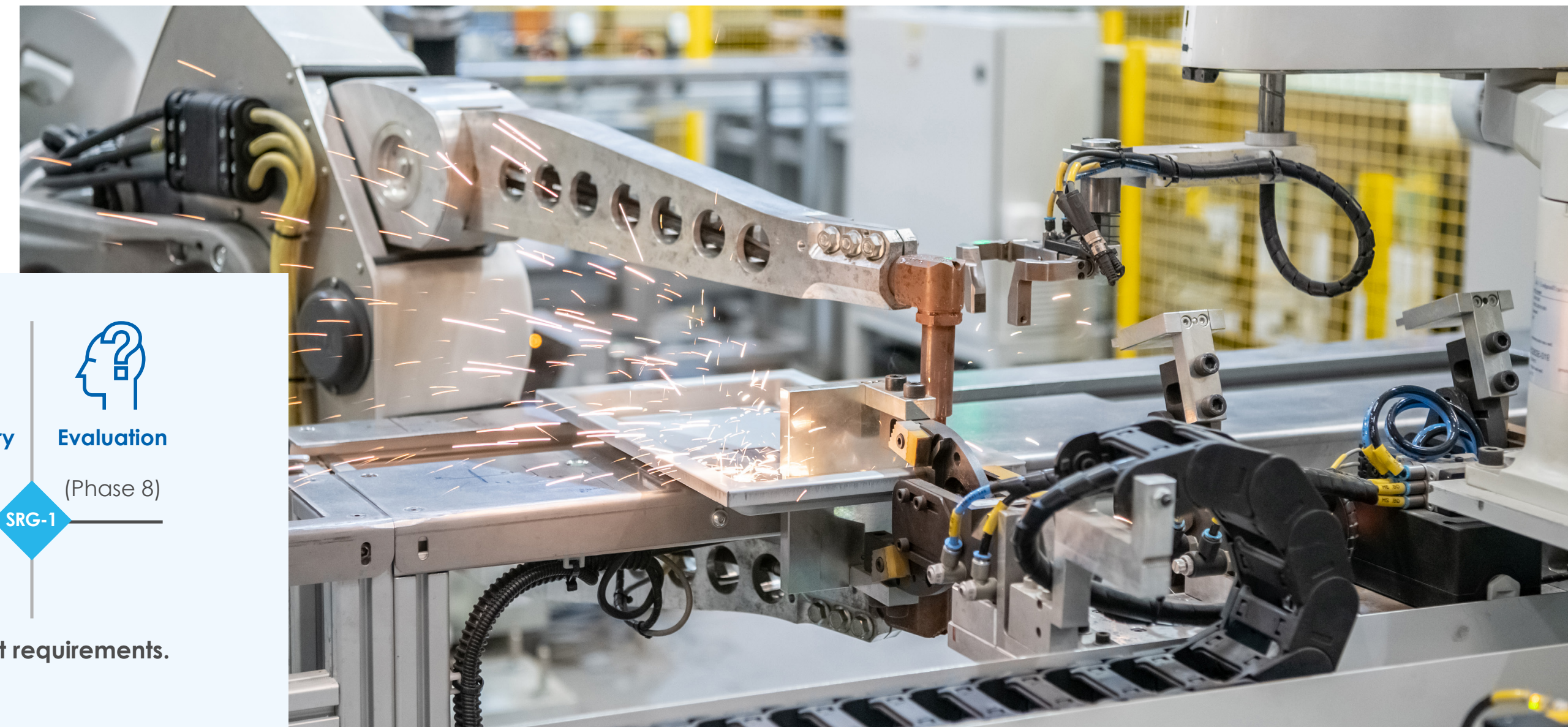
We are dedicated to pushing the boundaries of technological advancement and sustainability in the electrical industry. Our R&D mission focuses on delivering innovative, effective, and reliable technologies, products, systems, and solutions that not only cater to diverse applications but also promote the safe and efficient use of electricity. By leveraging cutting-edge technologies such as automation, data analytics, and smart manufacturing systems, we optimize our production processes and enhance product performance. These advancements not only streamline operations but also contribute to our broader sustainability goals. Our commitment to innovation ensures we stay ahead of industry trends, continually improving to enhance everyday life, making it more comfortable, secure, and user-friendly for both our valued customers and the environment.

We follow a structured R&D stage-gate process to carefully monitor progress at every stage, ensuring alignment with our standards and requirements. From project initiation to completion, we assess key factors such as project status, product cost, design, and quality to meet our performance expectations. Our Electronic R&D Team and Lab stay ahead of market trends, with expertise in plastic materials and a state-of-the-art prototype section dedicated to electro-mechanical parts and electronics. We invest in advanced software, including FEA, Moldflow, and Mechanism, to enhance our capabilities. Our R&D efforts have led to the development of key products focused on safety and energy efficiency, such as smart RMU SF6-Free, the Residual Current Operated Circuit Breaker (RCBO), Residual Current Device Switched Socket Outlet (SRCD), Portable Residual Current Protective Device (PRCD), Electrical Circuit Breaker (ECB), SMART Meters, and Motion Sensors.

Despite challenges such as the lack of an advanced manufacturing ecosystem in KSA and limited local suppliers of sustainable materials, we remain focused on solution-based initiatives. By establishing multi-location R&D resources and collaborating with global partners, we bring valuable expertise and experiences to the local market supporting the growth of local suppliers and contributing to the sector's development in Saudi Arabia. We are committed to strengthening the capabilities of local partners facilitating their growth alongside the sector's advancement. Through ongoing collaboration and knowledge-sharing in our R&D process, we ensure collective progress among all stakeholders, paving the way for a sustainable future.

We have enhanced our International Product Standard Test Lab, achieving approval from Saudi

Accreditation and DEKRA for testing short circuits, IP ratings, and other electronics. Through rigorous testing and certification in both internal and external labs, we ensure our products meet international and national standards, reinforcing our commitment to safety, efficiency, and quality. This quality assurance strengthens our reputation as a trusted provider of reliable electrical solutions, giving our customers and partners confidence in our products. We are currently working on a new mobile app designed to enhance accessibility for customers and electricians. The app will enable us to target potential service and support customers. In 2024, we also introduced a new ordering system for our distributors through our eCommerce platform, Shareek allowing them to place orders.



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

Highlight: Pioneering Sustainable Innovation in Smart Ring Main Units (RMU) Technology ⁺

HRH Prince Abdulaziz bin Salman, Minister of Energy, accompanied by HE Hamad Al-Sheikh, Minister of State and HE Bandar bin Ibrahim Al-Khorayef Minister of Industry and Mineral Resources visited Medinet alfanar (alfanar Industrial City) in Riyadh to inaugurate the environmentally friendly Smart Ring Main Unit (SRMU) Factory. This groundbreaking facility, the first of its kind in the Middle East, represents a significant milestone in adopting green technologies, contributing to reducing the Kingdom's environmental footprint.

Sulfur Hexafluoride (SF₆) is a highly effective insulating and arc-quenching gas commonly used in RMUs for reliable electrical performance. However, SF₆ is an extremely potent greenhouse gas, with a global warming potential (GWP) of 23,500 kilograms of CO₂ for every kilogram released, making it a significant contributor to climate change. Moreover, SF₆ has a lengthy atmospheric lifespan, lasting for centuries once released. The traditional reliance on SF₆ in energy infrastructure, while ensuring efficient electricity delivery, has consequently become a source of environmental apprehension.

We have pioneered innovative advancements in Smart RMU technology to address this climate challenge posed by SF₆ usage by developing two alternatives mainly the Fluorinated Gas and Dry Air (Clean Air) solution through extensive R&D efforts involving 20+ engineers across KSA, Turkey, and Italy since 2021. The Fluorinated Gas resulted in replacing 4 kg of SF₆ per RMU and required

redesign of O-rings, insulation components and gas flow speed adjustments while the Dry Air solution represented a patented breakthrough in Smart RMU insulation technology for the first time in KSA. It eliminated approx. 3 grams of SF₆ gas per panel for insulation, with two Smart RMU's already produced and installed at Saudi Electricity Company (SEC)'s site in 2024. The new Smart RMU's align with sustainability and environmental safety and conform to the highest quality standards.

The pilot projects with SEC and ENOWA NEOM (The Energy and Water Company, a subsidiary of NEOM) validated the solutions in 2024, enabling an annual emission reduction of 2,520,000 tons of CO₂ equivalent to removing 540,000 cars from the road (assuming an average car emits 4.67 tons of CO₂ per year). Furthermore, transitioning from Polycarbonate Lexan (derived from fossil fuel) to Fiber Glass (lower carbon footprint in production) for RMU materials has reduced our smart RMU's material carbon footprint by 15–20%, combining performance excellence (high product durability, lighter weight) to support sustainability.

Thanks to this innovation, Saudi Arabia is now capable of producing and exporting green technology to Europe and various countries worldwide, aligning with the growing global demand for electricity and the shift toward clean energy.



Customer Relationship Management⁺⁺

[GRI 3-3]

Highlight: alfanar Electric opens the highest VNA warehouse in KSA⁺⁺

In line with its efforts to maintain state-of-the-art facilities that comply with safety and quality standards while effectively supporting the supply chain, AE recently celebrated the opening of the targets very narrow aisle (VNA) warehouse in KSA. Located in Medinat alfanar (alfanar Industrial City), the warehouse serves five key factories, with a capacity of 20,000 pallet positions and a central hazardous storage area for all flammable materials across alfanar's factories.

The celebration was attended by Eng. Abdul Salam Al Mutlaq, alfanar Chairman, alfanar Electric management and department managers.

This achievement, a strategic investment of 45 million Saudi Riyals, is complemented by the integration of a state-of-the-art Warehouse Management System (WMS), which will track inventory in real-time, streamline order processing, reduce lead times, improve accuracy, and enhance overall operational efficiency and customer satisfaction.

AE Management stated, "This facility marks a significant step forward in optimizing our warehouse operations, supporting the growing needs of our businesses, and using best-in-class technologies." adding, "The successful completion of our new warehouse represents a major achievement and a foundation for our continued growth and success."



We recognize that strong customer relationships are built on clear communication, understanding customer needs, and providing reliable support.

Our approach is centered on creating lasting connections with our customers by being responsive to their needs and offering tailored solutions that drive mutual growth. We aim to make every interaction meaningful by not only delivering solutions but also providing the expertise and guidance customers can trust throughout their journey with us.

To ensure seamless communication, we offer customers a variety of ways to reach us, including our dedicated call center, digital channels such as email, contact forms on our website, and social media. This multi-channel approach ensures we can engage with our customers efficiently, wherever they are and represent our commitment to staying ahead in innovation, improving communication, and expediting service delivery.

We understand the importance of post-sales support and have worked to enhance it by focusing on quick issue resolution and personalized customer engagement. Our Specialist Technical Assistance Service (SAT), backed by our expert Application Engineering team, is available to address any queries or incidents customers may encounter during the operation of our equipment. Additionally, our local support network, supported by group companies and qualified representatives, ensures that assistance is available in various geographical areas, providing timely and effective solutions.

Our customer support team offers a Technical Engineering support to help customers to design their electrical projects in the most effective manner:

- Assistance in discrimination calculation from MV to LV
- Guidance to comply with Saudi Arabia installations policy and regulations

- Tailored technical consultations
- Optimization of maximum transmitted power
- Support in selecting optimized cable size
- Expert guidance on testing and commissioning
- Installation supervision for seamless execution
- Retrofit solutions for system upgrades
- Technical training

We also place significant emphasis on feedback and continuous improvement. As part of our quality control and assurance process, we actively analyze customer complaints to refine our offerings. All incidents, complaints, and queries are managed using a certified ISO9001 ticketing tool, ensuring that every case is handled by qualified staff and addressed promptly. Should any product fail to meet customer expectations, our "No Questions Asked" policy guarantees a full refund or exchange.

Through these efforts, we continuously work to strengthen customer relationships, enhance our service offerings, and drive long-term success for both our customers and the business.

Customer satisfaction rate have reached **98%** through our free home maintenance service.

Highlight: Strategic Events Engagement in 2023-24 ⁺

At the Middle East Energy (MEE) Exhibition in 2023 and 2024, we invited 300 clients, 170 employees, and group partners. We also hosted a product launch event for Raysan distribution boards and Masa switches as cutting-edge solutions and invited 500 stakeholders. In both events we sponsored all our invitees accommodation, transportation, and related expenses to ensure an immersive experience. These events provided a platform for gathering valuable feedback, creating an opportunity for collaboration to meet evolving customer demands, showcasing our energy innovation solutions, discussing future industry developments and reinforcing our market leadership.

We conducted seminars for clients across three cities and organized 50 electrician events annually by partnering with professional logistics providers and implementing detailed operational plans ensured seamless execution of these initiatives. These activities are essential for us as they strengthen relationships with key stakeholders and reinforce our reputation as a leader in the energy and electrical product industries.



Product Quality ⁺ & Safety

[GRI 3-3 | 416-2]

⁺ At alfanar Electric, product quality and safety are integral to our approach, shaping every stage from design to manufacturing and testing.

As a manufacturer of electrical equipment, we are dedicated to not only meeting industry standards but also to anticipating customer needs and evolving regulations. We view each product as a promise of reliability, rigorously tested to ensure safety and performance in real-world conditions. Through a culture of continuous improvement, we regularly evaluate our processes, seeking smarter ways to enhance product quality and deliver solutions that our customers can depend on with confidence.

Our wiring accessories are manufactured in accordance with IEC, BS, and SASO standards with each product undergoing stringent quality control to guarantee reliable and safe performance. Our quality management system not only meets but exceeds the requirements of ISO 9001. By integrating multiple ISO standards — ISO 9001 for quality management, ISO 14001 for environmental management, ISO 45001 for occupational health and safety, and ISO 27001 for information security management — we optimize our management processes, improving operational efficiency and boosting overall performance. Our Sustainability Policy includes product lifecycle assessments based on ISO 14025, ISO 14040, and ISO 14044.



Warranty Card NQA Policy

All **alfanar** products are manufactured to highest standards assuring optimal performance, safety and efficiency.

However, if you are not satisfied with this product due to any reason, please return it to the store you purchased it from and receive full refund in cash.

Alternatively, you may exchange it with another of our product of same value.

For either choice, **No Questions Asked** is an **alfanar** promise.

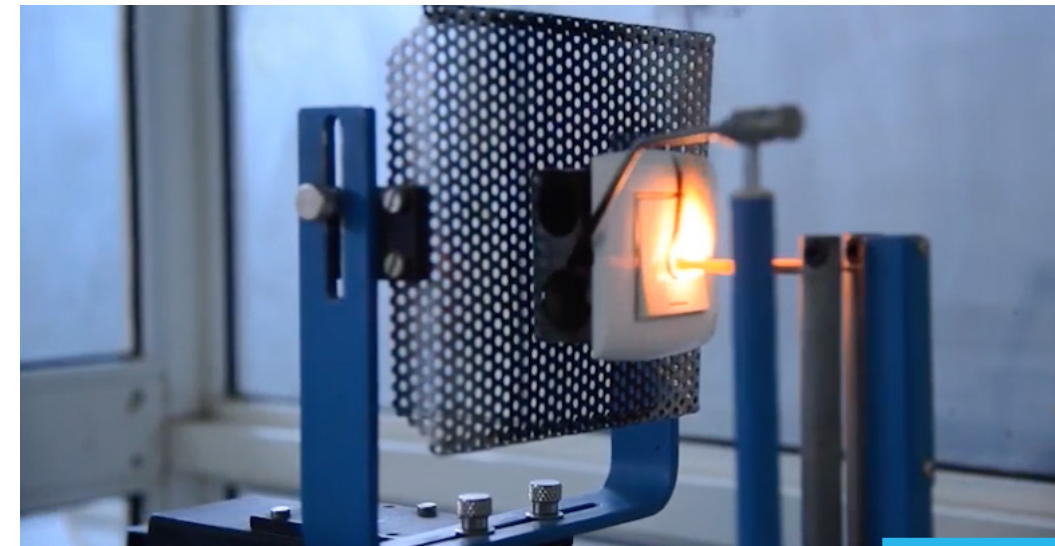
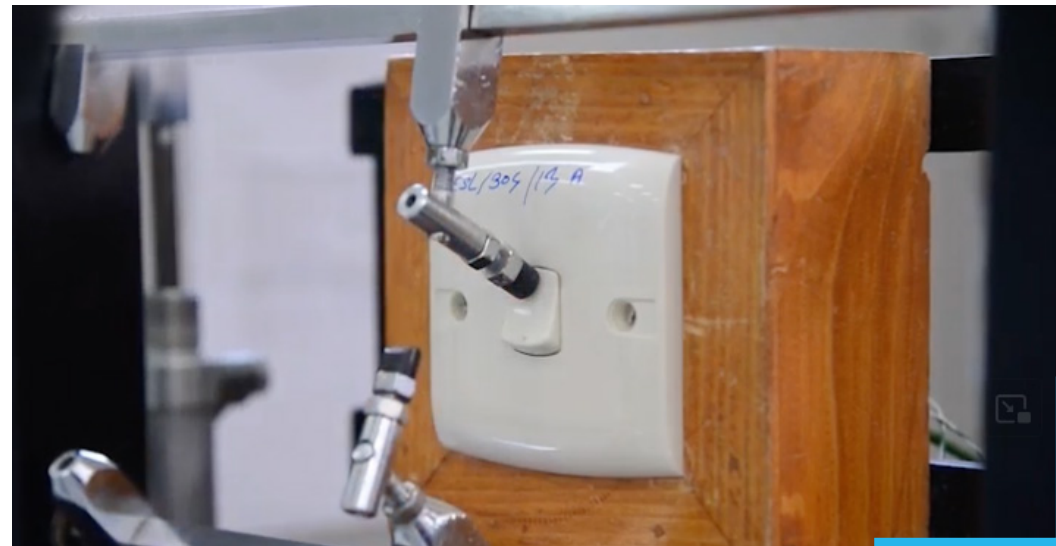
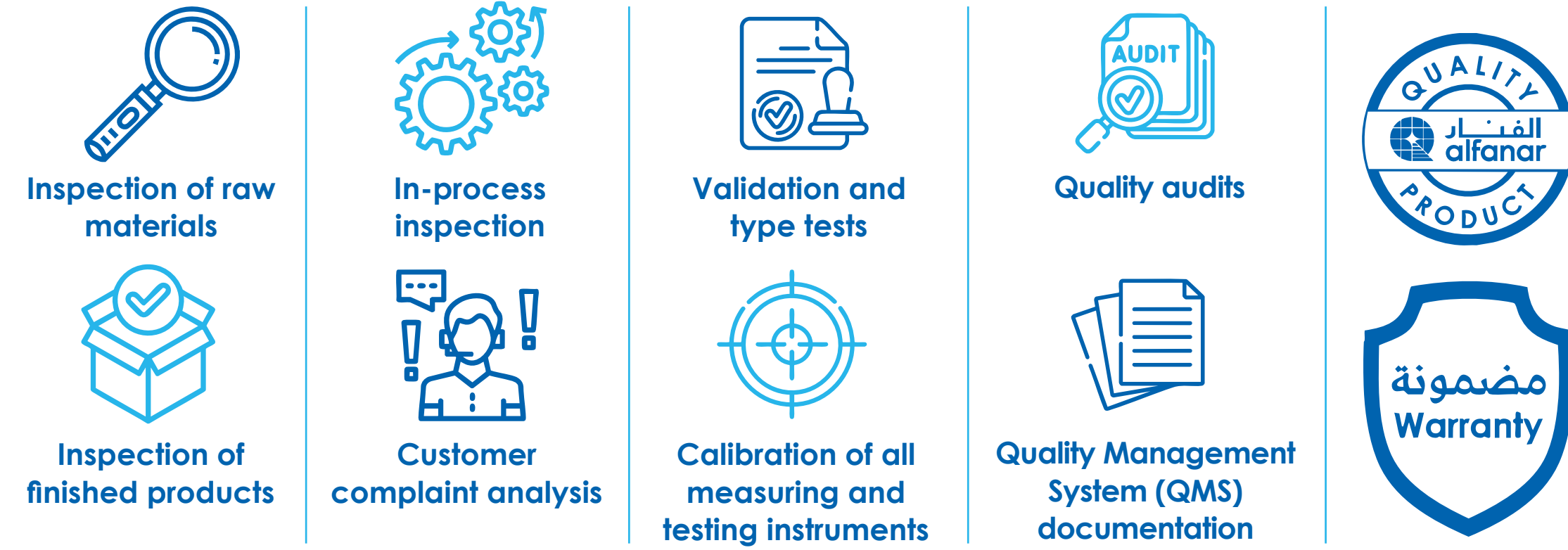


سنة ضمان
Year Warranty*

* Warranty valid only when alfanar Load Centers and alfanar Circuit Breakers are used together.

For more information, call us
Toll free : **8001241333**
www.alfanar.com

Our quality control and assurance processes include:



Future actions will focus on enhancing product safety through increased Quality Control (QC) measures which include expanding the sampling size for QC inspections to ensure a higher level of

scrutiny, extending the range of products subject to QC checks, and implementing 100% inspection on life-saving products to guarantee their safety and reliability.

Highlight: Kaizen Procedure ++

We have implemented a structured Kaizen procedure (as shown below) to drive continuous improvement in product quality, design, safety, and overall workplace culture. Kaizen, a lean manufacturing tool, encourages small, daily changes leading to significant, long-term improvements by empowering employees at all levels to contribute ideas. This initiative aligns with our core pillars of transparency, collaboration, and positive leadership. The Kaizen team led by Kaizen champions, oversees the process, ensuring that accepted ideas are carefully assessed for feasibility and executed through a well-defined action plan. To support this, we have a communication plan for performance reviews followed by a Reward & Recognition System to celebrate and incentivize idea generators.

One successful example is the internal competition organized by our Transformers Factory, which focused on the 5S methodology (Sort, Set in Order, Shine, Standardize, Sustain) and the Kaizen principles. The competition recognized two categories: "Most Sustained Zone" and "Most Improved Zone," celebrating the teams' adherence to 5S principles and their implementation of Kaizen ideas to drive continuous improvement, such as reducing waste and optimizing material use in transformer products. Over 330 employees across 10 zones participated, implementing four key Kaizen ideas. As a result, waste reduction initiatives led to substantial savings, and audit scores of the factories improved significantly from 72 to 85 during Q3.

The Kaizen initiative has also led to specific improvements such as a 40-meter reduction in copper wire usage per unit in low-voltage boxes. This Kaizen idea was validated by the design and

industrial engineering teams to reduce material usage, streamline process time, and improve efficiency. Both the idea initiator and implementers were rewarded for their contributions. We also tackled the issue of plastic wire spool waste, finding ways to reuse and save costs. To further encourage innovation, we hold an annual celebration to reward employees for their creative Kaizen ideas, reinforcing our culture of continuous improvement and employee-driven innovation.



Supply Chain & Procurement Management⁺

[GRI 3-3]

+ As a leading provider of dependable solutions, we prioritize upholding our reputation by maintaining a strong focus on the excellence, reliability and safety of our products. We achieve this by following our Procurement QA Manual, which serves as a guiding framework for continuous improvement across our organization.

This approach drives us to enhance our processes, skills, and standards, ensuring we meet the highest industry expectations. The Procurement QA Manual consists of three main sections—Sourcing, Operations, and Management—covering twelve key performance indicators (KPIs). It outlines our supplier selection process, contract methods, and performance evaluation, as well as lifecycle management and a supplier development program to improve capabilities and product performance. In addition to these efforts, we host technical workshops and seminars for electricians, traders, and contractors in the regions where we operate to provide insights into our diverse product range and technical aspects. Through collaboration, we work closely with stakeholders to enhance skills and knowledge, ensuring customer satisfaction with top-quality products and services. These initiatives reflect our dedication to empowering stakeholders and building lasting industry partnerships.

+ ESG Integration into Supply Chain and Procurement Management

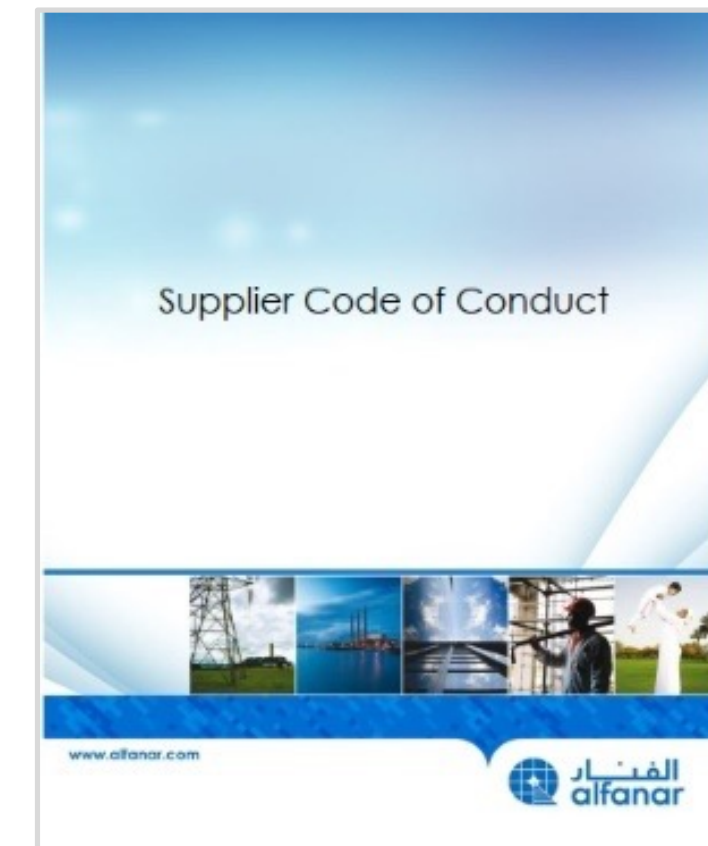
We have implemented a supplier qualification process to ensure new suppliers meet our minimum requirements before being added to our supplier list. This includes an initial delivery assessment, thorough review and approval of samples, followed by an evaluation of the supplier done by a self-assessment and on-site evaluation. This process is designed to be a cooperative effort between us and our suppliers, ensuring and upholding the delivery of high-quality products throughout our entire supply chain. As part of our supplier screening process and contractual documents, ESG aspects are integrated through the following elements:

- ISO certifications - Quality, Health, Safety and Environmental
- Sustainability factors, like RoHS compliance and the use of recycled materials
- Human rights and ethical responsibility

We have implemented a Supplier Code of Conduct (SCOC) to ensure operations are carried out appropriately. We require all registered suppliers and subcontractors to acknowledge and adhere to the principles outlined in the alfanar Electric SCOC guidelines. The key principles of the SCOC are as follows:

- Compliance with Laws, Codes and Regulations
- Ethical Business Practices
- Employment and Working Conditions
- Environmental, Health, and Safety Practices
- Data privacy, Security and Communication

We, along with our suppliers, undergo regular SMETA (Sedex Members Ethical Trade Audits), covering all categories on site, including direct employees, agency workers, service provider employees, and workers supplied by contractors. If non-compliance is identified during an audit, a corrective action plan is created, followed by a re-audit to ensure resolution. Suppliers, particularly carton suppliers, are required to submit relevant certifications, such as FSC 100%, FSC Mix, and FSC Recycled certifications. alfanar Electric expects suppliers to manage and reduce energy usage, greenhouse gas (GHG) emissions, and waste in their operations. We support suppliers in adopting energy-efficient materials, renewable energy, and other sustainable practices.



CHAPTER 4: WORKFORCE WELLBEING AND DEVELOPMENT

Workforce well-being and development are fundamental to our organization's success and growth. We are committed to creating a workplace that nurtures growth, encourages creativity and prioritizes the safety and health of our employees. Our comprehensive approach encompasses talent management, skill development, diversity, and a promise to human rights.

This chapter provides an in-depth overview of the wide-ranging programs we have implemented to empower our workforce, promote an equitable and inclusive culture, and uphold the highest standards of occupational health and safety, driving both personal and organizational growth.

4



Talent Management ⁺

[GRI 2-8 | 3-3 | 401-2 | 404-3]

⁺ We recognize that our employees are our most valuable asset, and we are committed to empowering them to achieve their full potential by providing opportunities for skill development and career growth.

With a global workforce of over 30,000 employees, attracting, nurturing, and retaining talent is essential for sustaining our success and driving the company forward. As we continue to grow and adapt in a rapidly evolving global marketplace, focusing on talent acquisition and accelerating skill development becomes increasingly important. We regularly review industry practices and international standards to ensure that our allowances, wages, and benefits remain competitive in the countries where we operate, recognize, and reward the valuable contributions of our employees. 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.

We continuously strive to offer facilities and services that enhance our employees daily experience and contribute to a balanced and fulfilling lifestyle. In 2024, we were honored to

receive the Certificate of Completion for Medinet alfanar, our industrial city, from Saudi Authority for Industrial Cities and Technology Zones (MODON) recognizing our contributions to Saudi Arabia's energy and industrial sectors. We were also recognized by the Ministry of Human Resources and Social Development for our responsibility to providing the ideal accommodation in the Kingdom, reinforcing our efforts to create quality, sustainable and comfortable living environments for our employees. At Medinet alfanar, we continue to enhance employee well-being through a range of facilities such as ATM machines, a tele-money transfer service, an internal gym, and recreational areas featuring along with tennis and soccer tables. Our commitment to well-being is also reflected in the inclusion of dedicated green spaces within the facility, offering employees areas to relax and recharge in a natural environment.

We have established Work Regulations to ensure a structured, efficient, and consistent work environment that promotes a positive workplace

culture, enhances productivity, and clarifies employees' roles, responsibilities, and the company's values. These regulations serve as a solid foundation for smooth operations while promoting a safe, respectful, and collaborative atmosphere for all staff. Our manufacturing unit benefits from a highly skilled and diverse workforce of over 5,000 employees, including highly qualified engineers and experienced technicians.

We have implemented a New Employee Reception Protocol to ensure that every new hire, whether relocating from abroad or joining from within KSA, receives a seamless welcome and integration into the company, with the process continuing through their first working day to address every detail for a smooth transition. The protocol covers a variety of steps, from assisting with travel arrangements for expatriates to sending a warm welcome email to new hires. Currently in place at our KSA office, we plan to expand this initiative to other subsidiaries in the future.

Employees Benefits

Housing



- The company provides comfortable housing for laborers, technicians, and other employees, or offers a monthly housing allowance when company-provided housing is unavailable.
- alfanar received first place for the 'Ideal Workers Accommodation' award from the Ministry of Human Resources and Social Development.
- To address rising housing costs, a housing improvement bonus is offered to employees.

Transportation



- Employees receive a monthly transportation allowance, regardless of their housing arrangement, except for non-Saudi workers and technicians who use company-provided transportation.
- Female employees are provided with a higher transportation allowance, along with an additional transportation incentive, to address mobility challenges.

Medical Insurance



- The company offers comprehensive medical insurance coverage, including essential healthcare services, access to medical professionals, and wellness support programs for employees and their families.

Maternity and Paternity Leave



- alfanar complies with labor laws in all operating countries, including maternity and paternity leave policies.
- In Saudi Arabia, female employees are entitled to ten weeks of fully paid maternity leave, which can be taken before or after delivery, with up to four weeks able to be taken before the expected delivery date.
- If a female employee gives birth to a child with medical conditions or special needs, she is entitled to an additional one month of fully paid leave.
- Female employees can extend their leave for another month without pay if necessary.

+ Performance Evaluation

Employee performance is evaluated through a structured performance evaluation, managed by each employee's immediate supervisor and conducted at specific points, including at the end of the probation period and on an annual basis. Employees have access to their evaluation reports and are encouraged to participate in a self-assessment to reflect on their performance. Through these procedures, employees receive periodic feedback from their managers on their performance evaluations, highlighting key strengths and identifying areas for improvement. This approach includes structured assessment discussions that provide valuable insights into skill development opportunities, enabling the creation of personalized development plans that support both short-term and long-term career goals. All our employees go through the performance evaluation annually.

Diversity, Equity & Inclusion⁺

[GRI 2-7 | 2-23 | 2-24 | 3-3 | 406-1]

+ At alfanar Electric, we know that embracing a variety of ideas, perspectives, and backgrounds makes us stronger as individuals and as an organization.

Our commitment to diversity, equity, and inclusion is central to our company culture and outlined in both our Human Resource (HR) policy and Employee Guide. We believe that by creating a workplace that values diversity and promotes fairness, we can drive innovation and meet the evolving needs of our customers and stakeholders.

Our Code of Conduct and Ethics ensures that ethical, non-discriminatory workplace behaviour is followed, including equal pay, preventing unconscious bias in recruitment and career development. To maintain a discrimination-free environment, each of our factories has an employee relations team to monitor compliance and address any concerns proactively. We offer diversity training, address unconscious biases, and support diversity events to promote respect and understanding at all levels of the organization. In promoting inclusive workplace practices, we ensure that all employees, regardless of rank or position, share communal spaces such as canteens, where employees from all levels, from the Chairman to junior staff, dine together, reinforcing our culture of mutual respect and unity. We are proud to report that no cases of discrimination were reported in 2023 and 2024. We continuously strive to create a respectful workplace

where every employee is treated with dignity, in line with labor laws.

We are committed to empowering underrepresented groups within our workforce. We actively support women in our sector by collaborating with educational institutions and initiatives like Polytechnic programs, Foro FP Parque, and Mentoras Inspira STEAM, which encourage female participation in STEM careers and leadership roles. Through mentorship and career development programs, we create pathways for women to succeed in technical and managerial positions. To ensure sustained progress, we set clear objectives, monitor our advancements, and hold leaders accountable for fostering an inclusive environment. In recognition of the unique mobility challenges faced by female employees, we provide a higher transportation allowance and an additional incentive to support their work-life balance.

Supporting individuals with disabilities is another key pillar of our diversity and inclusion efforts. We collaborate with specialized employment centers and ensure accessibility in our operations. Partnerships with organizations like Lantegi Batuak



and Bizgorre in the Basque Country, and Gureak in Gipuzkoa, help us create stable job opportunities for people with disabilities, particularly those with intellectual disabilities. All our workplaces are designed for universal accessibility to ensure that our facilities are inclusive for all employees.

We comply with local regulations in all our operating locations regarding the employment of individuals with disabilities. This includes adhering to legal requirements and establishing agreements to support the integration of disabled employees into our workforce, ensuring they have equal opportunities and are fully supported.

Learning & Development⁺⁺

[GRI 3-3 | 404-1 | 404-2]

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 organization.

We are committed to promoting talent and creating growth opportunities for our employees through structured development programs that equip our workforce with the necessary skills, knowledge, and experience to excel in their careers and contribute to the company's long-term success.

In 2023, we provided **13,126** training hours to our employees in KSA and UAE, focusing on enhancing their skills and capabilities. Building on this foundation, in 2024, we significantly increased our training efforts, delivering **75,811** hours.

We also 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.



Future Foreman Program:

- Launched in 2024 to develop leadership skills in technicians and senior technicians for foreman roles.
- Participants undergo 3-6 months of targeted on-the-job training (OJT) to enhance both technical and managerial competencies.
- The program ensures a strong pipeline of skilled leaders to drive operational excellence.
- Out of 249 applications, 25 candidates were selected to start their OJT.



Ladies Plan Initiative

- This initiative offers female technicians opportunities to develop skills and gain experience across multiple departments and product lines.
- Employees rotate through different factories (RMU, MV, DASA) and roles (Lab Technician, Quality Control Technician, CNC Programming) to enhance expertise and broaden career prospects.



Empowering Potential Ladies (EPL) Program:

- Launched in March 2023 to elevate the careers of promising female employees particularly those in technician or senior technician roles.
- Over a transformative 3-month OJT, participants are empowered with the necessary skills and knowledge to unlock potential their professional growth, enabling a smooth transition into leadership and management positions.
- Out of 306 applications received, sixteen candidates were selected to begin their on-job training.



Collaboration with universities and polytechnics:

- **Senior Assistant Technician" Diploma Program**
 - In collaboration with Riyadh Polytechnic Institute (RPI), we introduced the diploma program for female employees.
 - Approved by the Saudi Human Resources Development Fund (HRDF), the Technical and Vocational Training Corporation (TVTC), and Saudi Council of Engineers, this 12-month program is designed to enhance electrical knowledge and technical skills, preparing participants for advanced roles within the company.

- In 2024, 50 employees were selected to participate in this program, further strengthening their career prospects.

We actively seek to incorporate a significant number of students into our workforce, offering opportunities to gain real-world work experience through end-of-degree and Vocational Education and Training (VET) internships. We have successfully deployed dual programs, which have led to tangible career pathways—one of our software developers started as a trainee and is now a full-time employee. Similarly, we extended this initiative to Systems Engineering, where two configuration technicians transitioned from traineeships into permanent positions.



Strategic Learning Partnerships:

To support continuous growth, we have established strategic partnerships with reputable online educational platforms, providing employees with access to a diverse selection of courses and training programs. In Spain, we have allocated 1% of working hours to structured training programs and launched a dedicated training platform, offering employees a wide range of courses focused on knowledge preservation and continuous skill enhancement.

These initiatives reflect our dedication to advancing a learning culture and ensuring our workforce remains equipped for future challenges.



Highlight: Professional Development Program (PDP) 2nd Graduation Ceremony

As part of alfanar's ongoing commitment to developing Saudi youth, the AE Training and Development Department proudly hosted a graduation ceremony for the second batch of PDP graduate engineers at the Hilton Riyadh Hotel. The event was attended by AE Management, who congratulated the graduates on their remarkable achievement and extended their best wishes for continued success in their professional careers.

The PDP initiative, launched by alfanar, is designed to provide a comprehensive and dynamic vocational

training program. It aims to support newly graduated engineers as they embark on their professional journeys, covering a wide range of topics across various fields. At the conclusion of the ceremony, the graduates were presented with trophies in recognition of their hard work and dedication. In return, the graduates expressed their heartfelt gratitude to alfanar for its unwavering support and trust in their potential to drive innovation and excellence within the industrial sector.



Occupational Health, Safety & Wellbeing

[GRI 2-24 | 3-3 | 403-1 | 403-5 | 403-9]

We believe and understand the importance of Occupational Health, Safety (OHS) and well-being of our employees as they are the frontliners facing hazards and risks in the workplace daily.

The OHS risks can potentially impact our productivity, customer confidence, organization 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.

Our KSA OHS management (OHSM) system is implemented based on Saudi building code (SBC) and the Saudi Standards, Metrology, and Quality Organization (SASO), Saudi Civil Defense, National Fire Protection Association (NFPA) and the Occupational Safety and

Health Administration (OSHA), ISO 45001: 2018 standard, Sedex Members Ethical Trade Audit (SMETA) guidelines, IEC, GHS and HSE covering all employees. It aligns with local and international standards, industry regulations, and global best practices to ensure quality assurance. It guides by creating robust policies and procedures, conducting regular audits, and promoting continuous improvement. Our dedicated safety department oversees this system procedures and ensures personnel competency through training and periodic evaluations.



+ Hazard Identification, Prevention, and Mitigation **+ Occupational Health**

[GRI 2-23 | 403-2 | 403-3 | 403-5 | 403-7]

Hazard identification, prevention, and mitigation are integral to our safety management system, ensuring a proactive approach to managing risks and safeguarding our operations. We conduct comprehensive risk assessments to identify potential hazards across all processes, supported by regular audits, inspections, and third-party assessments to ensure strict compliance with safety standards. Employees are encouraged to report incidents, near-misses, unsafe conditions, and unsafe acts through various channels, including supervisor reporting, on-site safety inspectors, and digital platforms, with anonymous submission options to ensure full transparency and protection. When unsafe conditions are identified, they are promptly addressed, and employees have the right to refuse tasks that may pose risks, contributing to a safer working environment. Root causes of incidents are thoroughly analyzed, and corrective actions are taken to prevent recurrence, with findings communicated to all relevant parties. The system also includes a robust permit-to-work process, supplier and contractor prequalification assessments, and comprehensive HSE onboarding sessions to promote safety awareness from the outset. Our management demonstrates strong commitment to safety by conducting regular safety walkthroughs, holding monthly safety reviews, and supporting our Zero Accident Policy, while continuously enhancing safety standards through employee feedback and ongoing training initiatives.

We understand the importance of promoting a healthy lifestyle, which is why we offer wellness programmes and regular health screening that encourage employees to prioritise their physical health. We provide medical coverage that includes health insurance for employees and dependents, on-site clinics, first aid boxes at all locations, trained/certified first aiders for all shifts, and 24/7 ambulance services which can be requested via the red phone for emergencies or work injuries to arrive within 5 minutes to transfer the injured person to a clinic accompanied with the medical team. Depending on the medical team's evaluation, the person will either be treated at the clinic or transferred to a hospital.



+ Worker Participation, Training and Promotion

[GRI 403-4 | 403-5]

OHS is a collaborative process that all parties must be part of and work together to achieve a safe and healthy work environment. Our worker participation is fostered through involvement in inspections, hazard identification via QR code reporting, and feedback collection through suggestion boxes, red cards, and Kaizen ideas. Our employees contribute to risk assessments, root cause analyses, and corrective actions during incident investigations. Also, communication is enhanced via toolbox talks, team meetings, interactive HSE inductions, and non-staff committees with management and worker representatives. The weekly toolbox talks cover diverse HSE topics, specific incidents, near-misses, and new requirements. Our new joiners receive HSE induction, and key activities like equipment operation and High Voltage (HV) testing require HSE authorization. The training programs includes external certifications for first

aid, firefighting, equipment lifting, forklift and VNA operations. The weekly toolbox talks and HSE inductions promote awareness so that all employees have the knowledge required to execute their roles safely, while emergency response preparedness involves developing and testing response plans through unplanned drills.

In 2023-2024, we made the following OHS commitments and achieved them by managing firefighting system with frequent cut-offs.

- Completed and published Health Safety and Environment (HSE) Management System for greater efficiency which will be the guidelines within the HSE department.
- Implemented an emergency response team covering all factories 24/7, including days-off.
- Expanded OHS scope and services to new rental locations.

We recorded zero fatalities in 2023 and 2024 in our operations including KSA, UAE, Turkey, Spain, Italy and UK.

	Unit	KSA	UAE	Turkey	Spain	Italy	UK
The rate of recordable work-related injuries for employees – 2023	Rate	5.7	2.2	10.9	9.6	2.7	0.2
The rate of recordable work-related injuries for employees - 2024	Rate	5	1.1*	4.3	1.4	1.4	0.3
Calculation methodology		Per 1,000,000 hours worked	Per 200,000 hours worked	Per 200,000 hours worked	Per 1,000,000 hours worked	Per 200,000 hours worked	Per 200,000 hours worked

*This data is till Oct and does not include November and December data.

+ Wellbeing

[GRI 2-23 | 403-6]

We understand that a healthy work-life balance is essential for overall well-being and productivity. That's why we are committed to creating an environment where employees feel supported in managing their personal and professional responsibilities. Through a range of initiatives, we aim to promote well-being and create a workplace where employees can thrive:

- **Promoting Healthy Lifestyles:** We offer nutritious food options at the workplace, ensuring employees have access to balanced meals and snacks that support their well-being.
- **Providing Family Support:** Our parental leave policies give employees the flexibility and support needed to care for their families without compromising their careers.
- **Prioritizing Health & Wellness:** In UAE, we organized free health and eye check-ups for all employees in collaboration with Aster Hospital and Vision Eye Clinic Dubai which received 95% employee participation.
- **Encouraging Physical Activity & Preventive Care:** We subsidize gym memberships and offer seasonal vaccinations to encourage employees to prioritize their health.

Beyond these initiatives, we actively engage with our employees to ensure our well-being programs align with their needs. Through regular feedback mechanisms and open communication channels, we listen to their concerns and continuously refine our approach. By doing so, we empower our employees to maintain a balanced, fulfilling, and productive life.



Highlight: Enhancing Workplace Safety and Efficiency + with HSE Software Intellex



In the pursuit of a safer and efficient workplace, we opted for the HSE software named “Intellex” which transformed our approach to safety. It offered tools to manage risks by tracking incidents such as near-misses, unsafe conditions/acts while providing a unified platform for storing, analysing and reporting HSE-related data across different areas and providing an overarching view mapped with KPIs.

We aligned our existing safety management systems with this new software, ensuring easy access and consistency across our organization, addressing technical issues through rigorous testing, and guiding our team through the user transition from the old system to the new platform. It created customizable dashboards offering real-time insights, automated alerts and notifications ensuring timely actions, and mobile accessibility enabling instant reporting, investigation, and corrective actions. It supported us ensuring regulatory compliance, reducing costs from accidents and non-compliance, and offering scalability. The centralized database harmonized HSE practices across all business units, delivering consistent and reliable data to track KPIs to generate accurate and actionable statistics and fostering a proactive culture of continuous improvement. Our employees were empowered to engage more in safety programs through simplified hazard reporting, incident logging, and safety intuitive feedback mechanisms.

As we look ahead to our future actions, in 2025, with the implementation of Power BI and new HSE Intelex, OHS processes will be monitored in real-time, analysing KPIs, incident root causes, training records, audit findings, and inspection comments. We will focus on building a motivated, productive team, conducting monthly warehouse and stockyard regular audits, updating factory risk assessments before end Q1 2025, monthly PME files and digitizing processes and services to optimize resource utilization. While at our UAE branch, we aim to improve safety performance by reducing the Total Incident Frequency Rate (TIFR), ensuring timely closure of OHS observations and risk assessment actions, minimizing HSE violations, and enhancing safety through effective training and awareness programs. In Turkey, we have established ambitious Lost Time Injury Frequency Rate (LTIFR) targets: 3 by 2025, 2.75 by 2026, and 2.5 by 2027 to maintain a safe working environment and ensure compliance with regulatory standards.

Highlight: Management Safety Walks ++



A culture of safety requires active participation from leadership. At our subsidiary in Turkey, we introduced "Management Safety Walks" to lead this transformation in the local

electromechanical industry which makes SFA stands out. During these walks, top management and representatives from departments such as R&D, HR, Finance, and Quality visit predefined factory stations to observe and identify potential OHS risks. The observations are recorded, and corrective actions are assigned by the OHS specialist via Microsoft Planner for efficient follow-up.

Its primary goals include enhancing OHS awareness, emphasizing safety through leadership participation, ensuring timely completion of corrective actions, and evaluating risks from diverse perspectives. The program has achieved significant results, with the LTIFR decrease from 10.86 (2023) to 4.28 (2024 - December).

Highlight: Hand Safety and HSE Employee Competency Training ++

Our metal production operations may cause injuries to hands and fingers. We conducted a full day "Hand Safety Campaign" with HSEI Dubai and Dubai Municipality representatives to raise awareness, empower all our employees with practical knowledge, and prevent the injuries, successfully reducing incidents. We also conducted continuous "HSE Employee competency training" by our AESD HSE team and government approved training consultancy for all employees and subcontractors without exemption, emphasizing hazard awareness, risk mitigation, emergency response, and operational controls. These efforts enhanced awareness on our HSE Management Systems, prevented injuries, and promoted timely hazard reporting.

We organized "Blood Donation Drives" with support from Dubai Health - Pathology & Genetics Department to support patients in need, such as those with dialysis and thalassemia. With 80% employee participation these drives have earned appreciation letters from the Dubai Health Authority.

Our employees were empowered to engage more in safety programs through simplified hazard reporting, incident logging, and safety intuitive feedback mechanisms.



Human and Labor Rights⁺

[GRI 2-23 | 3-3 | 408-1 | 409-1 | 414-2]

⁺ We are committed to upholding ethical and fair employment practices while ensuring that human rights are respected, protected, and promoted across all areas of our operations.

We strictly prohibit the use of child labor and have a zero-tolerance policy toward discrimination of any kind, including but not limited to gender, color, nationality, ethnicity, culture, religion, or disability. To safeguard these values, alfanar Electric actively enforces compliance with all applicable labor laws and regulations in countries we operate in.

This commitment extends beyond our own workforce to our contractors and suppliers, ensuring that human rights and fair labor practices are upheld throughout our supply chain. We integrate human rights commitments into our supplier code of conduct and supplier contractual agreements, ensuring that all business partners align with our ethical standards. Our compliance framework includes rigorous pre-qualification, physical on-site audits, and annual post-boarding assessments to mitigate risks of child labor or forced labor. To date, no risks have been identified through our audit processes.

“
**WE FIRMLY BELIEVE THAT
EMPLOYMENT SHOULD ALWAYS
BE A VOLUNTARY CHOICE, FREE
FROM ANY FORM OF FORCE,
COERCION, OR EXPLOITATION.**
”

We maintain a comprehensive framework to prevent harassment within our organization. We have implemented Prevention Protocols and Action Procedures to address incidents swiftly and effectively. These protocols apply to all our operational sites and show our firm stance against workplace misconduct. Our Code of

Conduct and Ethics sets clear expectations for professional behavior, emphasizing fair employment, ethical conduct, and respect for human rights in line with the United Nations Global Compact (UNGC), International Labour Organization (ILO) conventions, and OECD recommendations.

In Spain, we are a signatory of the United Nations Global Compact (UNGC) and are dedicated to upholding its 10 Principles, which encompass human rights, labor, environment, and anti-corruption. We demonstrate our commitment to these principles through our annual Communication on Progress (CoP) report, ensuring transparency and accountability in our compliance efforts.



CHAPTER 5: SUSTAINABLE RESOURCE MANAGEMENT ⁺₊

As a responsible and innovative organization, we are committed to embedding sustainable practices to support resilience and growth across all our business operations. We recognize the importance of addressing global environmental challenges and are dedicated to minimizing our environmental footprint through strategic actions.

This chapter outlines how our environmental management initiatives are integral to our long-term vision, and we strive to enhance our operational efficiency and environmental stewardship to reduce greenhouse gas emissions by optimizing energy use, water conservation, and promoting circularity.



Materials Management & Circularity

[GRI 3-3]

+ We focus on optimizing raw material use by incorporating recycled materials into the manufacturing process and daily use, with the aim to enhance resource recovery and reduce waste to contribute to a more environmentally responsible production cycle.

In Spain, we have incorporated an eco-design section into our product development process. This allows us to evaluate the full life cycle of our equipment, identifying potential environmental impacts at each stage—from manufacture to use. We carefully assess the natural resources that may be affected during production and operation, ensuring that our products meet the highest environmental standards.

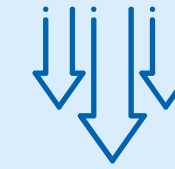
In Italy, our products including the RB6-9, GSM-1, GSCM003-6, GSCM004-2, and RB8-3 have been issued Environmental Product Declarations (EPD) in compliance with EPD Italy Regulation, ISO 14025, and EN 50693. These EPDs provide a transparent and standardized environmental profile of each product, detailing its life cycle impacts, from resource use to disposal, to ensure full environmental accountability.



Optimizing Raw Material Use

We actively focus on incorporating recycled materials into our production processes.

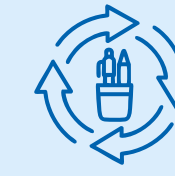
- **Recycled Materials in RMU Components:** We source several RMU components from different manufacturers using recycled materials. When the final products, which include these recycled components, are eventually recycled, materials like steel, copper, aluminium, and packaging materials are recovered and reused.
- **Production Material Reuse:** At our Moulds Factory, we sell scrap metals such as copper, brass, aluminium, steel, and other production waste, to authorized suppliers helping close the loop in our production processes and contribute to a circular supply chain.



Reduction at Source

Our efforts to reduce environmental impact begin at the source, where we focus on minimizing chemical waste and packaging materials:

- **Paint – Chemical Waste Reduction:** We replaced manual painting with a laser machine, resulting in a 70% increase in RMU production from 2023 to 2024, while spray paint consumption rose by only 30%. This shift has reduced chemical waste from spray paint by at least 50%. Full implementation in 2025 will eliminate the need for spray paint entirely.
- **Packaging Plastic Reduction:** We have eliminated plastic bags from packaging CTs for RMUs, reducing plastic waste by three bags per RMU produced.



Reuse Materials

We continue to look for innovative ways to reuse materials in our operations:

- **Cable Spools Reuse:** Our Cables and Moulds Factory is reintroducing a cable spool reuse initiative, with a pilot lot of 50,000 spools made from recycled materials currently under feasibility study.
- **Wooden Drums:** We are expanding the reuse of wooden drums across operations.
- **Paper Reuse:** We've placed one-side paper reuse boxes near printers to encourage paper recycling before disposal.

AE Challenge

As part of alfanar's commitment to excellence, alfanar Electric organizes the AE Challenge, focusing on key areas such as 5S, HSE, Maintenance, Standards & Procedures, and Sustainability and Circularity. The challenge fosters a spirit of competition and collaboration among all factories, encouraging teams to push boundaries and adopt best practices. Through their efforts, teams embrace the opportunity to meet international standards, tackle challenges, and inspire each other. This initiative helps align our operations with alfanar's core values, ensuring growth and a focus on sustainability and continuous improvement.

In 2023 and 2024, AE Management hosted a celebration ceremony at Medinet alfanar (alfanar Industrial City) to announce the winners of the challenge, with factory and operations managers in attendance.



+ Calculating Recycled Materials Content

To further evaluate our impact, we calculate the amount of recycled content in our products, broken down into pre-consumer and post-consumer recycled materials:

- Post-Consumer Recycled Content:** This refers to materials collected after consumer use, such as plastic bottles, paper products, and aluminium cans. However, in the case of RMUs, post-consumer recycled content is minimal, as the packaging materials consist primarily of foam coverings for relays rather than carton packaging.
- Pre-Consumer Recycled Content:** This refers to materials reclaimed during the manufacturing process before reaching consumers, such as scraps, trimmings, and other by-products. For our RMUs, pre-consumer recycling content includes operational wastes like general waste, cartons, empty chemical cans, and metals. These materials make up the largest portion of our recycled content.

To calculate pre-consumer recycling content for RMUs, we divide the total waste weight by the number of panels produced and then divide the result by the average weight of a unit. As for post-consumer recycled content, we currently consider it negligible.

Waste Management

[GRI 2-24 | 3-3 | 306-2]

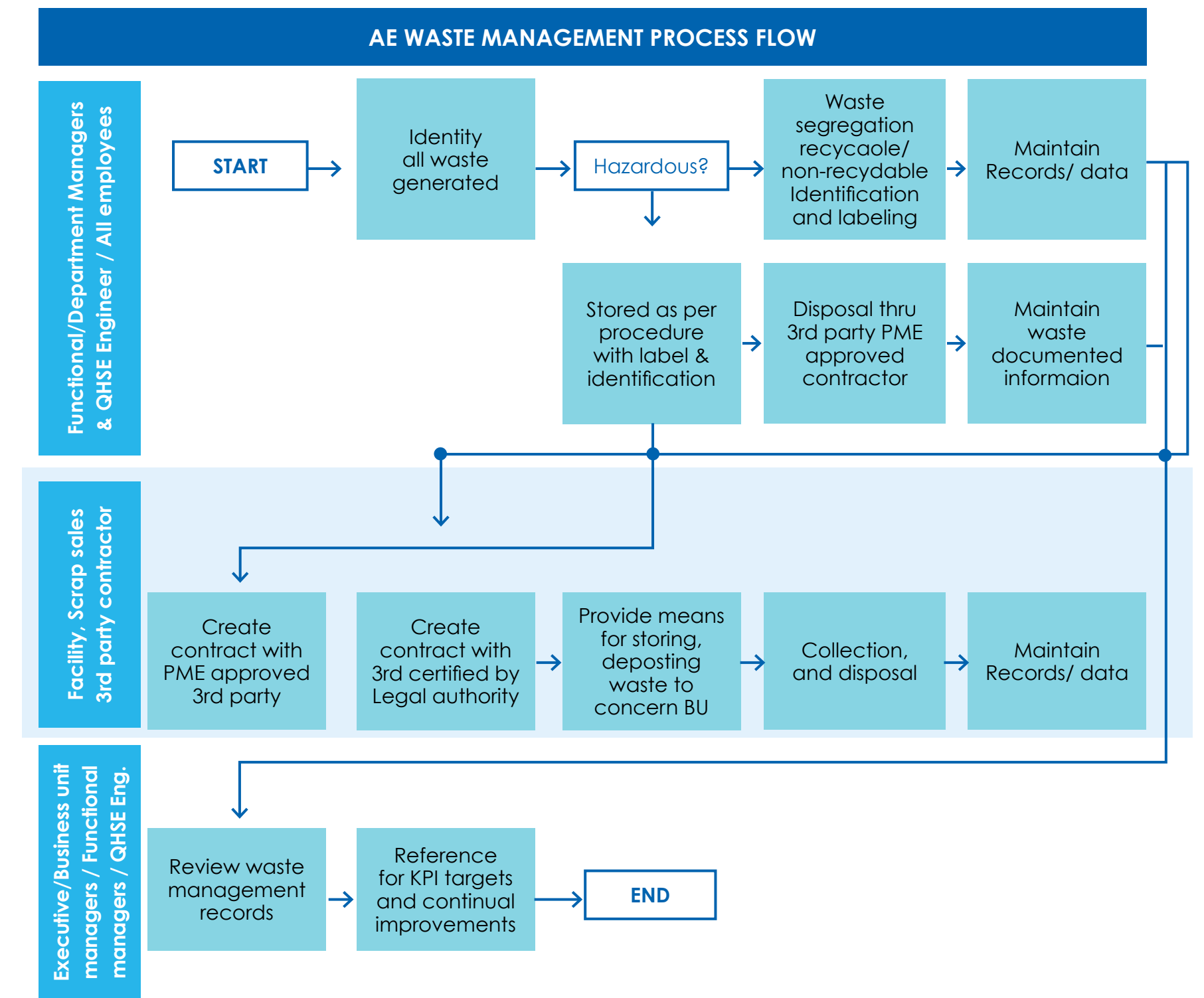
+ We comply with the Waste Management regulations (KSA), specifically, to the “Waste of Electrical and Electronic Equipment (WEEE) Guideline” which is mandated by Royal Decree No. M/3, dated 5/1/1443 H.

The primary objectives of our waste management practices are waste separation for recycling and proper disposal. Therefore, a prerequisite for implementing waste management measures is the systematic collection and documentation of all relevant waste data. Once prepared, this is incorporated into a waste situation report that serves as the foundation for planning and executing measures aimed at waste avoidance, resource utilization, and proper disposal. There are training sessions conducted for the production team on waste management practices, including waste types, storage, segregation, and disposal in line with our Waste Management Procedure.

We have well established procedures to ensure efficient and compliant waste management practices across all aspects of our operations. Our Environmental Management System is aligned with ISO 14001 standards, including comprehensive guidelines for the responsible management of various types of waste. It undergoes audits to assess compliance. The Scrap Management Procedure describes the process for managing unplanned scrap, starting from scrap requesting, examination

and initial decision, selling preparation, selling, disposal and write-off. Also, our Labor Camp-Waste Disposal Procedure explains waste removal and cleanliness maintenance in labor housing areas, and the Waste Handling and Disposal Procedure, which regulates waste disposal through annual planning, contractor coordination, service monitoring, and monthly performance analysis.

Our waste management initiatives focus on collaborating with accredited third-party contractors for the responsible disposal and recycling of various waste types, including metals, chemicals, plastics, and biological waste, in compliance with regulatory standards. We have introduced sustainable practices such as replacing wooden pallets with steel pallets and carton boxes with plastic bins to reduce waste. Additionally, we repurpose wooden pallets by sending them to a metal factory for reuse. Our employees are encouraged to innovate and are recognized for their efforts in reducing waste, such as the LV Box Copper Wire Waste Reduction initiative. Moving forward, we plan to implement a UV Printing Machine to further reduce chemical waste.



+ Input / Process / Output



Highlight: Waste Segregation ++

We have thoroughly mapped out all waste streams in our factories, including the cable and transformer, and implemented a monthly inspection checklist for hazardous waste. Each type of waste generated (such as 100% of carton segregation) is identified for its respective zone according to the factory layout, with waste bins clearly marked for easy reference. The carton segregation effort will help us generate revenue from sold cartons and cut down on waste container costs.

- Carton and Cardboard (Pink): These materials, commonly used in packaging, are separated from other waste to prevent contamination and ensure efficient recycling.
- Plastic (Cyan): Plastics can take centuries to decompose and contribute to pollution, so segregating them aids in recycling by enabling processing and reuse.
- Wires (White): Electrical wires and cables segregation support for proper recycling or safe disposal, enabling the recovery of valuable materials like copper.

- General Waste (Green): These include non-recyclable or non-compostable waste, such as food scraps and sanitary items. Proper disposal of general waste is necessary to prevent contamination of other recyclable materials.
- Papers (Blue): The segregation of paper waste like newspapers, books, and office paper enables recycling, reducing deforestation and saving energy in paper production.



Energy Management ++

[GRI 3-3]

++ To continue managing our environmental impact, energy consumption remains a key focus across all our operations, and we constantly strive to optimize energy use, enhance efficiency, and reduce our carbon footprint through innovative solutions and strategic investments.

In 2024, the RMU factory introduced a new raw materials VNA store, which includes electric forklifts, jacks, and VNA machines, supported by nine battery charging stations. This transition to electric equipment helps reduce diesel consumption and contributes to improved energy efficiency, lower operating costs, quieter operation, and reduced greenhouse gas emissions. The CBF (Case/Carton Box Former) assembly machines now use smart meters to identify major energy consumers, enabling more targeted energy management. To further optimize energy use, shopfloor lights have been linked to the clock, automatically adjusting during breaks to save energy.

We currently utilize solar power and have installed rooftop solar panels in the recently completed alfanar Medinat facility. We continue to identify energy efficiency opportunities within our production processes and invest in energy-efficient machinery to

further reduce our environmental footprint.

In 2023-24, alfanar Electric utilized 3MW of solar power in KSA.

In Spain, several initiatives are being implemented to reduce electricity consumption across the Group's national plants, following the results of Building Energy Audits. These measures include replacing luminaires with energy-efficient LED lights, adapting air conditioning system timings, and raising staff awareness about energy-saving practices. Moreover, electric vehicle charging stations have been installed in the company parking lot, offering employees access to energy at cost price, a significant saving compared to market rates. This initiative promotes the use of electric vehicles, helping to reduce the company's environmental impact from employee travel while providing a valuable service to staff.



IN 2023-24, ALFANAR ELECTRIC UTILIZED 3MW OF SOLAR POWER IN KSA.

Greenhouse Gas (GHG) Emissions and Climate Change Mitigation & Adaptation

[GRI 3-3]

The issue of Greenhouse Gas (GHG) emissions and its impact on climate change continues to be a central concern for businesses globally.

As the world faces the effects of rising temperatures and unpredictable weather, it's crucial for companies to take responsibility for managing their emissions. We work towards actively measuring, monitoring, and reducing our GHG emissions across all aspects of our operations. Our ongoing efforts focus on calculating our carbon footprint and expanding the boundaries of the data to include more locations in the future reporting.

Starting in 2024, all new development projects in Spain will undergo a carbon footprint study, following the guidelines of ISO 14067. This study will provide valuable insights into the stages of development where emissions are most significant, enabling us to implement targeted strategies for reducing our carbon

footprint in future projects. In addition, we have successfully verified and validated the Product Carbon Footprint of several products in Italy in compliance with ISO 14067:2018, offering a transparent view of the environmental impact of these products and ensuring they meet international sustainability standards.

We continue to integrate sustainability initiatives aimed at improving resource efficiency, such as increasing the use of recycled materials and optimizing the consumption of raw materials in our production processes. These steps are designed to not only minimize waste but also reduce the carbon emissions associated with the manufacturing and transportation of materials, contributing to a more sustainable and energy-efficient operation.

Water Management

[GRI 3-3 | 303-5]

In our manufacturing facilities, water usage is primarily focused on cooling processes that maintain optimal temperatures in machinery and equipment, as well as other essential operations like cleaning and steam generation.

In our office spaces, water is used for sanitary purposes and general human needs, contributing to the daily functions of our staff. Given the nature of our business, our overall water consumption is considered limited and efficiently managed.

In 2024, we piloted the installation of presence sensors in one of our buildings in Spain, which will

include the installation of presence detectors on washbasin taps to reduce water consumption. These initiatives will be extended to other locations across the Group. Also, alfanar Industrial City employs Reverse Osmosis (RO) water treatment to promote the sustainable use of water resources, ensuring efficient purification and minimizing the impact on natural resources.

Water Consumption - KSA (m3)

2023



2024



Biodiversity⁺⁺

[GRI 3-3]

+ We recognize the importance of preserving biodiversity as part of our commitment to environmental sustainability.

While our operations as an electrical equipment manufacturer have a relatively low impact on biodiversity, we are proactive in enhancing green spaces and contributing to the natural environment. Medinat alfanar boasts 80,000 square meters of landscaped areas, featuring 2000 palm trees and dedicated football and cricket playgrounds. These efforts contribute to creating a balanced and sustainable environment for both employees and the surrounding ecosystem.

80,000 square meters of landscaped areas



featuring palm trees

2,000

palm trees



dedicated

football and cricket playgrounds



CHAPTER 6: ENGAGING WITH OUR COMMUNITIES

At the heart of our operations lies a strong belief that sustainable progress is only possible when we grow together with the communities we operate and serve. As a manufacturer of electrical systems and products, our responsibility goes beyond delivering quality, safety, and performance. Our long-term success is intrinsically linked to the well-being and prosperity of the people and ecosystems that surround us.

This chapter highlights our key community engagement initiatives, partnerships, and ongoing efforts. It also outlines how we continually assess and enhance our contributions to ensure they are impactful, relevant, and aligned with our sustainability goals.



Community Development & Partnerships ⁺

[GRI 3-3 | 203-1 | 203-2]

+ We are committed to responsible corporate practices, sustainable growth and understand that our impact extends beyond our core operations. We value the vital role of our communities in shaping our broader business environment and aim to create shared value by building trust, promoting collaboration, and contributing to positive social outcomes.

+ **Our Focus areas**

Our community engagement efforts are focused on understanding and addressing local needs, whether by advancing education and training in critical safety areas, community welfare including enhancing infrastructure initiatives. We have actively led numerous initiatives over the years.

During 2023-2024, we invested in addressing critical issues such as counterfeit electrical products, supporting children with disabilities, and improving living conditions for underserved families as detailed in below initiatives. These efforts highlight our commitment to social impact and humanitarian causes and reflect our core values of safety, sustainability, and social responsibility. We also designated an 80,000 sqm area within our Medinet alfanar for public use on weekends, providing a serene space to unwind and enjoy the natural surroundings, featuring a green landscape adorned with 2,000 palm trees at Alkhari Road.

Greeting Cards 2023 program

+ We continued to partner with the Disabled Children's Association (DCA) for the inspiring "Greeting Cards 2023" **+** program. This unique initiative features an exclusive collection of cards, with each design crafted by talented children with disabilities. The sale of these greeting cards serves as a meaningful fundraising effort, with all proceeds directly benefiting the association's efforts in supporting children with disabilities. DCA honored us as an outstanding corporate citizen during a ceremony in the presence of His Royal Highness Prince Sultan bin Salman

bin Abdulaziz, DCA Chairman. Our Public Relations Manager, Eng. Abdullah Hajlaa, received an honorary shield in gratitude for alfanar Electric's support.



Cord Extensions Replacement Campaign

Our Marketing Department, collaborated with the Saudi Consumer Protection Association, government authorities, and key distributors to continue to launch the third "Replace it for Your Safety" campaign. Aligned with the Saudi Standards, Metrology, and Quality Organization (SASO) mandate to ensure compliance with the SASO quality mark for extension cords, the campaign offered free replacement of 30,000 counterfeit extension cords with our certified products at key locations, including government entities such as Saudi Electric Company

(SEC), SASO, Saudi Drug and Food Authority (SFDA), and Ministry of Health (MOH) headquarters, as well as 10 Saudi Arabian Clearance and Organization (SACO) and Extra retail outlets and 14 distributor shops across KSA. The collaboration with SEC, SASO, and SFDA helped to streamline logistics coordination, planning and ensure proper distribution. The campaign reinforced public safety by promoting the use of SASO quality mark certified products and our safety reputation to build trust among our stakeholders. The campaign had widespread interaction through social media, raising awareness about the risks of counterfeit and non-conforming electrical products to both lives and property.



+ Highlight: Workshop on “Causes of Electrical Fires”

We organized a training workshop for 30 employees of the General Directorate of Civil Defense at alfanar’s training center. It was entitled “Causes of Electrical Fires” and presented by Eng. Mahmoud Al-Sawalhi, our Laboratories Manager. The workshop addressed topics related to electrical product safety, the causes of electrical fires, ways to prevent them, incorrect electrical installation practices, the danger of using non-conforming electrical products to individual and property safety, and the correct methods and devices necessary for electrical detection and inspection works. The Civil Defense Trainees expressed these sessions are expanding their electrical safety experience. At the end of the workshop, successful completion certificates of participation were presented to the trainees.



+ Safety Awareness on Civil Defense Day

In collaboration with the Civil Defense Directorate, we launched safety campaigns to raise safety culture awareness amongst members of society. The motto was “With technology we seek to protect you,”. Our specialized stand that included wide range of our safety electrical products educated the visitors eager to interact and learn about the content presented by us. The General Directorate of Civil Defense’s management awarded us with a token of appreciation in gratitude for promoting awareness for citizen’s safety and awareness.



+ Tarmeem Charity Association

As part of our partnership with Tarmeem, a charity association responsible for renovating homes in the eastern region of Saudi Arabia, we contributed to improving the living conditions of 100 underprivileged families by supporting home renovation projects. We provided essential electrical construction materials and ceramic tiles to ensure safe, high-quality living environments.



+ Arranging School and University Students visits to Medinet alfanar

Our future plans will focus on continued community engagement through initiatives such as student visit programs to Medinet alfanar, safety awareness campaigns (both digital and physical), and specialized training sessions aimed at fostering knowledge and safety culture.



+ Empowering and Shaping the Future Talent of Manufacturing Industry

Our community engagement activities in Spain include donations, training, DEI and awareness. We promote gender equality and equal opportunities with education and training as we aim to inspire young minds, especially women, to explore careers in technology and industry. Through the Ezagutu Aukeratu internship program, vocational education and training (VET) students gain real-world industry experience by accompanying our working professional's day activities. In 2023, we welcomed students from Ikastola Lauaxeta and Politeknika Txorierrri, offering valuable exposure to potential career paths.

We also participated in annual events such as Foro FP-Parke and Industry Day (Industria Erronka). At Foro FP-Parke, we promote VET and technological careers, particularly for female students. In 2023, we hosted students from the Somorrostro Training Centre, helping them understand the demands and opportunities in a technology-driven company. The Industry Day is organized by the Federación Vizcaína de Empresas del Metal (FVEM) to connect students with industry professionals. We visited Askartza Claret School to present our work to Technological Baccalaureate students. Later, these students toured our facilities, concluding with a large event at the BEC (Bilbao Exhibition Centre) attended by students, authorities, and companies.

APPENDICES ⁺⁺

A



Appendix A – GRI Content Index

Statement of use	alfanar Electric has reported in accordance with the GRI Standards for the period 1st January 2023 to 31st December 2024.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not available

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	P. 6- 8			
	2-2 Entities included in the organization's sustainability reporting	P. 3			
	2-3 Reporting period, frequency and contact point	P. 3			
	2-4 Restatements of information	P. 3			
	2-5 External assurance	P. 3			
	2-6 Activities, value chain and other business relationships	P. 8			
	2-7 Employees	P. 33			
	2-8 Workers who are not employees	-	All	Information unavailable/ incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
	2-9 Governance structure and composition	-	All	Confidentiality constraints	Disclosing details of alfanar Electric's governance structure and composition is restricted. It is strictly confined to our internal stakeholder.
	2-10 Nomination and selection of the highest governance body	-	All	Confidentiality constraints	Disclosing details of alfanar Electric's remuneration policies is restricted. It is strictly confined to our internal stakeholder.
	2-11 Chair of the highest governance body	-	All	Confidentiality constraints	Disclosing details of alfanar Electric's Chair of the highest governance body is restricted. It is strictly confined to our internal stakeholder.
	2-12 Role of the highest governance body in overseeing the management of impacts	P. 19			
	2-13 Delegation of responsibility for managing impacts	P. 19			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
General disclosures					
GRI 2: General Disclosures 2021	2-14 Role of the highest governance body in sustainability reporting	-	All	Confidentiality constraints	Disclosing this details is restricted. It is strictly confined to our internal stakeholder.
	2-15 Conflicts of interest	-		Confidentiality constraints	Disclosing this details is restricted. It is strictly confined to our internal stakeholder.
	2-16 Communication of critical concerns	-		Confidentiality constraints	Disclosing this details is restricted. It is strictly confined to our internal stakeholder.
	2-17 Collective knowledge of the highest governance body	P. 19			
	2-18 Evaluation of the performance of the highest governance body	P. 19			
	2-19 Remuneration policies	-	All	Confidentiality constraints	Disclosing details of alfanar Electric's chair of the highest governance body is restricted. It is strictly confined to our internal stakeholder.
	2-20 Process to determine remuneration	-	All	Confidentiality constraints	Disclosing our remuneration process is restricted. This information is confined to our internal stakeholders.
	2-21 Annual total compensation ratio	-	All	Confidentiality constraints	Disclosing our annual compensation ratio is restricted. This information is confined to our internal stakeholders.
	2-22 Statement on sustainable development strategy	P. 4			
	2-23 Policy commitments	P. 20, 22, 24, 34, 37-38, 40			
	2-24 Embedding policy commitments	P. 20, 34, 36, 43			
	2-25 Processes to remediate negative impacts	P. 21			
	2-26 Mechanisms for seeking advice and raising concerns	P. 20			
	2-27 Compliance with laws and regulations	P. 20			
	2-28 Membership associations	-	All	Information unavailable/incomplete	At alfanar Electric, we will look forward to have membership with relevant associations in the future.
	2-29 Approach to stakeholder engagement	P. 14			
2-30 Collective bargaining agreements		All	Legal prohibitions	Our operations are in accordance with Saudi labor laws, reflecting our commitment to ethical and lawful employment practices.	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Material topics					
[Please note: The material topics included in the headings below are examples. They can be renamed and grouped according to the names the organization has given to its material topics. The list of material topics included in the content index is the same as the list of material topics reported under 3-2-a in GRI 3: Material Topics 2021. The disclosures included under the material topics are also examples. The disclosures can be removed (except for Disclosure 3-3) and other disclosures can be added according to the disclosures the organization has reported for each material topic.]					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	P. 15	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	3-2 List of material topics	P. 16-17			
Stakeholder Engagement					
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 14			
Corporate Governance					
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 19			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	-	Partial	Confidentiality constraints	Disclosing information of alfanar Electric's governance body is restricted. This information is confined to our internal stakeholders.
Business Ethics					
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 20			
GRI 405: Diversity and Equal Opportunity 2016	205-1 Operations assessed for risks related to corruption	-	All	Information unavailable/incomplete	This information is currently not available.
	205-2 Communication and training about anti-corruption policies and procedures	P. 20			
	205-3 Confirmed incidents of corruption and actions taken	P. 20			
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	P. 20			
Risk Management & Business Continuity					
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 21			
ESG Risk & Compliance					
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 22			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Local Content					
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 23			
GRI 202: Market Presence 2016	202-2: Proportion of senior management hired from the local community	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
GRI 203: Indirect Economic Impacts 2016	203-1: Infrastructure investments and services supported	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
	203-2 Significant Indirect Economic Impacts	P. 23			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
Cybersecurity & Data Privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 24-25			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	P. 24-25			
Digital Transformation & Innovation					
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 26-27			
Customer Relationship Management					
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 28			
Product Quality & Safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 29-30			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	-	All	Information unavailable/incomplete	This information is currently not available.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	P. 30			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	-	All	Information unavailable/incomplete	This information is currently not available.
	417-2 Incidents of non-compliance concerning product and service information and labeling	-	All	Information unavailable/incomplete	This information is currently not available.

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Supply Chain & Procurement Management					
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 31			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	-	All	Information unavailable/incomplete	This information is currently not available.
	308-2 Negative environmental impacts in the supply chain and actions taken	-	All	Information unavailable/incomplete	This information is currently not available.
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	-	All	Information unavailable/incomplete	This information is currently not available.
Talent Management					
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 33			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	P. 33			
	401-3 Parental leave	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
	402-1 Minimum notice periods regarding operational changes	-	All	Confidentiality constraints	Our operations are in accordance with Saudi labor laws, reflecting our commitment to ethical and lawful employment practices.
	404-3 Percentage of employees receiving regular performance and career development reviews	P. 34			
Diversity, Equity & Inclusion					
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 34			
GRI 202: Market Presence 2016	Disclosure 202-1 Ratios of standard entry level wage by gender compared to local minimum wage	-	All	Confidentiality constraints	Disclosing ratios of standard entry level wage by gender compared to local minimum wage is restricted. This information is confined to our internal stakeholders.
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
GRI 406: Non-discrimination 2016	405-2 Ratio of basic salary and remuneration of women to men	-	All	Information unavailable/incomplete	We currently do not have this information.
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	P. 34			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Learning & Development					
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 35			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	P. 35			
	404-2 Programs for upgrading employee skills and transition assistance programs	P. 35			
Occupational Health, Safety & Wellbeing					
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 36			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	P. 36			
	403-2 Hazard identification, risk assessment, and incident investigation	P. 37			
	403-3 Occupational health services	P. 37			
	403-4 Worker participation, consultation, and communication on occupational health and safety	P. 37			
	403-5 Worker training on occupational health and safety	P. 36-37			
	403-6 Promotion of worker health	P. 38			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P. 37			
	403-8 Workers covered by an occupational health and safety management system	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
	403-9 Work-related injuries	P. 37			
	403-10 Work-related ill health	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
Human and Labor Rights					
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 40			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-	All	Legal prohibitions	Our operations are in accordance with Saudi labor laws, reflecting our commitment to ethical and lawful employment practices.

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Human and Labor Rights (continued)					
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	P. 40			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	P. 40			
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	P. 40			
Materials Management & Circularity					
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 42			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
	301-2 Recycled input materials used	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
	301-3 Reclaimed products and their packaging materials	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
Waste Management					
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 43			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
	306-2 Management of significant waste-related impacts	P. 43			
	306-3 Waste generated	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
	306-4 Waste diverted from disposal	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
	306-5 Waste directed to disposal	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Energy Management					
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 44			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
	302-2 Energy consumption outside of the organization	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
	302-3 Energy intensity	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
	302-4 Reduction of energy consumption	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
	302-5 Reductions in energy requirements of products and services	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
Climate Change Mitigation & Adaptation, Greenhouse Gas (GHG) Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 45			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
	305-2 Energy indirect (Scope 2) GHG emissions	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
	305-3 Other indirect (Scope 3) GHG emissions	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
	305-4 GHG emissions intensity	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
	305-5 Reduction of GHG emissions	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
	305-6 Emissions of ozone-depleting substances (ODS)	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Water Management					
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 45			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
	303-2 Management of water discharge-related impacts	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
	303-3 Water withdrawal	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
	303-4 Water discharge	-	All	Information unavailable/incomplete	We currently do not have this information, as we are in the process of collecting the data within alfanar Electric and its subsidiaries. We will consider including this in future reports.
	303-5 Water consumption	P. 45			
Biodiversity					
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 46			
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	-	All	Information unavailable/incomplete	We currently do not have this information.
	304-2 Significant impacts of activities, products and services on biodiversity	-	All	Information unavailable/incomplete	We currently do not have this information.
	304-3 Habitats protected or restored	-	All	Information unavailable/incomplete	We currently do not have this information.
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	-	All	Information unavailable/incomplete	We currently do not have this information.
Community Development & Partnerships					
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 47			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	P. 47			
	203-2 Significant Indirect Economic Impacts	P. 47			
GRI 43: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	-	All	Information unavailable/incomplete	We currently do not have this information.
	413-2 Operations with significant actual and potential negative impacts on local communities	-	All	Information unavailable/incomplete	We currently do not have this information.

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Economic Contribution & Value Creation					
GRI 3: Material Topics 2021	3-3 Management of material topics	-	All	Confidentiality constraints	Disclosing our economic performance is restricted. This information is confined to our internal stakeholders.
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	-	All	Confidentiality constraints	Disclosing our direct economic value generated and distributed is restricted. This information is confined to our internal stakeholders.
	201-2 Financial implications and other risks and opportunities due to climate change	-	All	Information unavailable/incomplete	We currently do not have this information.
	201-3 Defined benefit plan obligations and other retirement plans	-	All	Confidentiality constraints	Disclosing our Defined benefit plan obligations and other retirement plans is restricted. This information is confined to our internal stakeholders.
	201-4 Financial assistance received from government	-	All	Confidentiality constraints	Disclosing our financial assistance received from government is restricted. This information is confined to our internal stakeholder.

Appendix B – Abbreviations & Acronyms⁺

Abbreviation	Description
AE	alfanar Electric
AI	Artificial intelligence
BCM	Business Continuity Management
BEC	Bilbao Exhibition Centre
BI	Business Intelligence
BS	British Standards
DPO	Data Protection Officer
CBF	Case/Carton Box Former
CO2	Carbon Dioxide
CoP	Communication on Progress
CNC	Computer Numerical Control programming
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
DAST	Dynamic Application Security Testing
DCA	Disabled Children's Association
DEI	Diversity, Equity and Inclusion
DEKRA	Deutscher Kraftfahrzeug-Überwachungs-Verein
DLP	Data Loss Prevention
ECB	Electrical Circuit Breaker
ENOWA NEOM	The Energy and Water Company, a subsidiary of NEOM
EPC	Engineering, Procurement, and Construction
EPD	Environmental Product Declarations
EPL	Empowering Potential Ladies
ERM	Enterprise Risk Management

Abbreviation	Description
ESG	Environmental, Social, and Governance
EV	Electric Vehicle
FEA	Finite Element Analysis
FSC	Forest Stewardship Council
FVEM	Federación Vizcaína de Empresas del Metal
GRI	Global Reporting Initiative
GHG	Greenhouse Gases
GWP	Global Warming Potential
HPE	Hewlett Packard Enterprise
HR	Human Resource
HRDF	Human Resources Development Fund
HSE	Health, Safety, and Environment
HSEI	Health Safety and Environment Institute
HV	High Voltage
IEC	International Electrotechnical Commission
ISO	International Organization for Standardization
ISMS	Information Security Management Systems
ILO	International Labour Organization
IT	Information Technology
KPI	Key Performance Indicator
KSA	Kingdom of Saudi Arabia
KWH	Kilowatt-Hour
LED	Light Emitting Diode
LTIFR	Lost Time Injury Frequency Rate

Abbreviation	Description
LV	Low Voltage.
MEE	Middle East Energy
MODON	Saudi Authority for Industrial Cities and Technology Zones
MoH	Ministry of Health
MV	Medium Voltage
NCA ECC	National Cybersecurity Authority Essential Cybersecurity Controls
NFPA	National Fire Protection Association
OECD	Organization for Economic Co-operation and Development
OHS	Occupational Health, Safety
OHSM	Occupational Health, Safety Management
OJT	On-the-job Training
OSHA	Occupational Safety and Health Administration
PDPL	Personal Data Protection Law
PIA	Privacy Impact Assessments
PIF	Public Investment Fund
PME	Presidency of Meteorology and Environment
PMP	Project Management Professional
PRCD	Portable Residual Current Protective Device
Q	Quarter
QA	Quality Assurance
QC	Quality Control
QMS	Quality Management System
QR	Quick Response
R&D	Research and Development
RCBO	Residual Current Operated Circuit Breaker
RoHS	Restriction of Hazardous Substances
RO	Reverse Osmosis
RPI	Riyadh Polytechnic Institute

Abbreviation	Description
SACO	Saudi Arabian Clearance and Organization
SAR	Saudi Riyal
SASO	Saudi Standards, Metrology and Quality Organization
SAST	Static Application Security Testing
SAT	Specialist Technical Assistance Service
SCOC	Supplier Code of Conduct
SbD	Security by Design
SBC	Saudi building code
SEC	Saudi Electricity Company
SF6	Sulfur hexafluoride
SFDA	Saudi Drug and Food Authority
SMETA	Sedex Members Ethical Trade Audits
SRCD	Residual Current Device Switched Socket Outlet
SRMU	Smart Ring Main Unit
STEAM	Science, Technology, Engineering, Arts, and Mathematics
STEM	Science, Technology, Engineering, and Mathematics
TIFR	Total Incident Frequency Rate
TPRM	Third-Party Risk Management
TVTC	Technical and Vocational Training Corporation
UAE	United Arab Emirates
UK	United Kingdom
UNGC	United Nations Global Compact
UNSDG	United Nations Sustainability Development Goals
UV	Ultraviolet
VET	Vocational Education and Training
VNA	Very Narrow Aisle
WEEE	Waste of Electrical and Electronic Equipment
5S	Sort, SET in Order, Shine, Standardize, Sustain



www.alfanar.com