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alfanar Electric

Sustainability Report 2025

A MESSAGE FROM OUR PRESIDENT

[GRI 2-22]

With a clear sense of purpose and confidence in our direction, we are pleased to present alfanar Electric's Sustainability Report 2025.

This report reflects a year of continued progress as we strengthened our manufacturing capabilities, expanded our technology portfolio, enhanced organizational capabilities, deepened our engagement with customers and partners, and advanced our approach to sustainable business practices across our operations. It also reflects our commitment to creating long-term value through responsible growth, operational excellence, and innovation, while contributing to the evolving needs of the power, energy, and infrastructure sectors that underpin economic development and societal progress.

The industries we serve are undergoing a period of profound transformation. Growing demand for reliable and resilient smart infrastructure, accelerating digitalization, the expansion of renewable energy systems, and increasing expectations around environmental performance are reshaping how electrical networks and industrial systems are designed, built, and operated. As a manufacturer, technology developer, and solutions provider operating across multiple markets, we recognize that our role extends beyond supplying products. We have a responsibility to help our customers navigate this transition by providing technologies and solutions that enable more efficient, connected, and future-ready energy systems while improving the quality, reliability, and performance they expect.

Against this backdrop, we continued to reinforce our position as a contributor to industrial development and infrastructure advancement. Throughout 2025, our teams focused on expanding manufacturing capabilities and accelerating the deployment of technologies that address emerging industry requirements. The inauguration of our High Voltage Direct Current (HVDC) Converter Stations Factory in Riyadh represented a milestone in broadening our technological capabilities and enabling the development of advanced power transmission infrastructure. At the same time, our continued investment in next-generation solutions, including SF_6-free technologies, reflects our focus on innovation that responds both to industry requirements and to the broader direction of the global energy sector toward a more sustainable future.

Innovation remains one of the most important drivers of our long-term growth and competitiveness. During the year, we expanded research and development programs that translate engineering expertise into practical solutions for utilities, industries, and infrastructure operators. The successful energization of our first SF_6-free Ring Main Units in the Middle East, KSA-UAE-Oman-Jordan-Bahrain, or in Europe, and the continued development of a broader portfolio of SF_6-free switchgear technologies demonstrate how innovation is helping us address customer's expectations while maintaining technical performance and reliability.

Alongside innovation, we remain committed to strengthening the foundations that support sustainable industrial growth. In KSA, we further invested in local manufacturing capabilities, supplier development, and technology localization, with worldwide patent applications submitted, in alignment with the objectives of Saudi Vision 2030. Through initiatives such as our Estidama local content program, we are working to advance local value creation, enhance the competitiveness of domestic industries, and contribute to the development of a more resilient industrial ecosystem. We believe that building local capabilities and fostering knowledge transfer are essential not only for our business but also for the long-term economic development of the markets we serve. Our participation in the Sustainability Leaders Program announced at COP16 further reinforces our commitment to supporting the Kingdom's broader sustainability ambitions while further enhancing the capabilities and resilience of our own business.

Our approach to sustainability continues to evolve as we strengthen the systems, governance processes, and performance frameworks needed to drive sustained progress. These efforts were recognized through the Sustainability Champion Award from the German Chamber of Commerce in Riyadh, providing further encouragement as we advance our sustainability journey. We also enhanced our efforts to improve environmental data management, enhance resource efficiency, expand renewable energy use within our operations, and further integrate sustainability considerations into key areas of our business. While there is more progress to be made, we remain committed to building the foundations necessary to manage our impacts responsibly and enable informed decision-making as expectations continue to evolve.



None of this progress would be possible without the dedication, expertise, and commitment of our people. Across our operations, our employees continue to drive innovation, operational excellence, and customer success every day. We remain committed to creating a workplace where individuals can develop their capabilities, contribute meaningfully, and build rewarding careers within a culture defined by safety, respect, inclusion, and continuous improvement. Particularly within our manufacturing environments, we remain focused on investing in developing health, safety, and employee wellbeing, recognizing that operational excellence can only be achieved when our people are supported by safe workplaces, strong systems, and working conditions that enable them to perform at their best. As our business grows and evolves, investing in our people will remain fundamental to our long-term success.

Looking ahead, we remain optimistic about future opportunities. Electrification, digitalization, infrastructure expansion, and industrial transformation will continue to shape the markets in which we operate, creating new opportunities for innovation, collaboration, and growth. By combining our manufacturing expertise, engineering capabilities, and commitment to responsible business practices, we are well positioned to help drive these transitions while continuing to create enduring value for our stakeholders.

On behalf of alfanar Electric, I would like to thank our employees, customers, partners, suppliers, and all stakeholders for their continued trust and support. Together, we will keep building a stronger, more innovative, and more resilient future.

PASCAL HOERTER
President
alfanar Electric

OUR APPROACH TO REPORTING

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

Report Overview

This Sustainability Report reflects our ongoing commitment to transparency, offering stakeholders a comprehensive account of how we navigated our environmental, social, and governance (ESG) responsibilities throughout 2025. The report presents our commitments, performance, key achievements, and ongoing efforts to embed sustainability across our operations, while outlining the priorities shaping our future direction.

Beyond serving as a record of the past year, this report functions as a meaningful instrument of accountability, providing insight into how we approach sustainability and how that approach translates into long-term, responsible value creation for the business and the communities we operate within. To ensure a coherent and logical reading experience, the report is structured to first establish our business context and the foundations of our sustainability strategy, before moving into detailed disclosures on our ESG performance across the year.

Reporting Boundary and Scope

This report covers our sustainability performance for the calendar year 2025, from January 1 through December 31, and details how we manage our most significant impacts across our business and the communities we serve.

The information presented in this report covers alfanar Electric operations in the Kingdom of Saudi Arabia (KSA), Jordan and alfanar L.L.C (UAE) and where available data from alfanar Electric's fully owned subsidiaries: Contactum (United Kingdom), ZIV (Spain), SFA (Turkey), E.A Srl (Italy), and Kopp (Germany).

For the purposes of this report, "alfanar" or " alfanar Group" refers to the parent company, while "we," "our," and "us" represent alfanar Electric. Where information is specific to our subsidiary, it is referenced by the subsidiary's location or name. All financial figures are presented in Saudi Riyals.

Reporting Standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021, the most widely recognized global framework for sustainability reporting. This alignment ensures a high level of credibility, comparability, and adherence to leading international best practices.

Throughout the development of this report, we have applied all eight GRI reporting principles:



This report also reflects our contribution to the United Nations Sustainable Development Goals (UN SDGs), integrated into our materiality assessment and explored further in Chapter 3.

Data Quality

We are committed to ensuring that the information shared throughout this report is accurate, reliable, and reflective of the realities of our operations. All data has been obtained from verified internal sources and has undergone a structured validation process to ensure completeness and credibility. We continue to enhance our data management systems to improve consistency and comparability over time.

Assurance and Data Considerations

This report has not been subject to external assurance and is based on the best available data for the reporting period. As our data systems continue to mature, certain figures may be restated, from previous reports to reflect improved data accuracy and methodology.

How to Navigate this Report

This report unfolds across five chapters, each dedicated to a key dimension of our sustainability performance. Readers may choose to engage with the report in its entirety or navigate directly to chapters of particular interest.

Stakeholder Feedback

We see stakeholder engagement as essential to making our reporting more relevant, more transparent, and more reflective of what matters to the people we serve, and we welcome the feedback that helps us continue to refine it. Should you have any comments, questions, or requests for additional information, please reach out to us at ahmad.alsaleh@alfanar.com or by phone at 800-124-1333 (KSA toll free) or +966-11-494-5400 (international).

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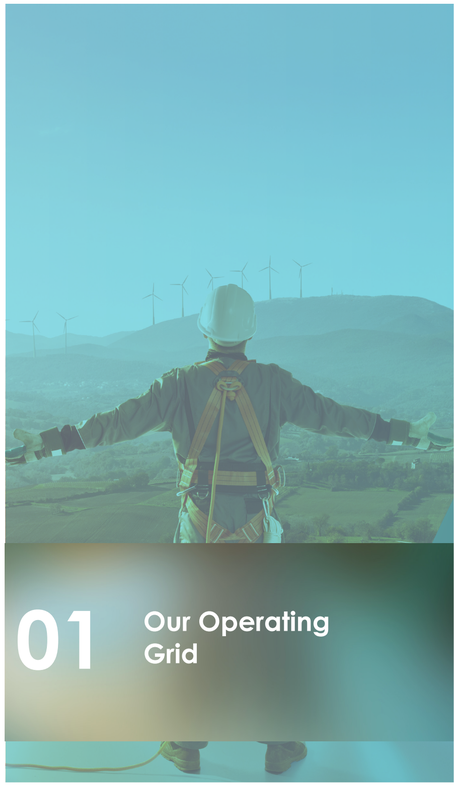
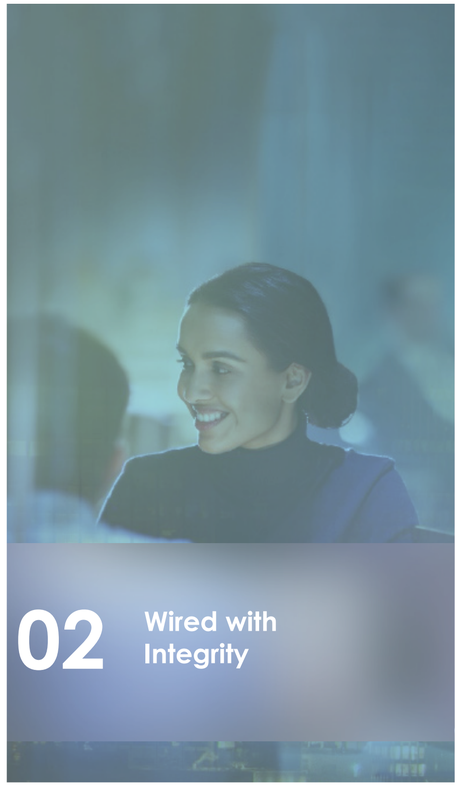
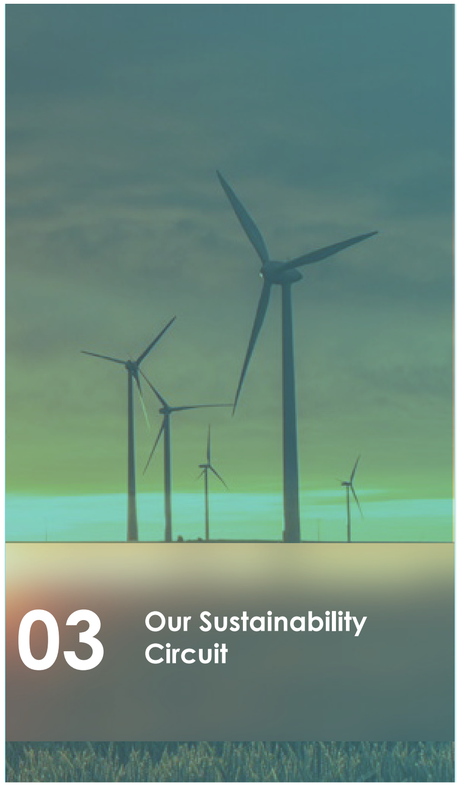


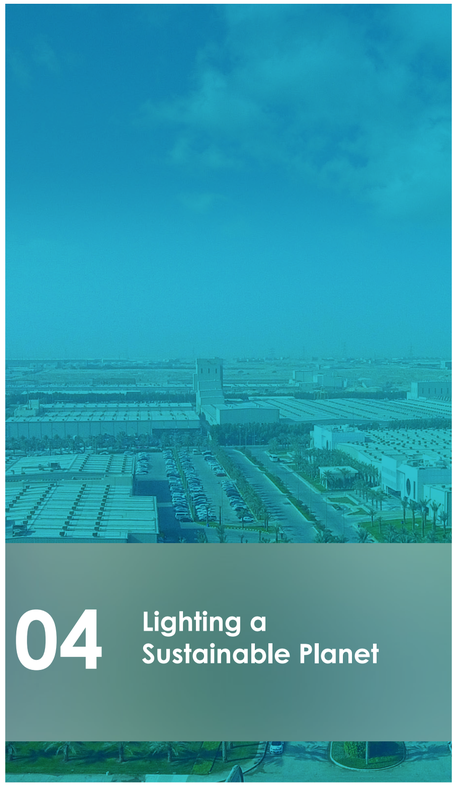
01 Our Operating Grid



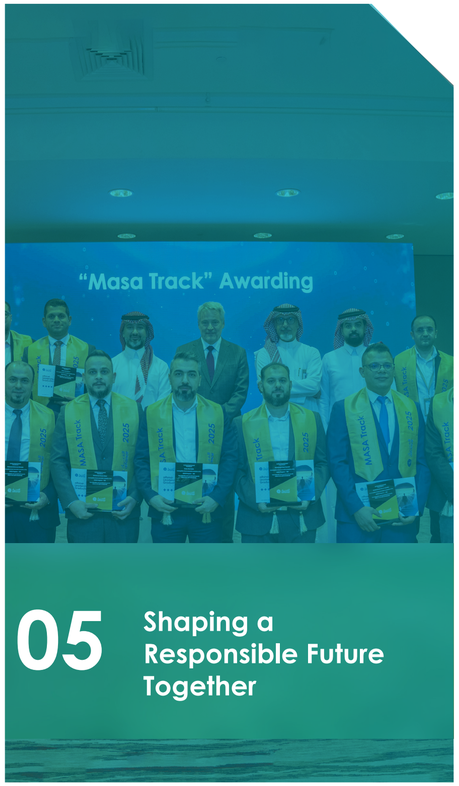
02 Wired with Integrity



03 Our Sustainability Circuit



04 Lighting a Sustainable Planet



05 Shaping a Responsible Future Together

OUR IMPACT AT A GLANCE

4%
year-on-year decrease in fuel consumption across our operations*

650+
women shaping our KSA operations today, up from the first four women hired over two decades ago

20 million SAR
invested in R&D projects in KSA

8%
year-on-year decrease in water consumption across our operations*

11
charitable organizations supported by alfanar Community Foundation

50,000+
prospects and existing clients reached in KSA

ISO 14001
certified environmental management systems across KSA, UAE, Turkey and the UK

Zero
employee fatalities across our operations*

Zero
confirmed incidents of anti-competition reported in KSA

39%
year-on-year decrease in electricity consumption in Turkey

100%
of employees received regular performance and career development reviews across our operations*

Zero
issues concerning breaches of customer privacy in KSA

11%
year-on-year increase in renewable material use in Spain

2,300+
assistance requests from communities supported across 11 categories between 2022 and 2025

alfanar Electrical Systems Laboratory in KSA expanded the scope of its IECEE accreditation with
DEKRA

410,548 kWh
energy savings achieved through HVAC modernization in UAE

0.95
rate of high-consequence work-related injuries (excluding fatalities) across our operations*

Launched a **supplier development program** to strengthen local metal fabrication capabilities in line with Saudi Vision 2030

* The data includes operations in KSA, UAE, Italy, Spain, and Turkey

CHAPTER 1

OUR OPERATING GRID

At alfanar Electric, we shape our journey through a clear strategic direction and disciplined execution, enabling us to consistently deliver value across our operations and global footprint. We are committed to excellence in how we design and deliver our offerings, continuously enhancing quality, strengthening customer relationships, and advancing innovation. Our approach is anchored in strong partnerships across our value chain and responsible practices that build resilience and trust. Supported by a focus on performance and accountability, we track our progress and strengthen our capacity to deliver sustainable and long-term impact.



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Generating Value Through Our Operations	8
Pursuing Excellence	11
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2025 IMPACT

- **5** new innovative projects developed
- **50+** electrician events conducted across the KSA
- **78M** digital platform reach across our four social media platforms
- **17** local suppliers empowered through targeted capability development

SDG ALIGNMENT



SHAPING OUR JOURNEY

[GRI 2-1]

Since its foundation, alfanar has evolved into a diversified industrial group with a strong presence across manufacturing, engineering, construction, technology and investment.

As alfanar's manufacturing arm, alfanar Electric plays a central role in designing, manufacturing and delivering the products, systems and integrated solutions that support reliable power networks, critical infrastructure and industrial development. Established through a commitment to quality, innovation and responsible growth, we have continuously expanded our capabilities in response to changing customer needs, building an integrated business that today spans electrical products, power systems, smart grid technologies, automation solutions, digital infrastructure and advanced energy applications. Our manufacturing excellence, combined with engineering expertise and technology-led innovation, enables us to strengthen our position as a trusted partner supporting increasingly connected, efficient and future-ready energy systems.

Headquartered in Riyadh, alfanar Electric operates through a network of manufacturing facilities, specialized business units and international subsidiaries spanning the Middle East, North Africa and Europe. This global footprint combines local market knowledge with international expertise, enabling us to remain close to our customers while delivering consistent quality, technical excellence and responsive service across diverse markets. Supported by a comprehensive portfolio of products, systems and engineering capabilities, we continue to create value across the power, energy and infrastructure sectors while contributing to industrial progress, economic development and the advancement of more resilient and sustainable communities.

8 countries of operation

8,000+ employees globally

50+ nationalities

5,500 projects across the globe



Click on ◉ to see subsidary details

GENERATING VALUE THROUGH OUR OPERATIONS

[GRI 2-6]

Creating lasting value begins with the way we integrate our manufacturing capabilities, engineering capabilities, technological innovation and customer-centric approach to deliver solutions that support the dynamic needs of the power, energy and infrastructure sectors.

Our operations are built on a diversified business model that brings together advanced manufacturing, specialized technical capabilities and global collaboration, enabling us to deliver reliable products, systems and services that address complex industry requirements while adapting to changing market demands. This integrated approach is strengthened by continuous investment in our industrial capabilities, strategic partnerships and skilled workforce, allowing us to respond with agility while maintaining the quality, reliability and operational excellence our customers expect. Rooted in the values that define how we work and supported by a value creation approach that balances business growth with long-term stakeholder outcomes, we continue to strengthen our contribution to resilient infrastructure, industrial development and sustainable economic progress.

Our Products & Solutions

Our portfolio reflects the breadth of capabilities we have developed to support customers across the power, energy and infrastructure value chain. From electrical products and power distribution systems to intelligent solutions, automation and digital infrastructure solutions, we deliver an integrated offering across diverse industries. Supported by our manufacturing expertise and engineering capabilities, these solutions enable customers to build reliable, efficient and increasingly connected energy systems.

During 2025, we continued to broaden our offering through the introduction of advanced technologies, including Smart Unit Substations (USS), alongside continued investment in high-voltage direct current (HVDC) and digital infrastructure solutions that strengthen the performance, efficiency and reliability of critical electrical infrastructure.



Electrical Switches & Sockets



LED Lighting



Distribution Boards



Metal Boxes & Enclosures



Circuit Breakers



Cables and Wires



E-Mobility Solutions



LV Systems and Solutions



Medium Voltage Systems & Solutions



Transformers & Package Substations



Distribution & Substations Automation



Cyber Security



Dry Type Transformers



RMU - Ring Main Units



Masa

New Raysan Load Center



Air Circuit Breaker (ACB)



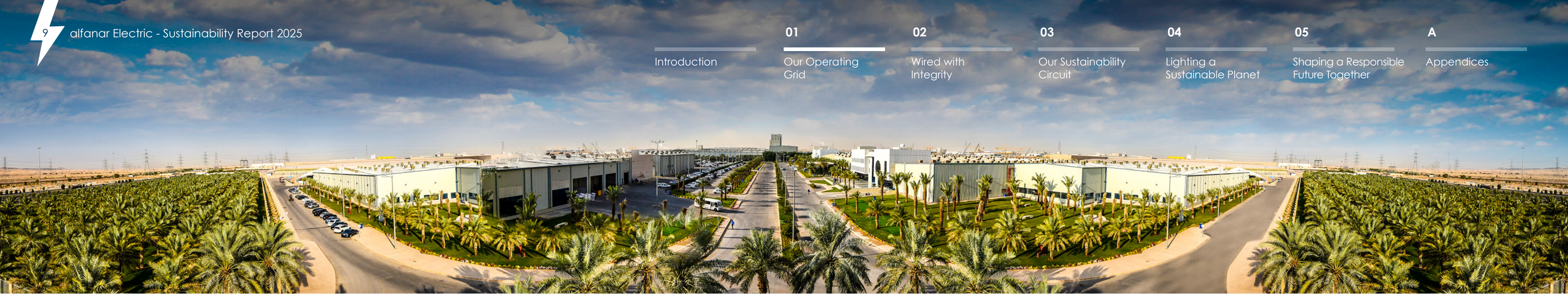
Distribution Automation and Substation Automation System (DASA)



Medium Voltage Vacuum Circuit Breaker (MV-VCB)



High Voltage Direct Current Converter Stations (HVDC)



Our Manufacturing Platform

At the heart of our operations is Medinet alfanar (alfanar Industrial City)in Riyadh, Saudi Arabia, our flagship manufacturing hub and the foundation of our industrial capabilities. Spanning more than 700,000 square meters and home to advanced production facilities, specialized testing laboratories and research centers, the complex reflects our long-standing investment in manufacturing excellence, innovation and technology while advancing the localization of industrial capability within KSA. Together with our global operations, Medinet alfanar provides the scale, expertise and operational foundation that enable us to deliver dependable solutions, support national industrial development and create long-term value for customers, communities and the markets we serve.

MEDINET ALFANAR AT A GLANCE

720,000
square meters

18+
Factories

650+
female employees

500+
engineers

80,000
square meters of landscaped areas

2000
palm trees

Bringing together a network of specialized manufacturing complexes and research centers equipped with advanced technologies and automated production systems, Medinet alfanar supports the design, manufacture and testing of a diverse portfolio of electrical products and solutions. Key facilities include:

Electrical Systems and Panel Complex
Manufactures low- and medium-voltage systems and distribution panels.

Accessories Manufacturing Complex
Produces electrical accessories for residential, commercial and industrial applications.

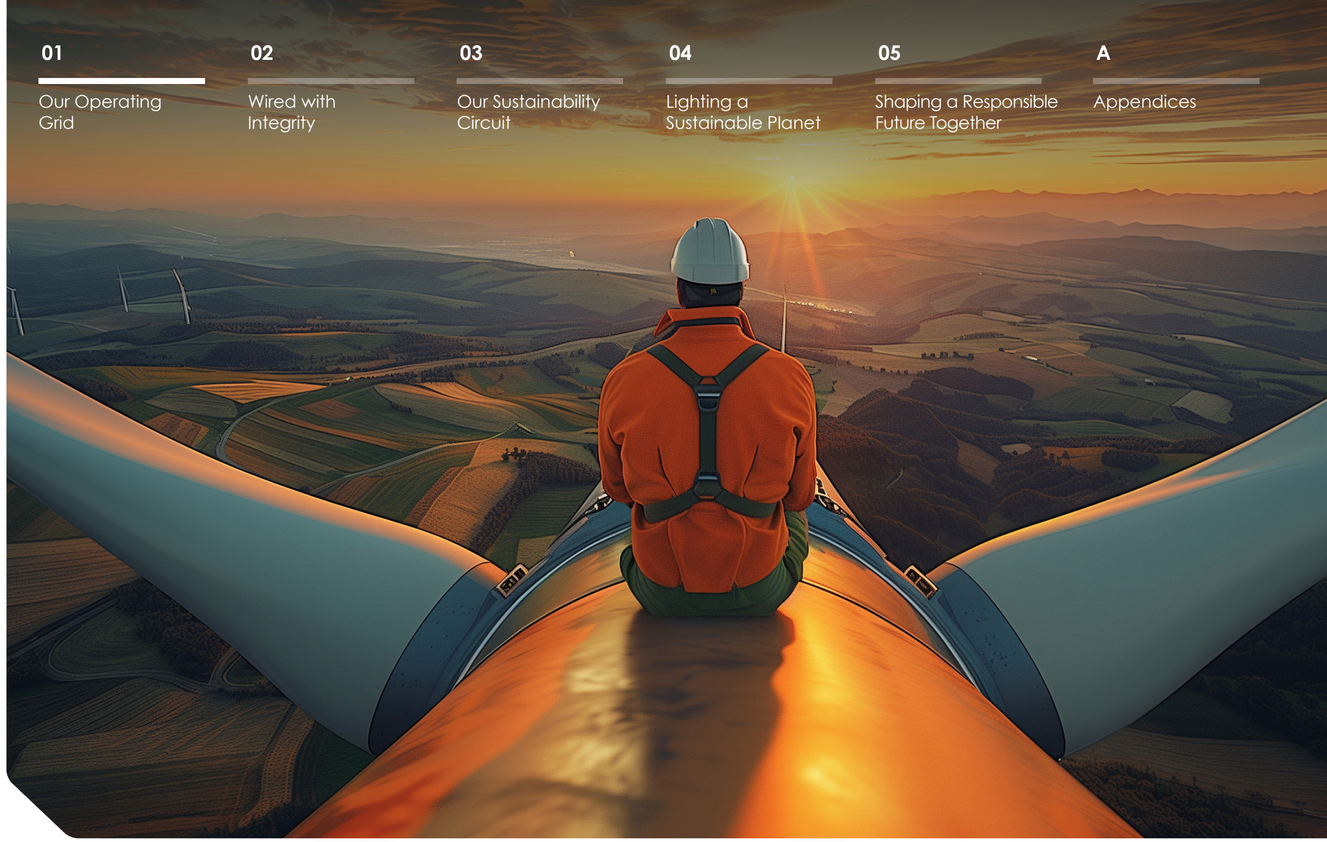
Cables Manufacturing Complex
Manufactures power and control cables for diverse industrial applications.

Transformers Manufacturing Complex
Designs and manufactures power and distribution transformers.

LV Factory, Alfawzan City
Produces low-voltage distribution, motor control and power management solutions.

HVDC Stations Factory
Supports efficient power transmission, grid stability and renewable energy integration through advanced HVDC technologies.

Supporting Infrastructure
Includes testing laboratories, data and communications centers, and a commercial zone supporting daily operations.



Our Values

alfanar's values shape the decisions we make, the relationships we build and the way we conduct business every day. They guide how we collaborate, innovate and deliver for our customers while reinforcing a culture of integrity, accountability and continuous improvement. Embedded across our operations, these principles provide a consistent foundation for delivering long-term value and sustaining the trust placed in us by our stakeholders.

Crafted with care

For us, purpose isn't an add-on. It guides how we think, what we build, and why we care about getting it right. We believe progress should be practical, sustainable, and human. That's why we focus on creating systems that quietly support life, industry, and the future, because how we build them matters.

What guides us

Our values aren't abstract ideals, they're how we show up every day. They shape how we think, work, and build, guiding every project, every product, and every interaction.

Quality is our prime competitive advantage

From the first drawing to the final delivery, we build quality into everything. Quality and the highest standards are how we earn trust, ensure reliability, and stand apart.

People are our greatest asset

Behind every project is a team of experts who make it possible. We create the space for people to thrive, grow, and lead with confidence.

Built on credibility

Doing things right means doing right by people. We work with honesty, respect, and a system-led approach that earns trust over time.

Service that stands out

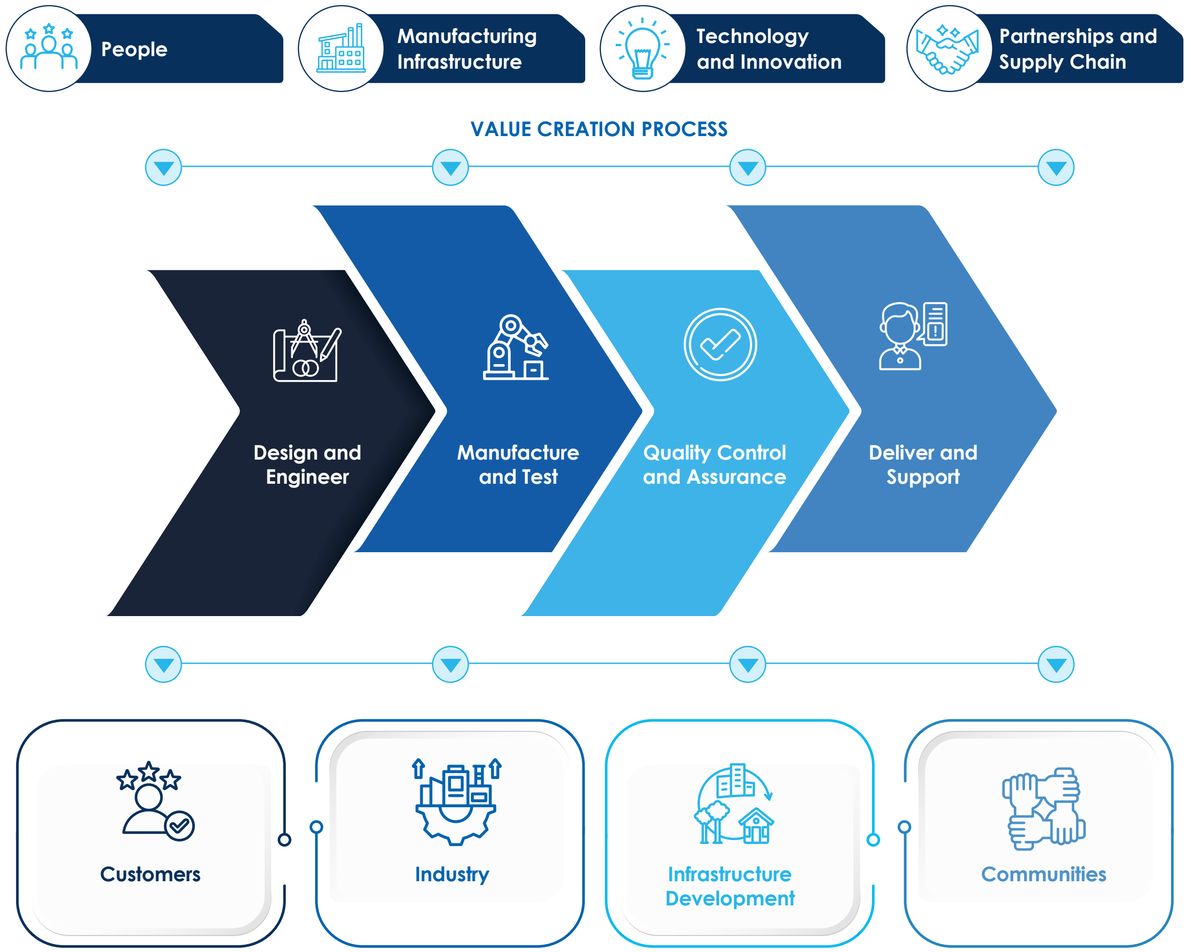
We listen with intent, act quickly, and stay accountable. Whether it's a custom solution or ongoing support, we deliver service that's as dependable as our results.

Innovation with intention

Our ideas are rooted in real needs not trends. We apply our expertise to create smart, scalable solutions that serve real people.

Our Value Creation Model

Our value creation model reflects how the strengths of our business come together to create value that extends beyond our operations. By connecting our capabilities, relationships and resources, we generate positive outcomes for our stakeholders while supporting sustainable business growth and long-term economic development. It provides a holistic view of how we create, deliver and sustain value over time.



PURSUING EXCELLENCE

Our commitment to excellence shapes every stage of the product journey, from design and manufacturing to customer support and continuous improvement. The products we deliver become part of homes, industries, utilities, and critical infrastructure, making excellence a responsibility rather than an aspiration. This responsibility drives us to continually strengthen our capabilities, deepen our expertise, and improve the way we create value for those who depend on us.

PRODUCTS QUALITY AND STANDARDS

[GRI 2-23, 2-24, 3-3, 416-2, 417-1]

Quality at alfanar Electric is defined by the ability of our products to operate safely, perform reliably, and meet the expectations of customers and regulators across the markets we serve. Our approach runs through every stage of the product lifecycle, from the standards applied during design to the controls applied during manufacturing, through to the testing and certification processes that validate performance before anything reaches the market. Our quality management system is built on an integrated framework of internationally recognized standards, ISO 9001 for quality management, ISO 14001 for environmental management, ISO 45001 for occupational health and safety, and ISO 27001 for information security. Our sustainability policy extends this approach through greenhouse gas measurement in accordance with ISO 14064, and product lifecycle assessments in accordance with ISO 14025, ISO 14040, and ISO 14044. Quality assurance in practice means a structured set of controls covering the full production cycle, from incoming materials through to final product inspection and customer complaint analysis, ensuring alignment between design intent and delivered performance. Our quality assurance capability is further supported by rigorous testing, certification, and validation processes that verify product performance against applicable standards and customer requirements.



No

incidents of noncompliance with regulations and/ or voluntary codes concerning the health and safety impacts of products and services

Our quality control and assurance processes include:

- Materials Inspection
- In-Process Inspection
- Validation and Type Tests
- Quality Audit System
- Product Validation and Type Tests
- Inspection of Finished Products
- Customer Complaint Management
- Calibration Management
- Quality Management System (QMS) Documentation
- Product Warranty
- New Product Development Quality (NPDQ) Process
- Supplier Quality Assurance

This foundation is visible in the products we bring to market and the technical requirements to which we hold them. Our wiring accessories are manufactured in accordance with IEC, BS, and SASO and RoHS requirements, with each product subject to controls designed to verify safe and reliable performance under real operating conditions. The launch of our Asala product family of switches and sockets in 2025, introduced at a dedicated event in Diriyah attended by more than 100 customers from the project and wholesale sectors reflects the same disciplined approach to product development in response to evolving customer expectations on quality, design, and performance. The breadth of our product portfolio was showcased at Middle East Energy (MEE) 2025 in Dubai, where we participated as Diamond Sponsor among more than 900 exhibitors, presenting our energy solutions to utility decision-makers, government officials, and project developers from across the region.

At the heart of our quality assurance capability is alfanar Electrical Systems Laboratory, which continued to strengthen its position during 2025 as one of the most credentialled testing facilities in the region. The laboratory's role goes beyond routine product verification, it functions as an active participant in the international standards ecosystem, providing the technical rigor that underpins our ability to operate across diverse regulatory environments. It is through this infrastructure that we are able to make and stand behind the quality commitments we extend to our customers, partners, and regulators across every geography we serve.

Our regional subsidiaries apply the same commitment to product compliance within their own regulatory environments. In Italy, EA Srl obtained regulatory approval for its new SF_6-free gas product range, ensuring full compliance with legal requirements for product identification. The company also introduced environmental labelling to provide customers with information on the environmental profile of its products. In Germany, KOPP manufactures its products in accordance with VDE standards and is actively working toward full implementation of the EU General Product Safety Regulation, which came into force in 2025 and introduces updated requirements across product safety, labelling, and market surveillance.

Raising the Bar on Testing and Certification: alfanar Electrical Systems Laboratory

Testing is where quality commitments are either validated or exposed, and during 2025 our laboratory received three distinct external recognitions reflecting the standards to which it operates. These milestones collectively reflect the depth of its technical capability and the confidence that the international standards community places in its work. Each recognition came from a different part of the industry and highlights a different dimension of the laboratory's capabilities. Together, they demonstrate:

IECEE ACCREDITATION EXPANSION WITH DEKRA


DEKRA

CERTIFICATE OF APPROVAL

for

Customer's Testing Facility

Issued to: alfanar Electrical Systems Laboratory
P.O. Box 564, New Al Kharj Road, 3rd Industrial City
11383 Riyadh
Saudi Arabia

Scope: Customer's Testing Facility has been accepted to operate in the CB Scheme for the standard(s) and/or tests as stated on the IECEE website.

alfanar Electrical Systems Laboratory expanded the scope of its IECEE accreditation with DEKRA, broadening the range of product categories and test parameters for which it holds internationally recognized approval. IECEE is the global certification system for electrical and electronic equipment. Expanding the laboratory's accreditation within this framework means that a wider range of our products can be certified in-house for acceptance across international markets, reducing reliance on third-party facilities and shortening the path from development to market-ready certification.

REFERENCE LABORATORY IN EIGHT INTERNATIONAL PROFICIENCY TESTING PROGRAMS



The laboratory was selected as a reference laboratory across eight international proficiency testing programs, a designation that carries significant technical standing. Proficiency testing is how laboratories demonstrate that their measurements are accurate and consistent against an international benchmark, and a reference laboratory is one whose results serve as that benchmark for others. Being selected across eight separate programs reflects the breadth of the laboratory's expertise and the confidence of the international testing community in the consistency of its work across multiple measurement disciplines.

FORMAL RECOGNITION FROM ROCKWELL AUTOMATION



A third recognition came from an industry partner rather than the standards community. Rockwell Automation issued a formal appreciation certificate recognizing the laboratory's work in performing full load current tests for variable frequency drive motor control panels within the Holy Haram project, a project of considerable scale and sensitivity where the quality and reliability of testing were critical. Recognition from a manufacturer of Rockwell's standing reflects the confidence that customers and partners place in the laboratory's technical capabilities.

DELIVERING FOR OUR CUSTOMERS

[GRI 2-23, 2-24, 3-3]

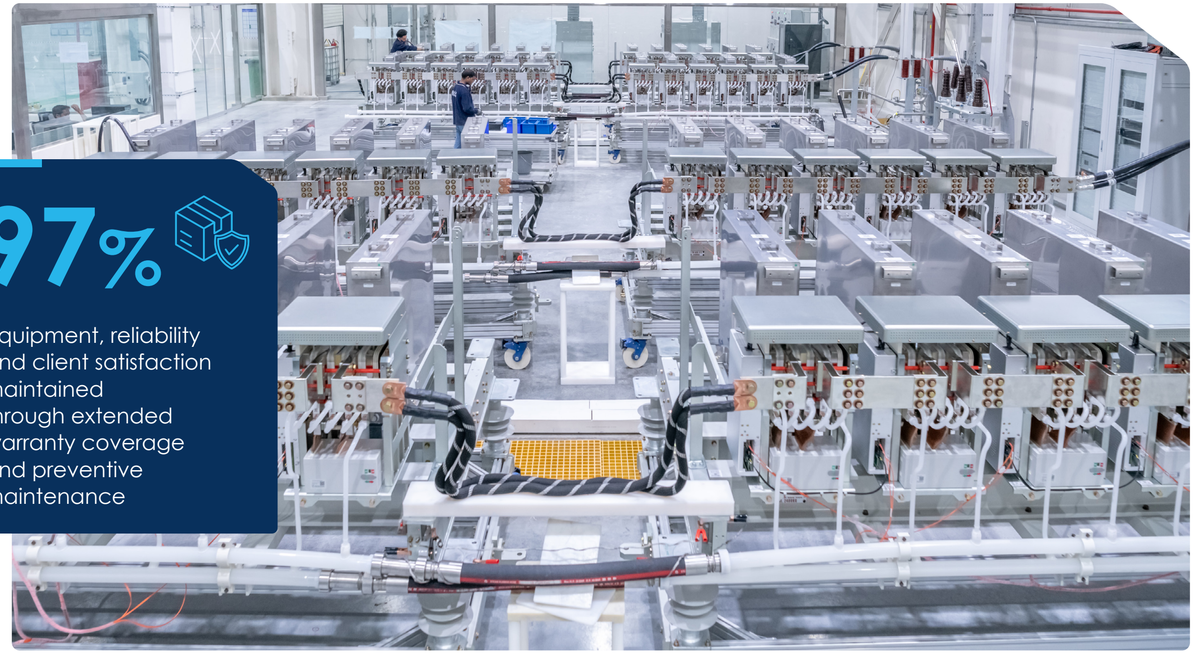
Building lasting customer relationships requires more than delivering a reliable product, it requires being present, responsive, and useful to customers at every stage of their journey. For us, customers are the utilities, contractors, distributors, and project developers who purchase our products directly, while end users are the engineers, electricians, facility managers, and individuals who interact with our products in the field. Their needs are not always the same, but the quality of their experience, with our products and with our support, is something we feel equally accountable for across both groups. We approach customer engagement through multiple channels, ensuring that wherever a customer is and whatever they need, there is an accessible way to reach us, whether through our dedicated call center, email, website contact forms, or social media. This multi-channel presence reflects our understanding that different customers have different preferences, and that responsiveness is only meaningful if it is consistent across all of them.

Post-sales support extends this same commitment, with our Specialist Technical Assistance (SAT) Service, backed by our Application Engineering team, available to address any queries or incidents customers encounter during the operation of our equipment. Through our technical engineering support, customers have access to guidance across the full lifecycle of their electrical projects, covering:

- Providing operational and maintenance manual for the switch gear products
- Compliance with Saudi Arabia's installation policies and regulations
- Tailored technical consultations and cable sizing support
- Testing, commissioning, and installation supervision
- Retrofit solutions for system upgrades
- Technical training

Our local support network, operating through group companies and qualified representatives across multiple geographies, brings this expertise closer to where customers need it, reducing response times and ensuring that support does not stop at the point of sale. All customer incidents, complaints, and queries are managed through a certified ISO 9001 ticketing tool, handled by qualified staff and tracked through to resolution. In addition, our No Questions Asked (NQA) policy guarantees a full refund or exchange should any product fail to meet customer expectations.

During 2025, the breadth of our customer engagement reflected how seriously we take our relationships with customers beyond the transaction. Throughout the year, we participated in exhibitions and industry events that brought us into direct contact with tens of thousands of existing and prospective customers, creating opportunities to demonstrate our product range, share technical knowledge, and understand evolving needs firsthand. Electrician events and professional seminars were a particular focus, built on the understanding that the people who specify, install, and maintain our products are as critical to our customer community as the procurement teams and project developers. As physical engagement expanded, so did our digital presence, engaging audiences across multiple platforms and making product information, technical resources, and company updates more accessible than before.



97%

equipment, reliability and client satisfaction maintained through extended warranty coverage and preventive maintenance

13

exhibitions participated in across regional and international markets

50,000+

prospects and existing clients reached

50+

electrician events conducted across KSA

25+

seminars delivered for industry professionals

78M

digital platform reach across four channels

Investing in Customer Knowledge: Technical Training Across Three Programs

Supporting our customers goes beyond delivering a reliable product, it means ensuring that the people who work with our solutions have the knowledge and confidence to use them to their full potential. In 2025, we delivered three structured technical training programs that together reached a broad cross-section of our customer base, from major utility partners to system integration companies across KSA.

FIVE-DAY COMPREHENSIVE TECHNICAL TRAINING PROGRAM



A five-day program for Water Transmission and Technologies Company (WTTCO) engineers provided the technical knowledge needed to support our systems across water infrastructure applications, reinforcing a long-term partnership built on more than product supply.

THREE-DAY SPECIALIZED UTILITY TRAINING PROGRAM



A three-day utility training program equipped WTTCO employees with the competencies needed to engage effectively with our utility-grade product range, reflecting our approach to building long-term technical partnerships with key customers.

SMART PRODUCTS INTENSIVE TRAINING PROGRAM



A smart products training program brought together system integration engineers and customer service teams from across KSA, strengthening technical knowledge across the customer journey and supporting more consistent customer outcomes.

Our subsidiaries apply the same customer-first principles within their own markets adapted to the regulatory and commercial environments in which they operate. In Türkiye, SFA Electric applied a rigorous approach to customer health and safety throughout 2025, ensuring that products were designed, manufactured, tested, and delivered in line with customer requirements, technical specifications, and applicable safety expectations. Key focus areas during the year included:

- strengthening customer complaint and nonconformity follow-up, with every complaint treated as an opportunity to improve product reliability rather than simply a problem to resolve
- maintaining product testing and final inspection controls before delivery, verifying that products meet customer specifications and safety performance requirements before they reach the customer site
- advancing preventive actions for recurring product-related risks, through structured review of nonconformities, improved process controls, and strengthened critical component checks

In Italy, EA Srl focused on deepening its understanding of the customer experience, progressing work on real-time feedback collection following key interactions and improving the analysis of customer insights through data dashboards, recognising that the quality of a customer relationship is ultimately measured by what the customer experiences.

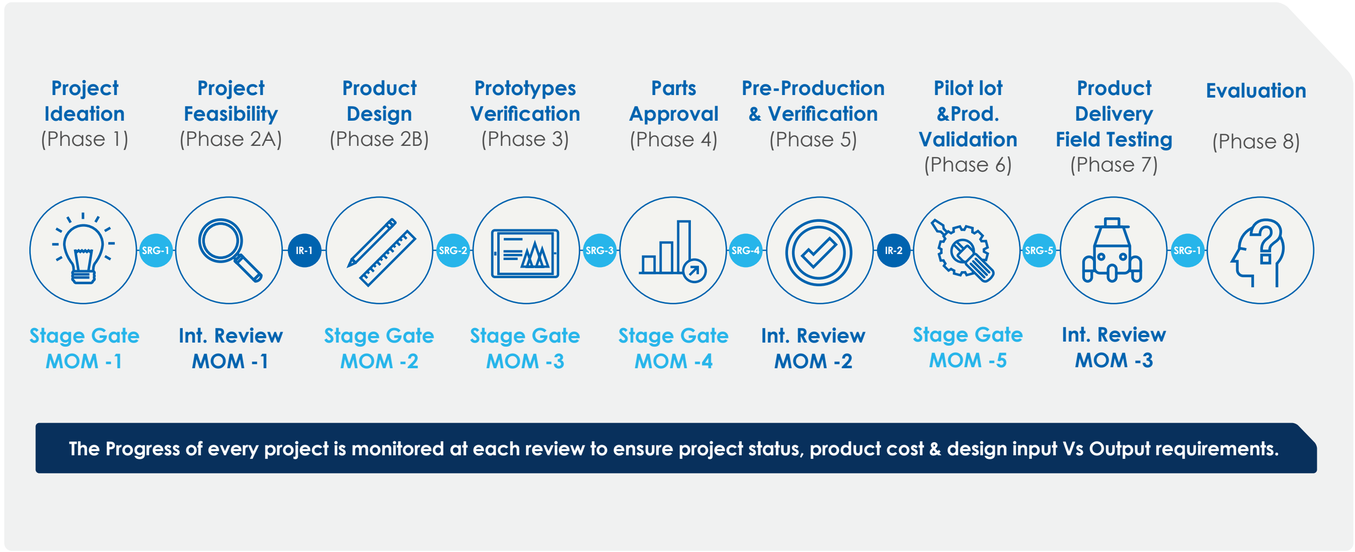
Across all of this, the technical support infrastructure, the training investments, the subsidiary programs, and the breadth of customer engagement across the year, the consistent thread is a commitment to being useful to our customers beyond the point of sale. As we continue to grow across geographies and product categories, maintaining that standard of responsiveness and support remains central to how we define what good customer relationships look like in practice. Customer feedback, complaint resolution, and the relationships we build through technical support and training all feed back into how we improve making the customer relationship not just an outcome of our work but an input into it.

INNOVATION IN ACTION

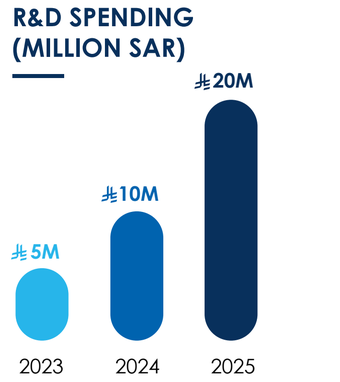
[GRI 3-3]

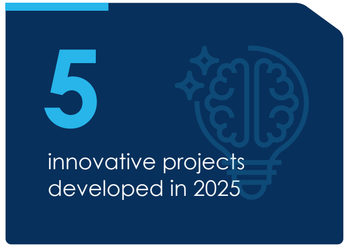
Innovation at alfanar Electric is driven by the need to respond to real infrastructure, customer, and grid challenges with solutions that are reliable, efficient, and ready for practical application. Our approach to innovation is not limited to creating new products; it also focuses on strengthening the engineering capabilities, testing expertise, and product development knowledge needed to support evolving market expectations and national industrial priorities. By advancing technologies that improve product performance, reduce environmental impact, and enhance the resilience of electrical infrastructure, we continue to position innovation as a core enabler of operational excellence and long-term competitiveness.

Our R&D process is structured to ensure rigor and consistency at every stage of product development, from initial concept through to industrialization and market deployment. We follow a stage-gate methodology that enables us to monitor progress, assess design integrity, evaluate product cost and quality, and ensure alignment with performance requirements before advancing to the next phase. This discipline is embedded across the activities of our R&D Team and Laboratory. Working across insulated materials, electromechanical components, and electronics, the team leverages advanced simulation and design tools, including Finite Element Analysis (FEA) for structural, thermal, and electromagnetic simulations; Moldflow for insulated injection molding optimization; mechanism and kinematic simulations; Computational Fluid Dynamics (CFD) for thermal management and airflow analysis; and electromagnetic field simulations to optimize insulation systems, electric field distribution, and component performance. Complementing these capabilities, our In-house lab conducts rigorous testing of high voltage equipment where impulse withstand voltage, mechanical endurance, temperature rise tests under elevated ambient conditions, and destructive material tests, ensuring our products meet both international and national standards before they reaching customers.



In 2025, our innovation momentum was expressed in the completion of several long-standing development programs, which progressed from validated engineering into real-world deployment. Our focus during the year was concentrated on medium-voltage innovation, particularly in the critical area of SF_6-free technology, an area where regulatory momentum, customer expectations, and our own sustainability commitments have converged to make progress not only desirable but essential. Across our key development programs, we progressed through the full stage-gate process, resolving complex technical challenges, completing type testing, advancing to industrialization, and deploying pilot units across multiple geographies. These achievements demonstrate how our R&D investments are translating into products that are ready for real utility environments and are beginning to reach customers across the Gulf region and Europe.





Innovation at alfanar Electric extends beyond formal research and product development activities. Through our Kaizen initiative, employees across manufacturing operations are empowered to identify improvement opportunities and contribute practical solutions that enhance efficiency, quality, safety, and resource utilization. Supported by a structured process covering idea submission, evaluation, implementation, and recognition, the initiative fosters a culture of continuous improvement while ensuring that ideas are systematically assessed and validated before deployment. During 2025, Kaizen-driven improvements continued to generate measurable operational benefits across manufacturing operations. In the Cable Factory, an employee-led process enhancement introduced a simple tooling modification that optimized filler utilization during cable assembly, improving production efficiency while delivering annual savings exceeding SAR 220,000. In another initiative, teams identified an opportunity to refurbish and reuse unused aluminum printing rings. By extending the useful life of existing assets and reducing material consumption, the initiative generated approximately SAR 296,000 in cost savings while minimizing waste and improving resource utilization. These initiatives demonstrate how employee-led innovation continues to support operational excellence, strengthen resource efficiency, and create tangible business value across our operations.

Building a Portfolio of SF_6-Free Switchgear Solutions

SF_6 has long been used in electrical switchgear due to its excellent insulation and switching properties. However, given its global warming potential of approximately 23,500 times that of CO_2, the industry is increasingly transitioning to alternatives that reduce reliance on SF_6 without compromising safety, reliability, or utility-grade performance. At alfanar Electric, this challenge has become a focused area of R&D, with teams developing a portfolio of SF_6-free switchgear solutions across different applications, from compact distribution equipment to primary grid infrastructure. This work reflects a broader shift from a single-product approach to a platform of technologies designed to support lower environmental impact power distribution while maintaining the operational confidence required by utilities and industrial customers.

In 2025, that commitment resulted in the following significant development milestones, reflecting not only the products we developed but also the progress achieved in moving them from design and validation to deployment:

SF_6-FREE RMU COMBINED SOLUTION



Our most complete achievement of the year, a fully integrated RMU that eliminates SF_6 entirely while combining switching and protection into a single compact unit. Getting there required us to navigate patent constraints that forced design rethinks, engineer a smaller footprint without sacrificing performance, and prove that dry air could replace SF_6 under the demanding conditions of making and breaking tests with open tanks. By year end, the product had successfully completed design, validation, testing and industrialization with pilot units installed in KSA, UAE, Jordan, Oman, and Europe.

36KV SF_6-FREE PRIMARY GIS



Developing SF_6-free primary switchgear at 36kV presents significantly greater technical complexity than secondary applications due to more stringent performance requirements and tighter engineering tolerances. Dry-air insulated SF_6-free solutions at this voltage level also remain technically challenging and are not yet widely available across the market. We chose dry air insulation as our path, and in 2025 we resolved the critical current transformer challenge that had been the main technical barrier, finalized the design, completed manufacturing release, and moved the project into the industrialization phase. It is production-ready, and it represents a significant milestone in our journey toward commercially available SF_6-free primary switchgear solutions.

Scaling Kaizen for Innovation and Operational Excellence

Building on its established Kaizen program, we continued to promote employee-led innovation and continuous improvement across manufacturing operations during 2025.

Supported by a structured framework for idea submission, evaluation, implementation, and reward, the initiative enables employees to identify practical opportunities to improve efficiency, quality, safety, and resource utilization. Cross-functional teams assess each idea for feasibility and impact, while multi-level approvals and financial validation help ensure that improvements are rigorously reviewed and aligned with operational objectives. Defined evaluation timelines, centralized tracking mechanisms, formal approval requirements, and documented validation processes support a consistent and scalable approach to identifying, evaluating, and implementing improvement opportunities. Through the Kaizen initiative, we continue to generate tangible efficiency gains and cost savings, driven by practical improvements identified at the shop-floor level. For example:

A process improvement in cable manufacturing introduced a **funnel-shaped assembly tool** to optimize filler consumption, resulting in:

- annual savings exceeding SAR 220,000
- improved production efficiency and filler utilization

A resource optimization initiative enabled the **refurbishment of aluminum printing rings**, avoiding the need for new manufacturing and delivering:

- cost savings of approximately SAR 296,000
- reduced material waste and extended asset life

These examples reflect a broader pattern of Kaizen initiatives focused on material optimization, waste reduction, cost efficiency, process improvement, and operational reliability. All implemented ideas are subject to formal validation, including technical review, quality assurance, and financial verification prior to integration into production processes. The Kaizen initiative continues to play a key role in embedding a culture of continuous improvement and accountability across the organization. Employees, including non-staff operators, are actively encouraged to contribute ideas, while cross-functional collaboration and reward and recognition mechanisms help reinforce participation and ownership. In parallel, structured review forums and defined KPIs enable ongoing monitoring of performance, helping to sustain engagement and identify further improvement opportunities.

SOURCING RESPONSIBLY

Our sourcing philosophy is rooted in recognizing that the choices we make across our supply chain influence not only how we operate, but also the wider ecosystem in which we work.

We focus on building consistent, long-term relationships with suppliers who align with our way of working, while ensuring that the materials, services, and capabilities we rely on are developed and sustained within the markets we serve. This involves balancing performance, reliability, and continuity with a broader responsibility to strengthen local capabilities and create lasting value across our supply network.

MANAGING OUR SUPPLY CHAIN

[GRI 2-23, 2-24, 3-3, 308-1, 414-1]

Our supply chain spans the full range of inputs required to design, manufacture, and deliver our products and solutions across energy, water, and infrastructure applications, covering raw materials, components, equipment, packaging, logistics, and specialist testing and certification services. We work with a network of qualified suppliers, manufacturers, traders, logistics partners, subcontractors, and service providers whose reliability and conduct directly shape the quality and integrity of what we deliver to our customers. Given the scale and diversity of this network, supply chain management is a core part of how we operate, requiring consistent standards, clear expectations, and active engagement with suppliers who, in many respects, act as an extension of our own operations. To support this, procurement activities across alfanar Electric are governed by a formal Procurement Policy and Procurement Manual that establish clear responsibilities, sourcing requirements, supplier qualification criteria, contracting procedures, procurement controls, and supplier performance management processes. These frameworks are designed to secure reliable supply, promote ethical business conduct, manage supply chain risks, and maintain consistent standards across procurement activities.



Managing our supply chain responsibly has always meant going beyond price and delivery performance to consider the broader implications of who we work with and how they conduct their business. Our Procurement QA Manual provides the operational backbone for this approach, structured across Sourcing, Operations, and Management, and supported by defined performance indicators that guide how suppliers are selected, contracted, and evaluated across their lifecycle. Potential suppliers are assessed against technical, operational, financial, quality, and compliance criteria. In addition, sustainability considerations are embedded within our supplier pre-qualification and ongoing assessment processes. Through our Supplier Pre-qualification Assessment and Supplier Qualification Self-Assessment frameworks, suppliers are evaluated on a range of sustainability factors, including environmental management practices, occupational health and safety performance, labor standards, business ethics, sustainability initiatives, and compliance with relevant environmental regulations. We also consider indicators such as ISO 14001 and ISO 45001 certification, energy efficiency initiatives, the use of recycled materials where applicable, and compliance with product stewardship requirements such as RoHS.

We seek to diversify supply sources where feasible and conduct regular evaluations to support quality, continuity, and supply chain resilience. Supplier visits, audits, qualification reviews, and ongoing performance assessments help ensure suppliers continue to meet our requirements throughout the relationship. This is supported by Procurement Quality Assurance (PQA), which verifies compliance with procurement policies, contractual requirements, quality expectations, and regulatory obligations throughout the supplier lifecycle.

This governance framework is supported by a structured supplier management approach that guides how suppliers are selected, assessed, and monitored throughout their relationship with alfanar Electric.

Together, the Supplier Code of Conduct, pre-qualification assessment, and self-assessment establish how we select, screen, and hold our suppliers accountable over time. The Supplier Code of Conduct defines the minimum standards suppliers are expected to meet in how they operate, creating a shared baseline that extends beyond contractual terms. This is reinforced through ongoing self-assessments and reviews, which provide visibility into how suppliers continue to meet these expectations and allow gaps to be identified and addressed early.

Alongside supplier performance and compliance requirements, ethical conduct is a fundamental component of our procurement and supplier management practices. Employees involved in procurement activities are required to comply with procurement policies, ethical conduct requirements, conflict-of-interest disclosure obligations, confidentiality requirements, and anti-bribery provisions, supported by a formal procurement undertaking.

These mechanisms are complemented by independent verification and continuous performance monitoring processes across our supply chain. Our approach is further strengthened through periodic SMETA audits conducted across supplier sites, covering different workforce categories and operational practices. Where gaps are identified, corrective action plans are implemented and followed by re-audits to ensure resolution. In parallel, suppliers are expected to meet relevant certification requirements and demonstrate progress in managing energy use, emissions, and waste within their operations. Together, these mechanisms ensure supplier engagement extends beyond initial qualification and is continuously shaped through verification, accountability, performance monitoring, and improvement. Suppliers are assessed against criteria including quality, delivery, reliability, responsiveness, and compliance, with corrective actions implemented where improvements are required.

Integrated Supplier Governance

Procurement Policy and Manual

Defines standards, procedures, technical requirements, and controls across sourcing, operations, and management

Supplier Code of Conduct

Sets expectations on ethical practices, compliance, and operational standards

Supplier Pre-qualification Assessment

Formal assessment of technical, operational, financial and sustainability performance, including environmental management, labor practices, ethics, and regulatory compliance before onboarding

Supplier Qualification Self-Assessmentt

Ongoing monitoring of quality, delivery, operational performance and sustainability practices, including environmental, health and safety, ethics, and continuous improvement performance



Beyond monitoring supplier performance, we actively support supplier development to strengthen capabilities across our supply network. We also invest in supplier development through technical workshops, training initiatives, supplier engagement activities, and capability-building programs for electricians, traders, contractors, manufacturers, and other supply chain partners. These engagements provide practical insight into our product range, technical requirements, and performance expectations, while strengthening capabilities and alignment across our supply base. Through these governance mechanisms, supplier requirements, performance monitoring processes, ethical procurement controls, and supplier development initiatives, we seek to build a resilient and responsible supply chain that supports operational excellence while promoting transparency, accountability, and long-term value creation across our supplier ecosystem.

Supply chain practices within our subsidiaries reflect the realities of their operating environments, where sourcing strategies, supplier engagement, and risk management priorities are shaped by local market dynamics. In Germany, KOPP operates with a procurement model that combines global sourcing, particularly from Asia, with in-house production in Germany and Tunisia, while focusing on increasing automation and exploring opportunities to localize sourcing within Europe in response to cost and logistics pressures. In Italy, EA Srl has focused on strengthening supplier qualification and due diligence processes through the introduction of structured questionnaires and documentation practices, enabling more consistent and traceable collection of supplier information. This marks a shift from informal assessment toward a more structured and risk-based approach supported by improved documentation and internal review processes.
In Türkiye, SFA Electric takes a more operational approach, with a strong focus on improving supplier performance, delivery reliability, and overall supply chain resilience. This includes regular performance monitoring, structured supplier review meetings, and close collaboration to identify root causes of delays and implement corrective actions. To manage risks related to material availability and logistics disruptions, the team also develops alternative sourcing options for critical inputs, reducing dependency on single suppliers. This approach is supported by continuous engagement with suppliers to improve planning, responsiveness, and delivery performance, ensuring supply chain reliability is maintained in line with production and customer requirements.

ESTIDAMA: INVESTING IN LOCAL SUPPLIERS

[GRI 3-3]

Developing a resilient and competitive local supply chain is fundamental to our approach to responsible procurement and long-term value creation. Beyond sourcing goods and services, we work closely with suppliers to strengthen local capabilities, promote knowledge transfer and expand opportunities for domestic industries, recognizing that a strong supplier network enhances operational resilience while contributing to broader economic development. By investing in local suppliers, we support the localization of manufacturing, encourage innovation across the value chain and help build a more sustainable industrial ecosystem aligned with Saudi Arabia's national ambitions

To advance these efforts, alfanar group establishes **Estidama**, its strategic local content program designed to strengthen supply chain integration and increase the contribution of local suppliers and subcontractors across its operations in KSA. Through a structured approach that embeds local content considerations into procurement, supplier development and collaboration with government entities, the program promotes capability building, technology localization and sustainable industrial growth while supporting the objectives of Saudi Vision 2030.

Estidama Program Vision:
To enable a sustainable future for the company through strategic localization and a strong commitment to developing local content

Program Objectives

- Strengthen localization efforts to ensure long-term business sustainability
- Improve operational performance through an integrated supply and procurement chain model
- Encourage direct cooperation and experience-sharing with government entities to achieve fruitful collaboration

Strategic Pillars

- Investing in talent and capability development
- Integrating local content considerations into procurement practices
- Investing in the localization and development of local industries
- Strengthening the contribution of local companies in supply chains
- Reinforcing our leadership position in the energy sector while enhancing local content

Program Impact

- Increasing local added value
- Expanding employment opportunities for Saudi nationals
- Localizing and advancing technology
- Develop suppliers & subcontractors through training, support, and motivation
- Supporting research and development centers

Program Mechanism

- **Assess Local Content Baseline**
- **Set Growth Targets**
- **Identify Gaps & Priorities**
- **Track Progress & Impact**



Driving Technology Localization

Beyond strengthening local suppliers and subcontractors, Estidama serves as a platform for technology localization and industrial capability development across strategic sectors. Through partnerships with global technology providers and industry stakeholders, the program supports the local development and manufacture of advanced products and solutions in the energy, electrification and digital infrastructure sectors. These collaborations facilitate knowledge transfer, strengthen domestic manufacturing capabilities and expand opportunities for Saudi suppliers to participate in higher-value segments of the supply chain. Localization efforts supported through Estidama include smart energy technologies, electric vehicle charging infrastructure, electrical distribution equipment, intelligent monitoring systems and other advanced industrial solutions. By promoting local production and technical know-how, the program contributes to the Kingdom's industrial competitiveness while supporting long-term economic diversification and local value creation.

LOCALIZATION PARTNERSHIP

- AC and DC electric vehicle chargers
- Security surveillance cameras in partnership with Hikvision
- Server systems in partnership with HPE
- Monitoring and surveillance solutions and systems
- Smart meters and circuit breakers
- Environmentally friendly smart ring main units (RMUs)
- Medium- and low-voltage electrical distribution panels

Developing Local Manufacturing Capabilities

As part of our procurement strategy and commitment to advancing local content, we launched the **Local Metal Fabrication Suppliers Development Program** to strengthen local supplier capabilities and support supply continuity across our operations. Aligned with the objectives of Saudi Vision 2030, the program focuses on improving supplier competitiveness, increasing local manufacturing participation within our operations and building long-term partnerships that support sustainable industrial growth.







Participating suppliers undergo a structured qualification and development process that includes facility assessments, technical evaluations and tailored improvement plans. To strengthen operational performance and product quality, we provide targeted training covering health and safety, quality assurance, fabrication techniques, material handling and acceptance criteria, supported by regular engagement from cross-functional teams and on-site technical mentorship. In addition, suppliers benefit from technical expertise, manufacturing tools, and testing facilities that help strengthen production capabilities while supporting compliance with our quality, safety, and delivery standards.

To further strengthen supply continuity and local manufacturing capability, the program combines short-term support measures with long-term supplier development initiatives. These include providing raw materials, logistics support, and technical assistance to help suppliers maintain production continuity, alongside efforts to standardize locally sourced materials and expand approved local suppliers. Through this integrated approach, we are strengthening supply chain resilience, increasing local content, and supporting the Kingdom's industrial development objectives.

As part of our future localization efforts, we are collaborating with I-TAC in Dammam over the 2026–2029 period to localize the manufacture of Current Transformers (CTs) for Ring Main Unit (RMU) applications. The initiative will draw on our manufacturing capabilities, including frame and housing molding expertise, to support the development of local production capacity and technical know-how. By strengthening domestic capability in this strategic component category, the collaboration aims to increase local content, support supplier development, reduce dependence on imported components, and contribute to the goals of Saudi Vision 2030.

PROGRAM COMPONENTS

- Supplier Qualification & Assessment
- Training & Capability Building
- Technical & Tool Support
- Supply Continuity

PROGRAM IMPACT

17 Local Suppliers

24 Products Developed

22,000 Development Hours

MARKING OUR PROGRESS

Strategic Developer Partnerships



Ten Strategic Agreements Signed with Leading Real Estate Developers, including Mabani Al Hijaz, Manazel Shamkha, and Manazel Al Raed

Data Center Localization Initiative



Datacenter Power Module Localization Initiative Launched at Meadinet alfanar to support digital infrastructure demand

First SF_6-Free RMU Deployment



First SF_6-Free Ring Main Unit Energized in the UAE, in collaboration with Etihad Water and Electricity Company

EV Charging Infrastructure Expansion



EV Charging Stations Installed at JW Marriott Riyadh, Courtyard Makkah, and Sheraton Riyadh

MARKING OUR PROGRESS

HVDC Factory Launch



HVDC Converter Stations Factory Inaugurated in Riyadh under the Supervision of the Ministry of Energy

Rockwell Testing Excellence Recognition



alfanar Electric (AE) Laboratory Recognized by Rockwell Automation for Excellence in Testing and Quality Assurance

Huawei Optical Partner Award



Optical Partner of the Year 2025 Award Received from Huawei for project delivery in optical solutions

Saudi Energy (SE) Training Program



7th Cooperative Training Program Completed for Saudi Energy (SE), hosting 150 engineers for a three-month training program

CHAPTER 2

WIRED WITH INTEGRITY



Integrity serves as the foundation upon which alfanar Electric builds trust, creates value, and sustains long-term success, shaping not only how decisions are made but also how responsibilities are fulfilled across the organization. In an increasingly interconnected and rapidly evolving business environment, we recognize that strong governance, ethical leadership, and a forward-looking approach to managing risks are essential to maintaining stakeholder confidence and navigating complexity with resilience. Through a strong culture of accountability, transparency, and responsible stewardship, alongside the continuous enhancement of our internal systems and controls, we reinforce our commitment to ethical business conduct and long-term value creation for our stakeholders and the broader economy.

Governing with Ethics and Purpose	26
Transforming Risk into Resilience	30
Securing Our Digital Infrastructure	32

2025 IMPACT

- **Zero** confirmed incidents of corruption reported
- **80%** annual privacy training completion among in-scope employees
- **9,804** employees attended cybersecurity awareness training
- **80%** of identified privacy risks closed with mitigation actions

SDG ALIGNMENT



GOVERNING WITH ETHICS AND PURPOSE

At alfanar Electric, governance extends beyond structures and processes to encompass the values, principles, and responsibilities that guide every aspect of our business. Rooted in integrity and driven by a commitment to ethical leadership, our approach to governance enables us to balance business performance with accountability, ensuring that decisions are made with consideration for their long-term impact on our stakeholders and the broader communities we serve.

CORPORATE GOVERNANCE

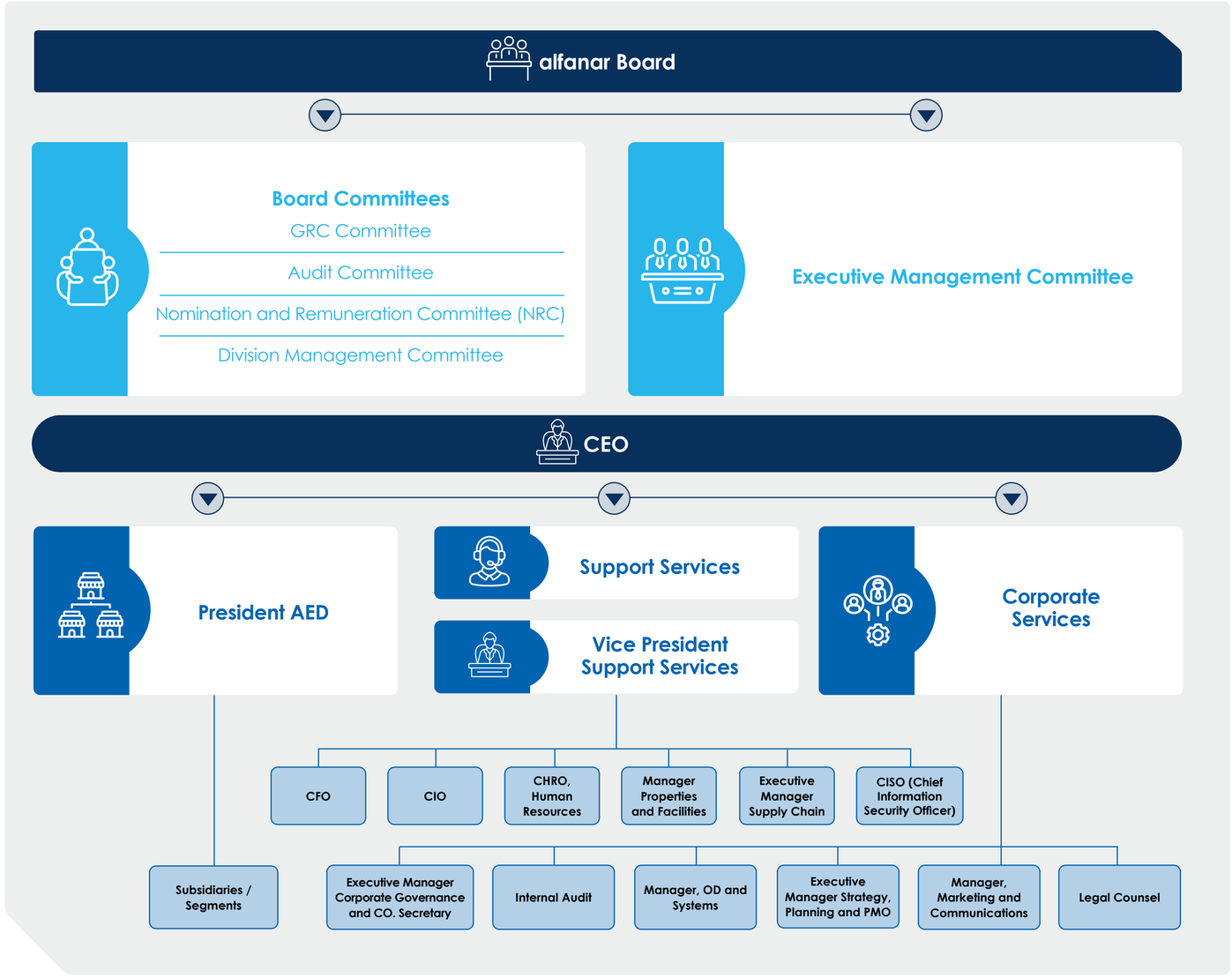
[GRI 2-12, 2-13, 3-3]

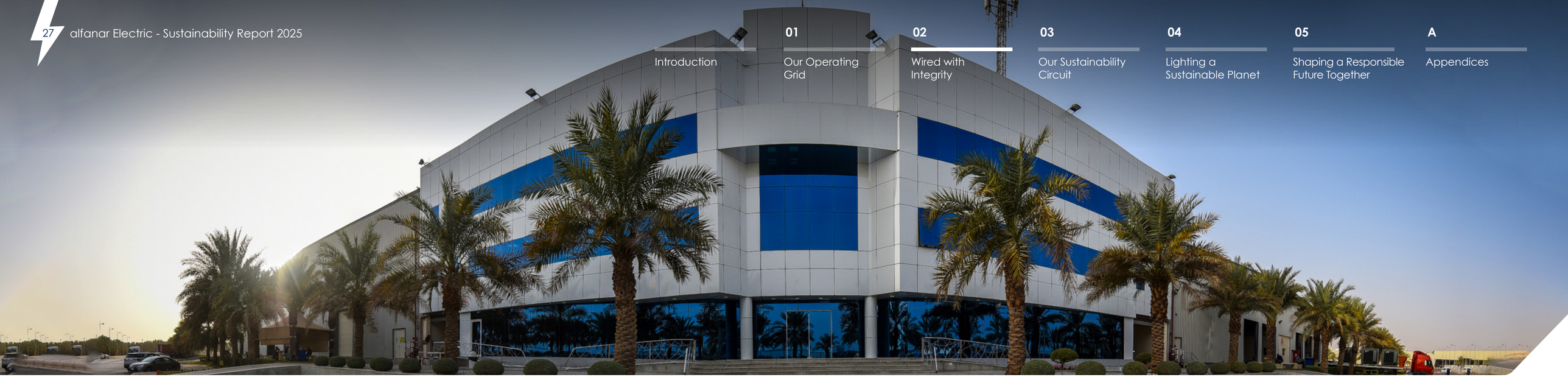
alfanar's corporate governance framework provides a structured and disciplined foundation for effective oversight, responsible decision-making, and the delivery of long-term, sustainable value. It is anchored in well- defined roles, established governance bodies, and integrated management practices that align strategic priorities with operational execution. At its core, the framework is guided by a comprehensive corporate governance manual that sets out the rules, responsibilities, and procedures governing the organization, ensuring consistency in governance practices while promoting responsible stewardship across the organization.

The Board of Directors plays a central role in guiding the organization's direction, working in close partnership with management to set strategic priorities, approving key policies, and monitoring organizational performance.

This collaborative model is reinforced by a network of specialized committees that provide focused oversight across critical areas, enabling more rigorous review, deeper subject matter expertise, and sound judgement. Governance is further strengthened through clearly defined delegation frameworks, including formal delegation of authority matrices that outline decision rights and ensure that responsibilities are exercised at the appropriate level while maintaining oversight and control.

At the management level, governance is translated into practice through established processes that guide planning, execution, and monitoring. Executive leadership is responsible for implementing the strategy and ensuring operational alignment with the Board's direction, while management committees oversee performance, evaluate risks, and drive cross-functional coordination. This layered approach allows for effective escalation, timely executive action, and continuous performance tracking, ensuring that strategic objectives are delivered with discipline and consistency.

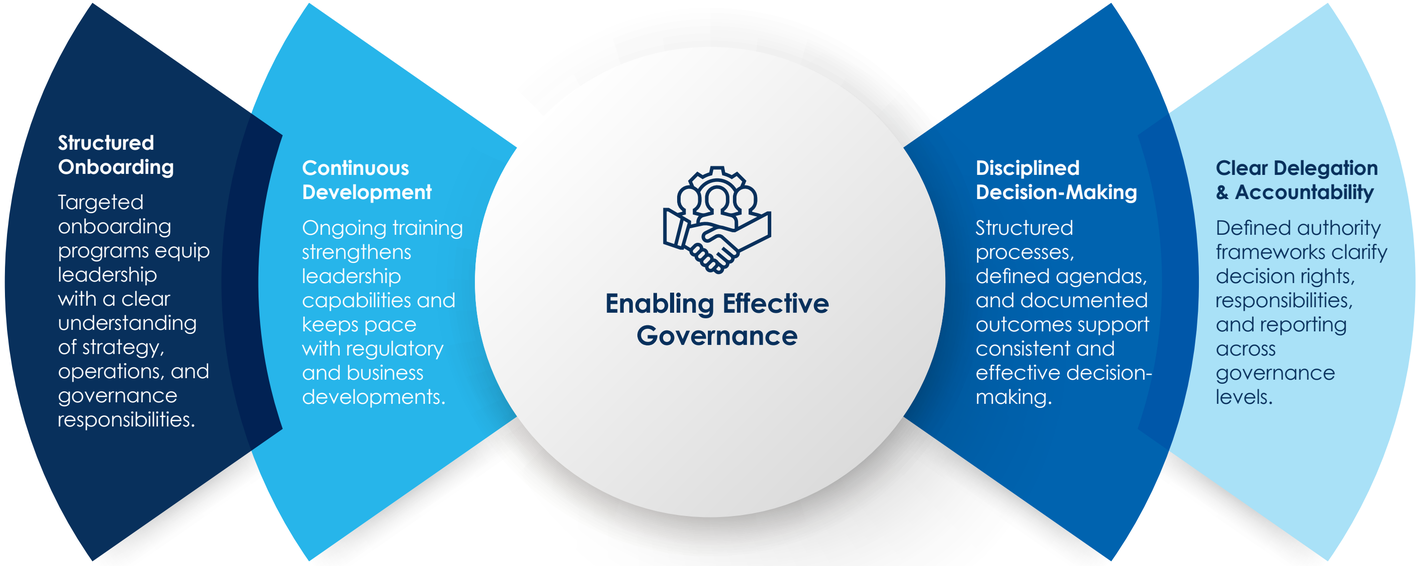




Our governance model is supported by a suite of internal controls, policies, manuals and formalized procedures that enable disciplined execution and effective governance. Established reporting lines and established governance protocols ensure that information flows efficiently across all levels of the organization, supporting transparency and enabling effective oversight. Regular management reviews and formal reporting cycles support accountability, while documented committee processes, including formal agendas, recorded minutes, and defined follow-up actions, ensure that decisions are tracked, implemented, and continuously evaluated.

Board committees operate under formally approved charters that define their roles, responsibilities, authority levels, and meeting procedures, ensuring alignment across governance layers. These committees are designed to bring together diverse expertise and perspectives, supporting balanced decision-making through thorough deliberations. A consensus-driven approach is encouraged in decision-making, with clear escalation mechanisms in place to elevate complex or unresolved matters to higher governance levels, ensuring that decisions are well-considered and aligned with organizational priorities.

To ensure sustained effectiveness, governance practices at alfanar are continuously monitored and enhanced through a dedicated corporate governance function that supports committees, maintains governance frameworks, and oversees compliance with internal policies and regulatory requirements. This function plays a key role in standardizing governance practices across the organization, reviewing delegation structures, and ensuring that governance processes remain aligned with evolving business and regulatory requirements.



CODE OF CONDUCT AND ETHICAL STANDARDS

[GRI 2-15, 2-23, 2-24, 2-26, 3-3, 205-3]

ALFANAR CODE OF CONDUCT & ETHICS

At alfanar Electric, expectations around ethical behavior are defined through alfanar group's formal Code of Conduct and Ethics Application Manual that sets out how individuals are expected to act in the course of their work and interactions. Rather than remaining at the level of principle, the Code of Conduct translates our values into practical guidance, helping employees navigate day-to-day situations and make decisions that are consistent with both internal standards and external obligations.

The Code of Conduct applies to all individuals working within or on behalf of alfanar, including employees, contractors, suppliers, and business partners, creating a shared understanding of acceptable conduct across the value chain. It addresses a wide range of topics that influence business integrity, including compliance with applicable laws, fair competition, responsible use of company resources, and the protection of confidential information. It also provides direction on managing conflicts of interest, avoiding improper payments, and maintaining accurate records, reinforcing accountability across all business activities.

The document also sets expectations for behavior within the workplace, covering matters such as respect, professional conduct, health and safety, and the responsible handling of information. Employees are expected to apply sound judgment, take ownership of their actions, and raise concerns when something appears inconsistent with the standards set out in the Code of Conduct. This focus on individual responsibility helps create a working environment where ethical behavior is actively demonstrated in everyday decisions and interactions.

The Code of Conduct is formally approved by our Board of Directors and is subject to periodic review to maintain alignment with applicable regulations and evolving best practices. Employees are expected to be familiar with its provisions and apply them in their day-to-day responsibilities, including raising concerns where conduct may not meet expected standards. The Code of Conduct operates alongside applicable laws and internal policies, with the more stringent requirement prevailing where differences arise.

Understanding of our Code of Conduct is supported through ongoing training and communication, enabling employees to apply its principles in their day-to-day roles. These sessions focus on areas that employees are most likely to encounter in practice, such as handling conflicts of interest, protecting confidential information, and maintaining appropriate workplace conduct. Training is delivered through both digital platforms and in person sessions, making it accessible across different roles and locations. Participation is tracked to monitor coverage and meet compliance requirements, while the overall approach continues to evolve to keep pace with business needs and regulatory expectations.

Speaking Up and Reporting Concerns

SAWTAK', OUR WHISTLEBLOWING CHANNEL

At alfanar Electric, we provide formal channels through which employees and business partners can raise concerns related to conduct, compliance, or workplace issues. Our "Sawtak" EthicsLine platform serves as a dedicated reporting channel, enabling individuals to report suspected misconduct or seek guidance when faced with ethical uncertainties. The platform is accessible through both online and telephone channels at any time, giving individuals the flexibility to raise concerns in a way that suits them, and is supported by an independent third-party provider to align with established global practices. It accommodates multiple languages and allows concerns to be raised anonymously where preferred, with all disclosures handled by designated personnel responsible for reviewing and assessing each case. This approach supports fair handling while protecting confidentiality and those who come forward.

We encourage employees and business partners to raise concerns even where there is uncertainty, allowing issues to be assessed at an early stage. The scope of reportable matters includes potential violations of the Code, fraud, corruption, workplace misconduct, health and safety concerns, and breaches of legal or regulatory requirements. Each report is reviewed and investigated as appropriate, with follow up actions taken where necessary, and individuals are able to track the status of their submissions where applicable. Those who raise concerns in good faith are protected, supporting an environment where issues can be addressed responsibly and without fear of retaliation.

Zero

corruption cases reported



COMPLIANCE MANAGEMENT

Compliance at alfanar Electric is carried through a combination of roles, responsibilities, and everyday practices that shape how requirements are understood and applied across the organization. Oversight sits with a dedicated alfanar Compliance Committee working under senior leadership, guiding the overall direction of our compliance system, reviewing how it operates in practice, and addressing issues through ongoing evaluation and investigation. Alongside this, we rely on our Corporate Governance and Compliance function to work closely with business units, translating requirements into practical guidance and supporting their application across different parts of the organization.

Across operations, responsibility is shared among compliance managers and designated personnel who work with teams to ensure expectations are understood and followed in routine activities. We use our internal Compliance Manual as a point of reference in this process, helping employees navigate situations where guidance is needed and providing direction across a range of compliance areas. When questions arise, employees are expected to seek clarity and raise concerns through the appropriate channels, reinforcing an environment where compliance becomes part of how decisions are made. Our reporting and escalation pathways allow us to identify and respond to issues in a timely manner. In addition to standard reporting lines, the "Door of Courage" provides another route for employees to seek advice or raise concerns, particularly in situations where usual channels may not be appropriate. Matters raised are reviewed and, where necessary, investigated and escalated based on their nature and severity. We use the outcomes of these processes to address issues and improve practices, helping maintain consistency in how requirements are applied while strengthening accountability across the organization.





TRANSFORMING RISK INTO RESILIENCE

Risk emerges across multiple layers of the business, shaped by operational demands, project complexity, regulatory expectations, and external market dynamics. At alfanar Electric, we approach these exposures with a clear view of how risks originate, how they connect across functions, and how they may influence outcomes over time. We place emphasis on integrating risk considerations into planning and execution, enabling decisions to be taken with greater awareness of potential impacts and trade-offs. This approach supports early recognition of emerging issues while allowing resources and responses to be aligned with business priorities, strengthening continuity and resilience as conditions evolve.

ENTERPRISE RISK FRAMEWORK

[GRI 2-25, 3-3]

Our Enterprise Risk Framework (ERM) brings together methodology, governance, and reporting into a unified system applied across operations. It defines how risks are identified, assessed, and managed, establishes clear ownership at every level, ensures common basis for evaluating exposures across business units and supports alignment between risk management and strategic decision-making.

Our Risk Management Objectives



Our risk management approach follows a sequence of interlinked steps moving from identification through to monitoring and reporting, allowing exposures to be progressively understood, evaluated, and addressed as part of ongoing operations. We begin by identifying risks across both strategic and operational activities, drawing from process-level insights, prior observations, and cross-functional input. Process owners, those closest to day-to-day activities, hold primary responsibility for recognizing exposures across functions. Identified risks are then assessed by evaluating their potential impact and likelihood of occurrence, enabling them to be prioritized and compared consistently across the organization.

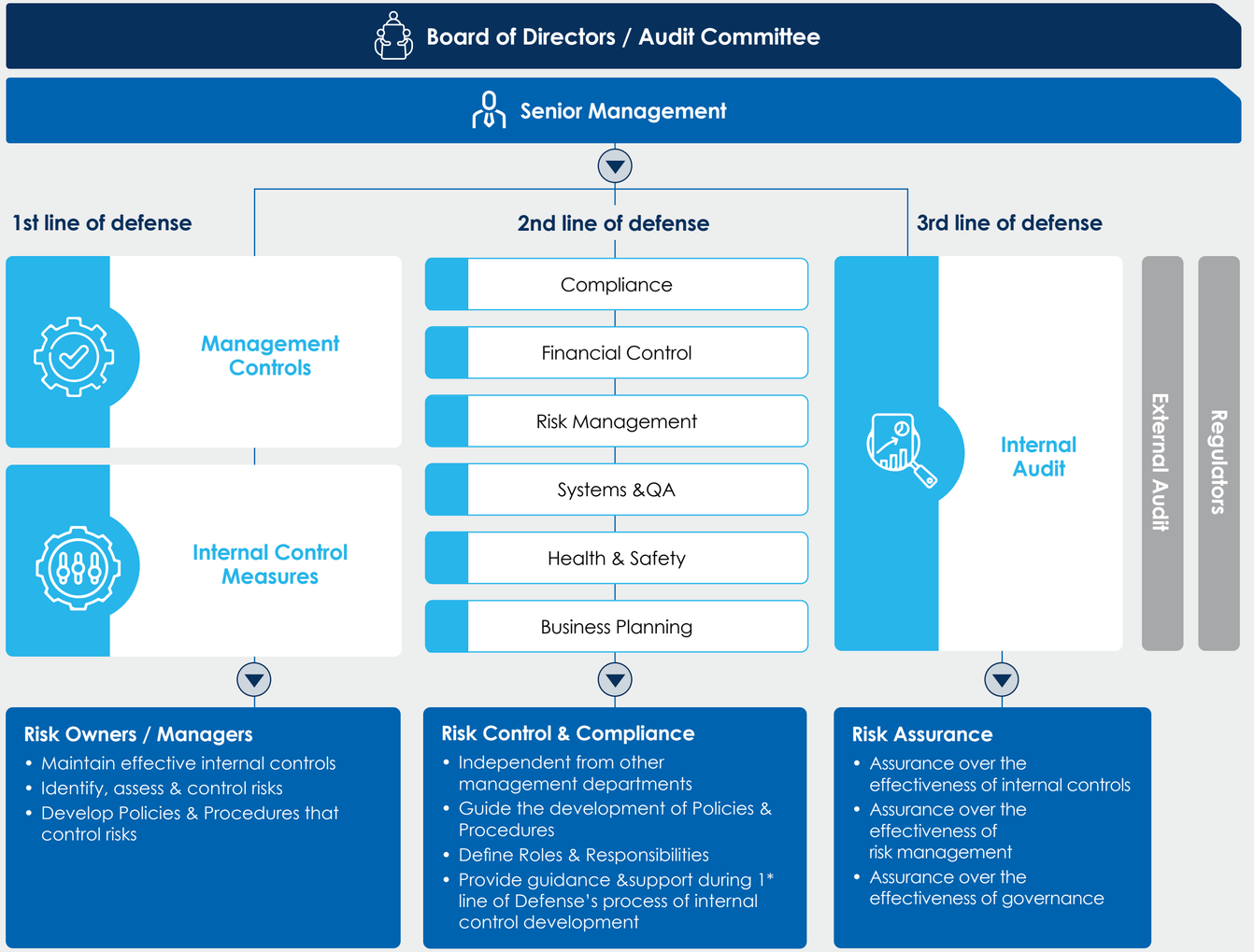
We review existing controls to determine how effectively each exposure is being managed, understanding the extent of the residual risk and whether further action is required. Where gaps exist, responses are defined in line with the level of exposure, reducing, transferring, accepting or avoiding the risk with ownership clearly assigned to ensure accountability and follow-through. Monitoring and follow-up remain ongoing, supported by regular updates to risk registers and reporting mechanisms enabling adjustments to be made as conditions evolve while maintaining alignment with business priorities.



We structure our risk governance around three lines of defense, each playing a distinct role in ensuring that risks are managed with clarity and accountability across the organization. The first line rests with management and process owners, who are responsible for identifying risks and maintaining controls within their day-to-day operations. The second line comprises our oversight functions that provide guidance, set risk management standards, and monitor how exposures are being handled across business units. The third line is our internal audit function, which provides independent assurance on the effectiveness of our overall framework, evaluating whether controls are operating as intended and whether governance practices meet the standards we have set for ourselves. Together, these three lines create a coherent and disciplined structure in which accountability is clearly distributed, risks are visible at every level, and no single function bears the full weight of managing organizational exposure alone.

Beyond this structure, we treat risk management as a living discipline, one that evolves as our business and the environment around us change. The insights we draw from ongoing monitoring and reporting continuously shape how we set priorities, refine our responses, and strengthen our approach over time, keeping us prepared and consistent in how we perform and how we govern.





SECURING OUR DIGITAL INFRASTRUCTURE

[GRI 3-3]

Cybersecurity plays a foundational role in safeguarding alfanar Electric's digital infrastructure, industrial operations, and enterprise information assets in an environment characterized by increasing scale and sophistication of cyber threats.

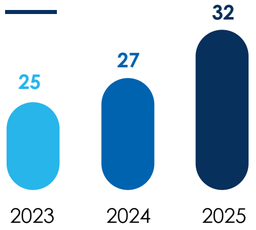
As we continue to expand our digital footprint across cloud platforms, enterprise systems, and operational technology environments, the complexity of the threat landscape continues to grow in parallel. Maintaining a resilient and adaptive cybersecurity posture is therefore essential not only for protecting systems and data, but also for ensuring uninterrupted operations and sustaining stakeholder trust.

We manage cybersecurity through an integrated governance and operating model that combines defined policies, risk-based oversight, and centralized coordination of security activities across the organization. This model enables consistent application of cybersecurity controls across both IT and operational technology environments, ensuring alignment with applicable regulatory and certified management systems, including ISO/IEC 27001, ISO 22301, ISO/IEC 20000 and ISO/IEC 27017. Cybersecurity governance is supported by structured risk management practices that provide visibility into evolving threats and enable timely decision-making at both operational and leadership levels. Controls are embedded across systems, infrastructure, and processes, allowing cybersecurity considerations to be integrated into business and technology decisions throughout their lifecycle.

9,804
employees attended cybersecurity awareness training

We continue to strengthen our cybersecurity posture through the ongoing development of our core protection, detection, and response capabilities. Security operations are increasingly driven by intelligence-led monitoring and centralized visibility across the enterprise, enabling faster identification and response to potential threats. A key element of this approach is the continuous enhancement of identity protection, cloud security, and data protection controls, supported by automation and advanced security tooling. These capabilities are designed to reduce risk exposure while improving consistency and control across a highly distributed digital environment. At the same time, we place strong emphasis on building a security-aware culture, with employees playing an active role in maintaining a secure environment. Regular awareness initiatives and training programs reinforce secure behaviors and support the early identification of potential risks, strengthening the human layer of defense across the organization.

NUMBER OF CYBERSECURITY AWARENESS TRAININGS



As part of our evolving cybersecurity strategy, we continue to strengthen the protection of our operational technology environments, which are critical to manufacturing and industrial operations. This includes expanding security controls across selected facilities and enhancing visibility and monitoring of Operational Technology (OT) environments to support secure IT-OT integration.

Given the increasing convergence of IT and OT systems, we continue to prioritize the alignment of industrial cybersecurity practices with relevant standards, ensuring that operational resilience is maintained alongside digital transformation initiatives.

In 2025, we continued to strengthen our cybersecurity posture through a series of targeted initiatives focused on enhancing governance maturity, advancing security capabilities across enterprise and industrial environments, and improving resilience against evolving cyber threats. Key focus areas and initiatives included:

2025 Key Developments

Cybersecurity Governance & Risk Management
Strengthened centralized cybersecurity governance through the establishment of enterprise-wide oversight mechanisms, enhanced risk management processes, and alignment with leading cybersecurity frameworks and certified management systems, including ISO/IEC 27001.

Security Monitoring & Threat Detection
Advanced security monitoring and threat detection capabilities through integrated detection and response technologies, centralized security operations, and intelligence-led monitoring practices to support timely identification and response to potential threats.

Identity & Access Security
Progressed identity and access management initiatives, including expanded multi-factor authentication, role-based access controls, and privileged access management across critical systems.

Cloud & Data Protection
Enhanced cloud security and data protection capabilities through improved cloud posture management, data governance controls, and strengthened protection of sensitive information across enterprise platforms.

Vulnerability & Threat Management
Conducted vulnerability assessments, penetration testing, and red team exercises to identify and address emerging risks while supporting continuous improvement of cybersecurity defenses.

Operational Technology Security
Expanded cybersecurity practices across operational technology environments, strengthening monitoring, visibility, and protection of manufacturing operations and industrial systems.

Cyber Resilience & Business Continuity
Enhanced cyber resilience through disaster recovery preparedness, crisis management exercises, and strengthened recovery capabilities to support business continuity.

Cybersecurity Awareness & Culture
Reinforced cybersecurity awareness through organization-wide training and engagement initiatives designed to promote secure behaviors and improve cyber risk awareness among employees.

Third-Party Risk Management
Improved oversight of cybersecurity risks across the supply chain through structured vendor assessments, monitoring activities, and enhanced third-party governance processes.

2025 Achievements

3.2/5
cybersecurity maturity level achieved

120+
cybersecurity policies, procedures, and standards established and maintained

100%
mandatory cybersecurity training completion among in-scope employees

100%
coverage of multi-factor authentication across critical system access

90+
vendor cybersecurity assessments completed

2
manufacturing facilities assessed to strengthen operational technology cybersecurity

Third-Party Risk Management (TPRM): Strengthening Our Vendor Ecosystem

Managing cybersecurity risks across third-party relationships is critical to protecting digital operations, particularly as vendors and service providers interact increasingly with core systems and data. Recognizing this exposure, we continued to enhance our structured TPRM to strengthen control over external access, improve visibility into vendor-related risks, and reduce potential exposure across the supply chain. The program introduced a more consistent and proactive approach to assessing and monitoring vendors, moving beyond periodic reviews to continuous lifecycle-based evaluation. Supported by centralized platforms and automated monitoring capabilities, emerging risks can now be identified and addressed in a timely manner, with vendor performance tracked against defined cybersecurity and data protection requirements throughout the relationship.

Key actions taken under the program included:

- Conducting over 90 structured cybersecurity assessments across vendors, service providers, and supply chain partners
- Implementing automated continuous monitoring supported by threat intelligence capabilities, including risk scoring, breach monitoring, and visibility into extended fourth party relationships
- Introducing centralized platforms to standardize vendor assessments, automate controls mapping, and enable consistent tracking of vendor risk
- Enhancing third-party access controls through secure, encrypted, and monitored access mechanisms for all external users
- Integrating vendor risk management into the ERM supported by periodic governance reviews
- Enforcing vendor compliance across cybersecurity requirements, data protection obligations, incident reporting protocols, and audit rights

These efforts have meaningfully strengthened our ability to manage risks associated with external partners, delivering improved visibility across more than 120 critical vendor relationships, stronger control over third-party access to systems and data, and reduced exposure to supply chain-related cybersecurity risks. The program has also enabled proactive identification and remediation of higher-risk vendors, reinforcing resilience across our digital operations and external partnerships.

Data Privacy

[GRI 3-3]

In an increasingly data-driven business environment, the responsible management of information plays a critical role in maintaining operational integrity, strengthening stakeholder trust, and supporting long-term business resilience. As the volume, variety, and sensitivity of data continue to grow, organizations are expected to safeguard information while ensuring it is used responsibly and in line with evolving regulatory and stakeholder expectations. Through a commitment to responsible data stewardship, alfanar electric seeks to protect personal and sensitive information, uphold stakeholder confidence, and enable secure and efficient business operations.

We manage privacy through a governance-led approach that defines responsibilities, strengthens oversight, and helps teams understand how personal data should be collected, used, stored, transferred, and protected. This approach supports compliance with applicable data protection requirements while providing a structured framework for managing privacy considerations across business activities and information systems. Our privacy management practices are designed to bring greater visibility, consistency, and accountability to the way personal data is handled across the organization. This includes maintaining records of processing activities, identifying and tracking privacy risks, monitoring regulatory obligations, strengthening data handling practices, and embedding privacy considerations into projects through Privacy by Design and Data Privacy Impact Assessment processes. We also support this through awareness initiatives, reporting mechanisms, and defined response processes for privacy-related incidents and requests.

Building on our established privacy management practices, we progressed several initiatives in 2025 to enhance organizational capability, support continuous improvement, and further embed privacy principles across the business. Guided by a privacy maturity roadmap, informed by an independent third-party assessment, and supported through our Privacy 360 Program, these initiatives included:

Privacy Governance Enhancement
Strengthened the privacy governance framework through clearer roles and responsibilities, enhanced oversight mechanisms, and the continued development of the privacy operating model

Privacy Lifecycle Management
Advanced privacy lifecycle management through the development of Records of Processing Activities (RoPA), strengthened data handling practices, Privacy by Design requirements, Data Privacy Impact Assessment (DPIA) processes, and enhanced mechanisms for managing data subject requests

Privacy Compliance Reviews and Assessments
Enhanced privacy compliance monitoring through regulatory management activities, privacy assessments, and structured compliance reviews across subsidiaries using a hybrid assessment approach



Privacy Awareness and Capability Building
Expanded privacy awareness and training initiatives to strengthen employee understanding of privacy obligations and promote the responsible handling of personal information

Privacy Knowledge Management and Support
Established a centralized privacy knowledge base and enhanced supporting processes for privacy service requests, legal document reviews, privacy clauses, and data protection guidance

Privacy Maturity and Future Readiness
Progressed ISO 27701 readiness activities, advanced the development of the Privacy Information Management System (PIMS), and enhanced privacy reporting and performance monitoring capabilities

We track a range of performance indicators to monitor the maturity and effectiveness of our privacy management program and to assess progress against key objectives. In 2025, the Company achieved several notable milestones across risk management, process development, compliance, and employee awareness, including:

2025 Achievements

80%
of identified privacy risks closed with mitigation actions

5
core privacy processes and procedures established and published

80%
of Privacy Impact Assessments completed within agreed timelines

100%
of identified vendors and subsidiaries covered by Data processing Agreement for KSA-to-external data transfers

10
privacy awareness sessions, communications, or campaigns delivered

80%
annual privacy training completion among in-scope employees

CHAPTER 3

OUR SUSTAINABILITY CIRCUIT

We approach sustainability as a connected way of thinking about long-term ambition, responsible growth, and the expectations of the people and systems linked to our business. By identifying the topics that matter most and engaging stakeholders with purpose, we sharpen our focus on where our actions can create the greatest value. This helps us align sustainability priorities with business realities, respond to changing expectations, and build an agenda that is practical, relevant, and measurable. Through this approach, sustainability becomes part of how we define progress and create long-term value.

Wiring Our Sustainability Direction	36
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2025 IMPACT

Sustainability Champion Award received from the German Chamber of Commerce in Riyadh

Sustainability Leaders Program pledge signed at COP16 with Saudi Energy (SE) and the Ministry of Economy and Planning (MEP)

SDG ALIGNMENT



WIRING OUR
SUSTAINABILITY DIRECTION

We define our sustainability direction by connecting ambition with the governance, policies, and accountability needed to turn priorities into action. Our approach brings environmental, social, and economic considerations into business planning, while helping us manage ESG-related risks and respond to evolving compliance expectations. By aligning internal practices with applicable regulations, international standards, and continuous improvement across our value chain, we create a practical foundation for advancing sustainability with discipline and purpose.

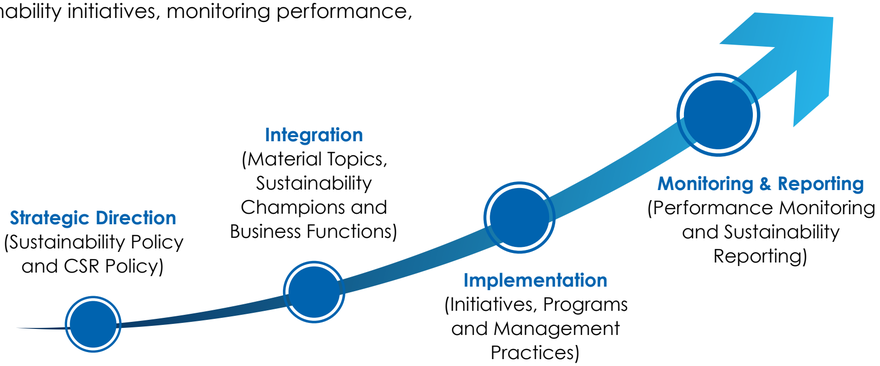
SUSTAINABILITY AMBITION AND GOVERNANCE

[GRI 2-23, 2-24, 2-27, 3-3]

At alfanar Electric, sustainability is closely connected to how we create long-term value, strengthen business resilience, and contribute to the transition toward a more sustainable future. As a manufacturer operating within rapidly evolving environmental, social, and economic landscapes, we recognize the importance of balancing business growth with responsible resource use, innovation, stakeholder expectations, and the broader impacts of our operations and products. Sustainability therefore serves not only as a reporting consideration, but also as an important lens through which we evaluate opportunities, manage risks, and support long-term business success.

Our Sustainability Policy provides the foundation for this approach by establishing a framework for integrating sustainability considerations across the business. The policy outlines a range of focus areas that collectively support responsible growth, including climate action, resource efficiency, product lifecycle management, sustainable products and innovation, employee wellbeing, responsible supply chain practices, stakeholder engagement, and ethical business conduct. Together, these priorities help guide decision-making and support the delivery of sustainability objectives across our operations and value chain.

To support implementation, sustainability responsibilities are embedded across the organization through a combination of dedicated oversight and operational ownership. The Environment Protection and Sustainability Department is responsible for coordinating sustainability initiatives, monitoring performance, leading sustainability reporting activities, and aligning sustainability approach with client's sustainability requirements, and broader sustainability goals, while sustainability champions across business units help drive awareness and implementation at a local level. Performance monitoring, periodic reviews, and ongoing engagement with relevant functions further support accountability and the integration of sustainability considerations into day-to-day activities and longer-term planning.



A Step Forward in Sustainability

We advanced our sustainability journey through two milestones that reflect how our commitments are being translated into action.

We received the **Excellence Award in the "Sustainability Champion" category** from the German Chamber of Commerce in Riyadh, recognizing our efforts to drive sustainability across operations, including our Female Empowerment Program, through which more than 700 Saudi women contribute across areas ranging from manufacturing to research and development.

We also signed the **Sustainability Champions Program pledge** at COP16 Riyadh in partnership with Saudi Energy Company (SE) and the Ministry of Economy and Planning. Through this program, we are strengthening our focus on assessing sustainability performance, developing action plans, sharing progress, and contributing to SDG-aligned outcomes in support of national sustainability priorities.





ESG Risk and Compliance

Managing sustainability-related risks and compliance obligations is an important component of alfanar Electric's broader approach to responsible business practices. As sustainability expectations continue to evolve, we seek to understand and respond to emerging environmental, social, and governance considerations that may influence our operations, value chain, stakeholders, and long-term performance. This includes monitoring regulatory developments, assessing potential impacts and risks, and integrating sustainability considerations into relevant business processes and management systems.

Our approach is supported by a combination of internal policies, recognized standards, and external frameworks that help provide consistency, accountability, and transparency across our sustainability efforts. These frameworks inform the management of topics such as environmental performance, product stewardship, occupational health and safety, responsible business conduct, and information governance, while the specific management approaches, targets, and performance outcomes associated with individual material topics are discussed throughout the relevant sections of this report.

National Priorities*

- KSA Ministry of Environment, Water, and Agriculture (MEWA)
- Saudi Vision 2030
- Saudi Green Initiative
- National Renewable Energy Program
- COP 16
- UAE Climate Change Law
- EU Taxonomy
- CBAM
- EU ETS
- FCA Sustainability Disclosure Requirements

Sustainability Standards & Frameworks

- UN Sustainable Development Goals, SDGs
- Paris Agreement / Nationally Determined Contributions, NDCs
- GRI Standards
- GHG Protocol

Management Systems

- ISO 9001
- ISO 14001
- ISO 45001
- ISO/IEC 27001
- ISO 22301
- ISO/IEC 27701
- ISO/IEC 20000-1

Regulatory & Product Requirements

- ISO 14064
- ISO 14025
- ISO 14040
- ISO 14044
- RoHS
- Product Stewardship Requirements
- REACH

* National priorities cover relevant laws and regulations across our countries of operations

FRAMING OUR PRIORITIES

MATERIALITY ASSESSMENT

[GRI 3-1]

The sustainability topics that matter most to alfanar Electric are shaped by the realities of our business, the expectations of our stakeholders, and the opportunities and challenges that will influence our long-term success. Together, these considerations provide a perspective on where sustainability intersects with strategy, operations, risk management, and value creation, helping us focus attention on the issues that have the greatest relevance to our business and the stakeholders who depend on it.

The material topics presented in this report are informed by our most recent materiality assessment, which was reviewed and updated in 2024 in alignment with the GRI 3: Material Topics 2021 requirements. Drawing on stakeholder perspectives, enterprise risks and opportunities, industry developments, and broader sustainability trends, the assessment identified the topics most relevant to our business and operating context. These topics continue to guide our sustainability priorities and disclosures, providing a framework for understanding our impacts, managing emerging challenges, and creating long-term value. As our business and the sustainability landscape continue to evolve, we remain committed to periodically reviewing our material topics to ensure they reflect changing priorities, stakeholder expectations, and the context in which we operate.

OUR PRIORITY AREAS

[GRI 3-2]

Our materiality assessment identified twenty-five material topics, including seven environmental, ten social, and eight economic and governance topics. To support effective prioritization and resource allocation, our material topics are categorized as Priority, Significant, or Important based on their relative importance and potential impact. Of the twenty-five material topics identified, ten are classified as Priority, reflecting the areas requiring the greatest level of focus and action, while nine are categorized as Significant and six as Important, representing topics that continue to be actively managed and integrated into our sustainability approach.

Materiality Levels

Priority:
Material topics that require immediate focus and action due to their high impact on the organization.

Significant:
Material topics that require attention to support sustainability goals in the near term.

Important:
Material topics that are being managed effectively, with ongoing efforts reducing their immediate risk and impact.

Climate Change Mitigation & Adaptation

Managing climate-related impacts, reducing emissions, and strengthening resilience to support the transition to a low-carbon future.

- GRI 102: Climate Change 2025

GHG Emissions

Greenhouse gas emissions generated across operations and the value chain that contribute to climate change.

- GRI 102: Climate Change 2025
- GRI 201: Economic Performance 2016

Energy Management

Improving energy efficiency and optimizing energy use across operations and product lifecycles, while supporting the transition to lower-carbon energy sources.

- GRI 103: Energy 2025

Water Management

Managing water use responsibly through conservation, reuse, and stewardship practices that support long-term water security.

- GRI 303: Water and Effluents 2018

Waste Management

Reducing waste generation and maximizing opportunities for reuse, recycling, and responsible disposal.

- GRI 306: Waste 2020

Materials Management & Circularity

Promoting the efficient use of materials and advancing circular economy principles through reuse, recycling, and resource recovery.

- GRI 301: Materials 2016

Biodiversity

Protecting and enhancing biodiversity and ecosystems by minimizing impacts on natural habitats and supporting ecological resilience.

- GRI 101: Biodiversity 2024

Talent Management

Attracting, developing, and retaining a skilled workforce to support business performance and long-term growth.

- GRI 401: Employment 2016
- GRI 2: General Disclosures 2021

Learning & Development

Building workforce capabilities through continuous learning, training, and professional development opportunities.

- GRI 404: Training and Education 2016

Human & Labor Rights

Upholding fair labor practices, and respectful working conditions across operations and the value chain.

- GRI 409: Forced or Compulsory Labor 2016
- GRI 408: Child Labor 2016
- GRI 407: Freedom of Association and Collective Bargaining 2016
- GRI 406: Non-discrimination 2016

Local Content

Supporting local economic development through local procurement, workforce participation, and investment in national capabilities.

- GRI 202: Market Presence

Diversity, Equity & Inclusion

Fostering a diverse and inclusive workplace where individuals are treated fairly and have equal opportunities to succeed.

- GRI 405: Diversity and Equal Opportunity 2016

Occupational Health, Safety & Wellbeing

Providing a safe, healthy, and supportive work environment that protects people and promotes overall wellbeing.

- GRI 403: Occupational Health and Safety 2018
- GRI 401: Employment 2016

Community Development & Partnerships

Creating positive social impact through community investment, partnerships, and meaningful stakeholder engagement.

- GRI 413: Local Communities 2016

Product Quality & Safety

Delivering products that meet quality, safety, and performance requirements while supporting customer trust and satisfaction.

- GRI 417: Marketing and Labeling 2016

Customer Relationship Management

Building long-term customer relationships through responsiveness, reliability, and a strong understanding of customer needs.

- GRI 416: Customer Health and Safety 2016

Stakeholder Engagement

Maintaining open and transparent dialogue with stakeholders to understand expectations and inform decision-making.

- GRI 2: General Disclosures 2021

Supply Chain & Procurement Management

Managing supplier relationships and procurement practices to support efficiency, resilience, and sustainability across the value chain.

- GRI 204: Procurement Practices 2016
- GRI 414: Supplier Social Assessment 2016
- GRI 308: Supplier Environmental Assessment 2016

ESG Risk & Compliance

Identifying, assessing, and managing sustainability-related risks while maintaining compliance with applicable requirements and standards.

- GRI 2: General Disclosures 2021

Digital Transformation & Innovation

Leveraging technology and innovation to improve performance, enhance efficiency, and support sustainable growth.

Business Ethics

Promoting integrity, accountability, and ethical conduct across all business activities and relationships.

- GRI 206: Anti-competitive Behaviour 2016
- GRI 205: Anti-corruption 2016
- GRI 2: General Disclosures 2021

Cybersecurity & Data Privacy

Protecting information, systems, and personal data through robust security and privacy practices.

- GRI 418: Customer Privacy 2016

Risk Management & Business Continuity

Managing risks and strengthening organizational resilience to ensure business continuity during disruptions.

- GRI 2: General Disclosures 2021

Corporate Governance

Maintaining effective oversight, accountability, and transparent decision-making to support long-term business success.

- GRI 2: General Disclosures 2021
- GRI 405: Diversity and Equal Opportunity 2016

Economic Contribution & Value Creation

Generating economic value through business activities while contributing to the prosperity and development of local communities.

- GRI 201: Economic Performance 2016

We contribute to the achievement of the UN SDGs through the management and advancement of our material topics. For more information on the SDGs, please refer to the Appendix C.

VOICES THAT SHAPE US

[GRI 2-29, 3-3]

Every meaningful step in our sustainability journey is shaped by the voices, expectations, and perspectives of those connected to our business.

Our stakeholders, including employees, customers, suppliers, communities, regulators, and shareholders, play an important role in helping us understand where our actions matter most and how we can continue creating long-term value responsibly. We view stakeholder engagement as an ongoing practice that goes beyond consultation. It requires active listening, transparent communication, and a willingness to respond with accountability. Through regular dialogue and structured engagement channels, we seek to understand stakeholder priorities, address concerns, and strengthen trust across the relationships that support our operations.

To make engagement purposeful, we identify and engage stakeholder groups based on their relationship with our business, their expectations, and their influence on sustainability-related matters. Insights gathered through these interactions inform our materiality assessment, guide our sustainability priorities, and support decision-making across the organization. In doing so, stakeholder engagement becomes more than a reporting input; it becomes a continuous source of perspective that helps shape our actions, commitments, and long-term direction.



Stakeholder group	Engagement objective	Engagement methods	
Employees	To engage employees in shaping decisions that influence how the business evolves and operates.	• Internal events & gatherings • Employee care program • Emails • Newsletters • Company portal • Employee surveys • Whistle-blower system	• Employee development committee • Training and development programs • Performance reviews • Communal spaces within Medinet alfanar, as well as other shared spaces and facilities
Suppliers and Contractors	To work closely with partners to uphold safe, responsible, and reliable operational practices.	• Workshops and seminars • Meetings • Emails	• Tender and pre-award questionnaires • Suppliers' assessments
Government	To maintain constructive dialogue on regulatory developments and contribute to an informed policy environment.	• Conferences / forums • Market disclosures • Meetings • Workshops • Site tours	• Compliance with Saudi and other applicable laws and regulations across our areas of operation • Lead the introduction of new sustainable solutions
Shareholder	To ensure alignment on business performance, strategic direction, and emerging risks.	• Annual shareholders meetings • Annual and quarterly reporting	• Meetings between investors, senior leadership and investor relations
Customers	To understand evolving needs and deliver solutions that respond effectively to market expectations.	• Call center • Digital channels (website, social media, apps, etc.) • Trainings • Workshops and Seminars	• Meetings and visits • Customer feedback channels • Co-development of products and solutions
Local Communities	To remain connected to community priorities and support initiatives that contribute to long-term development.	• Partnerships with community organizations • CSR activities	• Job fairs

CHAPTER 4

LIGHTING A SUSTAINABLE PLANET

At alfanar Electric, we are committed to minimizing our environmental impact while enabling more sustainable outcomes across our operations. We actively manage our emissions and energy use as part of our transition toward more efficient and lower-carbon operations. We focus on optimizing how we use materials and resources, reducing waste, and promoting more circular practices. Our approach is supported by responsible water stewardship and strict adherence to environmental requirements, along with efforts to safeguard the natural ecosystems in which we operate. Together, these efforts support improved environmental performance across our operations and value chain.

Managing Climate Impact and Energy Use	42
Advancing Resource Efficiency and Circularity	44
Preserving Ecosystem	46

2025 IMPACT

- **46%** increase in solar power consumption in KSA
- **600,000** single-use plastic bottles eliminated across KSA facilities
- **98.7%** of waste diverted to recovery in Italy
- **41%** reduction in non-renewable material use in Spain

SDG ALIGNMENT



MANAGING CLIMATE IMPACT AND ENERGY USE

EMISSIONS MANAGEMENT AND CLIMATE STRATEGY

[GRI 3-3]

Climate action is embedded in how we think about long-term, responsible growth from the way we design and engineer our products, to how we run our facilities and invest in environmental initiatives that support a more sustainable future.

Across our operations in KSA and our subsidiaries, this translates into ongoing investment in more efficient technologies, closer attention to resource use, and a continued push to innovate toward lower-impact solutions for our customers. Across alfanar Electric, decarbonization is an increasingly important focus of this ambition, reflecting a phased and deliberate journey shaped by different starting points of our operations, and our commitment to building strong foundations for the future.

As part of this journey, our Environmental Protection and Sustainability Department formalized a structured approach aligned with the GHG Protocol and ISO 14064-1, to guide our decarbonization efforts. This includes defining organizational boundaries and governance across our facilities, with designated GHG coordinators responsible for consolidating activity data under defined quality controls, and a phased pathway that will progressively expand our coverage, from our operations through to the wider value chain over time. Supported by a documented base year and a robust internal review process to prepare for future external verification, this foundation will help us define our decarbonization trajectory with greater clarity and confidence.

This system-building work is underway across our operations, with individual entities at different stages of maturity in aligning their environmental data practices to this common methodology. Our subsidiaries continue to manage climate-related topics through their existing environmental, health and safety, and operational management systems, while working toward more structured greenhouse gas data collection in future reporting cycles.

First SF_6-free RMU successfully energized in the UAE in partnership with Etihad Water & Electricity Company

Alongside this groundwork, we remain focused on taking direct climate action through our product portfolio. In the UAE, we successfully energized the first SF_6-free Ring Main Unit (RMU), delivered in collaboration with Etihad Water & Electricity Company, a milestone in phasing out one of the most potent greenhouse gases from our switchgear technology. Building on this momentum, we were awarded two contracts with NEOM for the supply of SF_6-free Ring Main Units, making us the first company to install this technology within ENOWA's network. In Europe, new regulatory direction banning SF_6 in new products is accelerating similar efforts, with our operations developing an expanded portfolio of SF_6-free product solutions to reduce environmental impact at the product level.

Together, these efforts, a maturing measurement framework on one hand, and tangible product-level climate action on the other, reflect our approach to climate management: building the rigor to report performance credibly, while continuing to act where we already can.

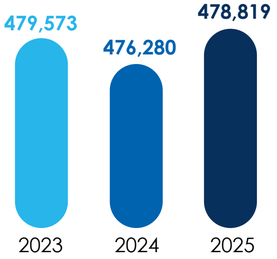


ENERGY EFFICIENCY AND TRANSITION

[GRI 3-3, 103-1,103-2]

As we advance our growth journey, energy efficiency and the transition toward cleaner sources of power remain an important part of how we manage our operations responsibly, and how we support this transition more broadly through the products and technologies we bring to market. Across our facilities, teams are working to put this commitment into practice, whether through the adoption of smarter technology, more consistent monitoring of consumption, or a gradual shift toward renewable and lower impact energy sources. To support this consistently across alfanar Electric, we have established a structured approach to energy and water management that defines roles and responsibilities across our Environmental, Facility, and Maintenance teams, helping ensure this commitment is carried through in a coordinated way across our operations. In our KSA operations, this includes identifying our significant sources of energy use, maintaining reliable and traceable consumption records, and implementing monitoring initiatives that allow us to track performance over time and target improvements where they will have the greatest impact. This has been strengthened by an energy monitoring platform that provides visibility into consumption from facility level down to individual production lines, supporting more informed, data-driven decisions on where efficiency improvements can have the greatest impact. We continue to invest in solar power generation and electric equipment across our production facilities, including electric forklifts and battery charging stations that have reduced the site's reliance on diesel fuel. In 2025, our solar power consumption increased by 46 percent in KSA, reaching 4,973 MWh, reflecting our growing shift toward renewable energy sources within our own operations. Smart metering technology remains in place to identify the largest sources of energy consumption on the shop floor, supported by automated lighting systems that reduce unnecessary use outside of active working hours. We have also installed electric vehicle (EV) charging stations for employees, encouraging the adoption of lower emission transportation and extending our commitment to cleaner energy use beyond our facilities.

ENERGY CONSUMPTION (GJ)*



46%
year-on-year increase in solar power consumption in KSA

SOLAR ENERGY CONSUMPTION IN KSA (MWh)



In Spain, a renovation of our headquarters building became an opportunity to modernize our approach to energy use, with all fluorescent lighting replaced by LED fixtures and a structured heating and cooling schedule introduced to reduce unnecessary consumption. The results of our sustained efforts are reflected in the data, with electricity consumption falling from 1,699,972 kWh in 2017 to 1,324,415 kWh in 2025, a reduction of more than 20 percent achieved over multiple years rather than through a single initiative. This long-term trajectory illustrates the kind of steady, compounding progress that we aim to replicate across our operations.

20%
reduction in electricity consumption in Spain from 2017 to 2025



In Türkiye, our operations track energy consumption on a monthly basis across electricity, natural gas, and fuel, drawing on invoices, meter readings, and internal records to build a clearer and more consistent picture of performance over time. A particular focus has been placed on reactive power monitoring to prevent unnecessary energy losses and improve the efficiency of electrical systems, supported by awareness initiatives that encourage more responsible energy use in areas of high consumption. These efforts are coordinated across maintenance, production, and health, safety, and environment teams, helping identify practical opportunities for energy savings across the operation. As a result, purchased electricity consumption decreased by 39 percent year-on-year and fuel consumption by 13 percent, and our teams are now evaluating the feasibility of more detailed monitoring, including sub-metering for major consumption areas, to build on this progress going forward. In Italy, a planned investment in a new photovoltaic system is expected to reduce electricity drawn from the grid by up to thirty percent once completed, representing a meaningful step toward greater reliance on on-site renewable generation.

39%
year-on-year reduction in electricity consumption in Turkey

In the UAE, we modernized our office air conditioning system in 2025, replacing an older package unit setup with a ducted split system that improved cooling efficiency, allowed for individual room temperature control, and reduced unnecessary operating hours through programmable timers. This resulted in energy savings of approximately 410,548 kWh during the year, alongside a meaningful reduction in associated operating costs. Looking ahead, we plan to introduce human presence and motion sensors across our UAE offices to build further on these efficiency gains.

410,548 kWh
energy savings achieved through HVAC modernization in UAE

Beyond our own operations, we continue to play an active role in advancing the broader energy transition through our products and partnerships. We have supplied and installed EV charging infrastructure across a number of prominent hospitality locations in KSA, including JW Marriott, Courtyard, and Sheraton properties, supporting the growing adoption of electric mobility in the market we serve. We have signed a MoU with Al Ghurair Motors to expand premium EV charging infrastructure nationwide. We have also partnered with the Saudi Energy Company (SE) on the supply of Smart Ring Main Units, reflecting our continued investment in smart, efficient grid infrastructure.



* The data includes operations in KSA, UAE, Italy, Spain, and Turkey

ADVANCING RESOURCE EFFICIENCY AND CIRCULARITY

alfanar Electric's approach to resource use and end-of-life material management reflects its broader commitment to sustainable growth. Across our operations, this is expressed through a continual search for ways to extend the value of what we use, whether materials or water, and to minimize what is ultimately drawn from the environment or left behind once it can no longer serve its original purpose. This is not confined to any single initiative or facility, but runs through the way our operations are managed, the way our products are conceived, and the relationships we maintain with the suppliers and partners who work alongside us.

MATERIALS, WASTE AND CIRCULARITY

[GRI 3-3, 301-1, 306-1, 306-2]

Resource efficiency begins with the materials that enter our operations and continues through to how anything left over is handled once it can no longer serve its original purpose. With circularity as a guiding principle, our approach favors reducing consumption where possible, recovering and reusing materials wherever we can, and ensuring that what cannot be recovered is disposed of responsibly. This extends beyond our own facilities to how we engage with our supply chain, with recycled material use forming part of our supplier pre-qualification process alongside broader sustainability criteria, encouraging more responsible sourcing upstream as well as within our own operations.

In KSA, this is supported by an internal waste management procedure that sets out how waste is identified, classified, segregated, and handled across our facilities, underpinned by the 9R framework, ranging from refusing and reducing waste at the source through to recycling and recovering what remains. In practice, this takes shape through initiatives such as recovering steel, copper, and aluminium from components at the end of their use, and the use of laser-based painting processes in place of traditional spray application to reduce chemical waste.

Waste streams such as electronic waste, cardboard and packaging, and plastics are directed to specialized recycling and recovery providers, while material that cannot be recovered is managed through authorized disposal channels, with regular sustainability audits helping assess performance across facilities and build employee awareness around proper segregation practices. We have also entered into an agreement with the Saudi Energy Company (SE) to recycle SF_6 gas recovered from Ring Main Units, extending recovery efforts to specialized materials beyond general waste streams. In addition, selected transformer products manufactured in KSA utilize natural ester-based insulating fluids as an alternative to conventional mineral oil. Derived from renewable vegetable-based feedstocks, these fluids are biodegradable and non-toxic in soil and water, helping reduce potential environmental impacts associated with accidental leaks or spills while also supporting enhanced fire safety and longer asset life. We are also working toward PEFC certification for our wooden drums factory, targeted for 2026, to help standardize responsible wood sourcing across the full chain of custody. In 2025, we introduced a further initiative to reduce single-use plastic across our facilities, replacing bottled drinking water in offices with water dispensers, which has eliminated approximately 600,000 plastic bottles, equivalent to around 4 tonnes of plastic waste, from our operations.

11%
year-on-year increase in renewable material use in Spain

In Spain, an eco-design approach is embedded within product development, evaluating the environmental impact of our equipment across its lifecycle, from manufacture through to use, including the resources involved at each stage. This attention to materials is illustrated in the data, with non-renewable material use falling by approximately 41 percent in 2025 compared with the prior year, while renewable material use increased by around 11 percent, a shift that points to more sustainable material inputs. At the end of their life, our products which are single use by design, are sent to an authorized manager for disposal or treatment in line with the regulatory requirements.

In Italy, waste is generated mainly through the manufacturing and assembly of medium voltage switchgear, along with installation activities carried out at customer sites, with the main streams consisting of metal scrap from production and packaging materials such as paper, cardboard, plastic, and wood received from suppliers. Waste segregation and recycling are actively promoted to maximize material recovery, and through this continued effort, approximately 95 percent of waste was diverted to recovery in 2025. Looking ahead, Italy also plans to build circularity further upstream, introducing a requirement within its purchasing procedure for suppliers to provide certificates of origin indicating the percentage of recycled material used in significant materials.

416
tonnes of wooden pallets reused in UAE

In the UAE, we introduced a wooden pallet rework and reuse initiative in 2025, refurbishing and reusing approximately 416 tonnes of wooden pallets in place of new ones.

A dedicated rework program launched in 2025 processed approximately 73 tonnes of pallet scrap, successfully reworking and reusing close to 82 percent of it, avoiding the need to purchase thousands of new pallets and reducing associated disposal activity. We also shifted our approach to plastic stretch wrap waste in 2025, moving away from landfill disposal toward recycling. Around 17 tonnes of stretch wrap material was segregated and sent to a specialized recycling partner, where it was converted into raw material for plastic chair manufacturing, turning what was previously operational waste into a usable input for another product entirely. In Türkiye, the focus has been on strengthening the foundations for a more traceable system, including the review and renewal of licensed waste contractors and closer monitoring of recyclable streams such as metal, cardboard, plastic, and wood.

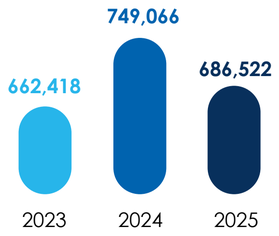
Across alfanar Electric, these efforts point in a consistent direction, one where materials are used more deliberately, waste is treated first as a resource to recover rather than simply discard, and circularity is increasingly built into how we source, operate, and manage products at the end of their life.



WATER USE AND CONSERVATION

[GRI 3-3, 303-1, 303-2, 303-5]

WATER CONSUMPTION (M³)*



Water plays a supporting but important role across our operations, primarily in cooling processes that help maintain optimal temperatures in machinery and equipment, as well as in cleaning and steam generation within our manufacturing facilities. In our office spaces, water use is largely limited to sanitary purposes and general employee needs. Given the nature of our business, overall water consumption across alfanar Electric is considered limited, and our approach continues to focus on using it efficiently and responsibly wherever it is consumed.

In KSA, this approach is reflected in the water treatment infrastructure maintained across our facilities, including the use of reverse osmosis treatment to support the sustainable use of water resources. This is Informed by a dedicated water management procedure that sets out how water use is monitored and managed across our facilities. Our housing RO plant, with a capacity of 2,500 m³ per day, treats high salinity water sourced from third party transport, reducing total dissolved solids from approximately 3,000 parts per million to around 120, and produces between 1,300 and 1,400 m³ of potable water daily for human use. Rather than discarding the rejected water from this process, it is transferred to our gray water treatment plant, which has a capacity of 800 m³ and draws additional supply from sinks and showers across the housing area. In 2025, this plant treated approximately 113,068 m³ of gray water for irrigation use across our housing area, supporting palm trees, planting beds, and grass areas throughout the year. A separate Central Kitchen RO plant treats potable water for drinking and cooking use on the shop floor, with water quality tested both internally and by third parties, and maintenance carried out on a monthly basis.

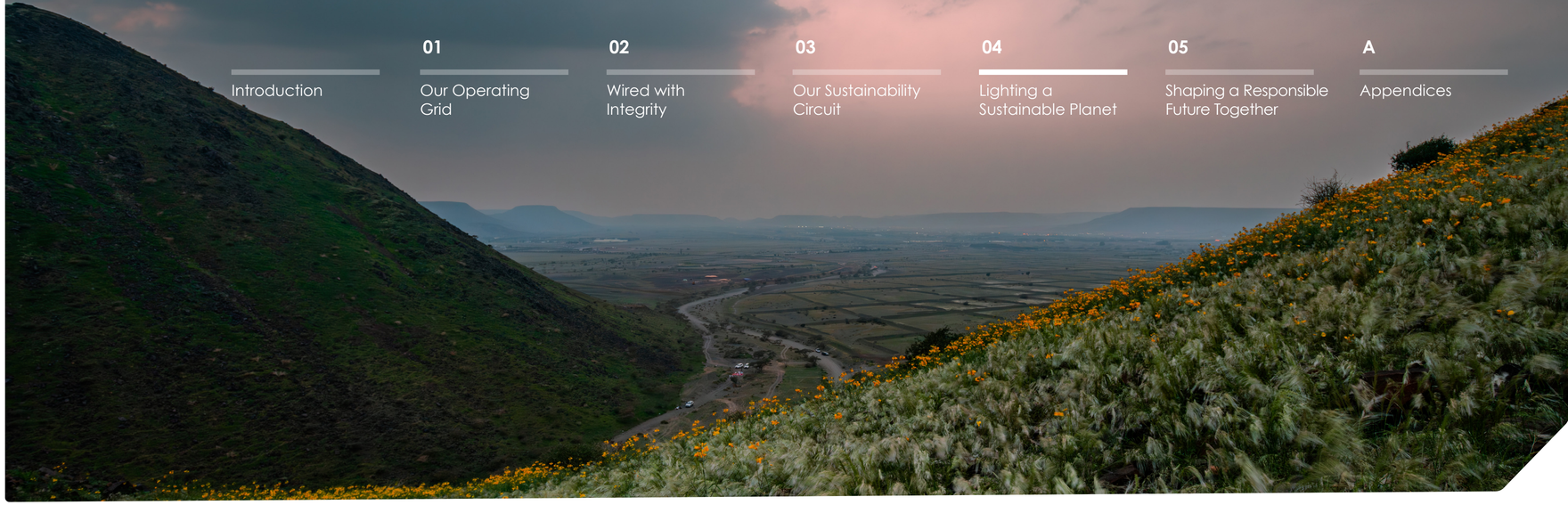
8% year-on-year decrease in sewage water volume recorded across KSA operations in 2025

In Spain, an earlier pilot that introduced presence sensors in one of our buildings has since grown into a wider practice, with presence detectors and lower flow faucets now installed to reduce unnecessary water use. However, in 2025, water consumption rose compared to prior periods, traced to a leak that went undetected for approximately six months, a reminder of the importance of closer monitoring to catch such losses earlier going forward. That same need for closer visibility is echoed in Türkiye, where water is supplied entirely through the Organized Industrial Zone infrastructure, with no direct withdrawal from groundwater, surface water, or seawater. Wastewater from the painting shop is treated internally before it reaches the zone's shared sewer connection and is subject to periodic checks from the zone authority, including unannounced sampling. Consumption is currently tracked manually through invoices and meter records, and our teams are working to expand metering coverage to improve the traceability of water use across the site.

Across our operations, these efforts reflect a consistent approach to using water responsibly, whether through treatment and reuse systems in KSA, continued efficiency measures in Spain, or disciplined compliance in Türkiye, and we continue to identify opportunities to improve water efficiency and stewardship across alfanar Electric.



* The data includes operations in KSA, UAE, Italy, Spain, and Turkey



PRESERVING ECOSYSTEM

COMPLIANCE WITH ENVIRONMENTAL REGULATIONS

[GRI 2-23, 2-24, 2-27]

Maintaining environmental compliance is fundamental to responsible business operations and supports the consistent management of environmental risks across our global footprint.

While regulatory requirements vary across the regions in which we operate, our approach is guided by a common framework that promotes consistent standards, clear accountability, and continual improvement. This foundation is established through alfanar Electric's Sustainability Policy and HSE Policy, which commits us to complying with applicable environmental laws and regulations while embedding environmental protection, pollution prevention, resource efficiency, and employee engagement into the way we design, operate, and continually improve our business.

This commitment is implemented through our certified management system, aligned with ISO 14001 across our operations in KSA, UAE, Italy Türkiye, and the UK. Regular management reviews, environmental training, and employee awareness initiatives support the effective implementation of these systems and reinforce a culture of compliance across our facilities. In addition, monthly environmental audits are conducted at the shopfloor and factory level to verify implementation of environmental requirements, assess compliance with internal Sustainability Policy and applicable regulations, and monitor operational practices including waste segregation and waste management.

ISO 14001
certified environmental management systems across KSA, UAE, Italy, Turkey, and the UK

Our environmental performance is communicated regularly through sustainability reporting prepared in accordance with the GRI Standards, while our product stewardship approach includes REACH and RoHS compliance assessments to verify conformity with chemical management and hazardous substance restrictions. This is further supported by Environmental Product Declarations (EPD), providing customers with verified information on the environmental attributes of our products and helping them make informed purchasing decisions. Together, these measures help ensure that environmental considerations are integrated into our management systems, product compliance processes, and external reporting, supporting a consistent and transparent approach to environmental responsibility across the organization.

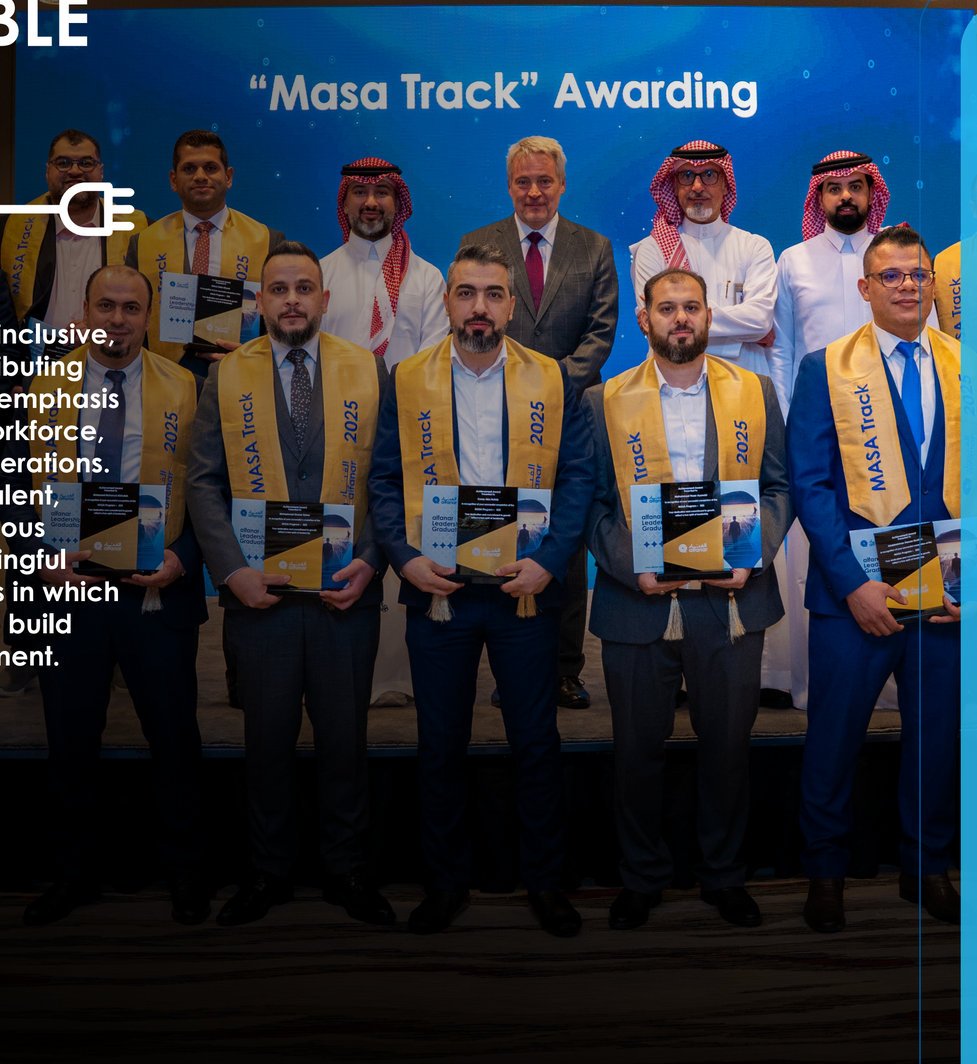
SAFEGUARDING NATURAL ECOSYSTEMS

[GRI 3-3]

As an electrical equipment manufacturer, our direct interaction with biodiversity is inherently limited, with our operations located within established industrial areas rather than in or adjacent to ecologically sensitive environments. Nevertheless, we recognize that environmental stewardship extends beyond managing direct operational impacts and includes supporting the health and resilience of the communities and landscapes in which we operate wherever opportunities arise. Guided by this perspective, we seek to integrate environmental considerations into our operations while contributing to initiatives that create lasting value beyond our facility boundaries. This approach is reflected at our Medinat facility in KSA, where extensive landscaped grounds form part of the site's environmental setting, and in 2025 was further demonstrated through the alfanar Electric Community Foundation's cooperation agreement with Riyadh Municipality to develop a public park spanning approximately 2,188 m^2 in the Al-Nafal district. The project contributes to the municipality's broader efforts to strengthen cross-sector collaboration, expand accessible green spaces, and enhance neighborhood livability, while reflecting our commitment to sustainable community development and supporting KSA's Vision 2030 ambitions to improve quality of life and encourage greater civic participation. Through initiatives such as this, we seek to contribute to local environmental and community outcomes through targeted partnerships and investment. Recognizing that responsible environmental stewardship is shaped not only by how we manage our own operations but also by how we support the long-term wellbeing of the communities in which we operate.

CHAPTER 5

SHAPING A RESPONSIBLE FUTURE TOGETHER



At alfanar Electric, we are committed to creating a safe, inclusive, and empowering environment for our people while contributing positively to the communities we serve. We place strong emphasis on protecting the health, safety, and well-being of our workforce, ensuring that safety remains embedded across all our operations. We also invest in attracting, developing, and engaging talent, fostering a culture built on fairness, inclusion, and continuous growth. Beyond our operations, we strive to create meaningful impact by supporting and strengthening the communities in which we operate. Through this integrated approach, we aim to build long-term social value and support sustainable development.

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2025 IMPACT

- **16%** reduction in LTIFR from 2023 to 2025 in Türkiye driven by proactive safety initiatives
- **10%** year-on-year increase in employee training hours in Italy
- **50** employees completed a five-day PMP training program in KSA
- **First** employee volunteering initiative launched through alfanar Community in KSA

SDG ALIGNMENT



MAKING SAFETY NON-NEGOTIABLE

Safety is our core operational value that shapes the way we design, manage, and continuously improve our operations. We recognize that maintaining a safe workplace requires disciplined risk management, visible leadership, and the active participation of every employee. Guided by the principle that every incident is preventable, we integrate health, safety, and well-being into our daily activities through robust management systems, proactive risk identification, continuous learning, and shared accountability. Through a culture of safety and accountability, employees are empowered to identify hazards, intervene when unsafe conditions arise, and contribute to safer ways of working, helping to ensure that everyone returns home safely each day.

HEALTH, SAFETY AND WELL-BEING

[GRI 2-23, 2-24, 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9]

Translating this commitment into practice requires a structured management approach that embeds safety and well-being considerations into every stage of our operations. Across alfanar Electric, our HSE Management System is designed in accordance with applicable KSA regulatory requirements, including the Saudi Labor Law, Saudi Building Code (SBC), SASO standards, Saudi Civil Defense requirements, and GOSI, while also aligning with internationally recognized frameworks including ISO 45001:2018, ISO 14001:2015, National Fire Protection Association (NFPA), Occupational Safety and Health Administration (OSHA), and Globally Harmonized System of Classification and Labelling of Chemicals (GHS). Our HSE Management System is brought to life through dedicated safety professionals, comprehensive policies and procedures, regular audits, competency development, and periodic performance reviews to evaluate the effectiveness of safety controls. Together, these requirements provide a consistent framework for managing occupational health and safety risks, establishing clear governance and responsibilities, and driving continual improvement across our manufacturing and operational activities. Safety leadership is reinforced through defined accountabilities at every level of the organization, ensuring that managers, supervisors, and employees each play an active role in maintaining a safe workplace. Through regular inspections, audits, performance reviews, and incident investigations, we monitor the effectiveness of our controls, identify opportunities for improvement, and strengthen our ability to prevent injuries before they occur.

Managing Workplace Risks

Maintaining a safe workplace begins with understanding the risks associated with our operations and implementing effective measures to eliminate or control them before work begins. We adopt a proactive and systematic approach to risk management that integrates hazard identification, risk assessment, and operational controls into routine activities, projects, and non-routine work. This enables risks to be identified early, appropriate mitigation measures to be implemented, and changing workplace conditions to be continuously evaluated.

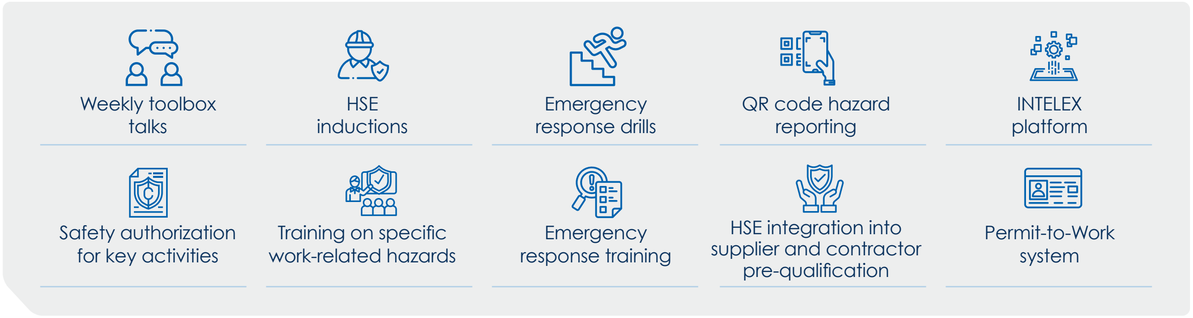
Our risk management framework is supported by structured processes including Permit-to-Work (PTW) systems, pre-task risk assessments, routine inspections, and behavioural observations ensuring hazards are assessed before work commences and appropriate controls are implemented throughout the task. Control measures are applied in accordance with the hierarchy of controls, prioritizing hazard elimination and engineering solutions before administrative controls and personal protective equipment. These processes are complemented by contractor safety management, equipment inspections, emergency preparedness planning, and management of change procedures to help ensure risks remain effectively controlled throughout the lifecycle of our operations.

Risk identification and reporting are further strengthened through multiple reporting channels, including supervisor reporting, dedicated safety inspectors, and a digital HSE platform (Intelex), which enables employees to report hazards, unsafe conditions, unsafe acts, and near-miss incidents, anonymously where required. Employees are actively encouraged to participate in the identification of hazards and are empowered to intervene when unsafe conditions are observed. This includes the right to refuse unsafe work, reinforcing a proactive safety culture where risk awareness and personal accountability are integral to daily operations. All reported incidents and near-miss events are systematically reviewed to identify root causes and strengthen preventive measures, ensuring that lessons learned are integrated back into operational controls and risk assessment processes. In parallel, risk assessments are periodically reviewed and updated to reflect changes in processes, equipment, or working conditions, ensuring that controls remain effective over time.

Building a Strong Safety Culture

Rules and systems alone do not make a workplace safe, the people within them do. Building a genuine safety culture means creating an environment where every employee, regardless of role or seniority, understands their responsibility toward the safety of themselves and those around them, and feels empowered to act on it. At alfanar Electric, this is not an aspiration we work toward occasionally; it is a standard we reinforce every day through structured participation, continuous training, and leadership that takes safety seriously as a visible, lived commitment rather than a policy on a page.

Worker participation sits at the foundation of how we build and sustain this culture. We have deliberately designed multiple channels through which employees can engage with occupational health and safety processes, report concerns, and contribute to improving the conditions they work in. Through our INTELEX HSE platform, deployed across our KSA operations and expanded to Türkiye in 2025, employees can report hazards, unsafe conditions,



near-miss incidents, and unsafe acts directly and anonymously where preferred, with reports reviewed during monthly occupational health and safety committee meetings and acted on with defined timelines. QR code-based reporting stations are available across all production and non-production areas, ensuring accessibility for every employee regardless of their role or location within our facilities. Beyond digital channels, we maintain active safety committees that bring together worker representatives and management on a monthly basis, creating a structured forum for two-way dialogue on safety concerns, corrective actions, and systemic improvements. In Italy, worker participation is further supported through a dedicated Workers' Safety Representative, a formal role established under Italian legislative requirements, alongside an anonymous reporting channel that gives employees a protected means of raising concerns without fear of consequence.

Training and awareness are the thread that runs through everything we do on safety. Every new employee receives an extensive HSE induction before beginning work, ensuring that safety expectations, reporting mechanisms, and emergency procedures are understood from day one. Weekly toolbox talks, delivered consistently across our operations and evaluated through quiz-based assessments, keep safety knowledge current, relevant, and tied to the specific conditions and incidents our teams encounter on the ground. For activities that carry heightened risk, such as lifting equipment operation, high voltage testing, and forklift and VNA operations, formal HSE authorization is required before work can proceed, reinforcing the principle that certain tasks demand demonstrated competency, not just awareness. Emergency response preparedness is tested regularly through unplanned drills, ensuring that our teams can respond effectively under real conditions rather than only in planned scenarios. In Türkiye, employees receive a minimum of 12 hours of mandatory safety training before they begin work, a commitment that reflects the seriousness with which our subsidiary approaches the onboarding of every individual who will work on its factory floor. In 2025, the full deployment of INTELEX across Türkiye represented a meaningful step forward in how safety data is captured, analyzed, and acted on, enabling real-time monitoring of KPIs, incident root causes, training records, and audit findings in a way that connects our KSA operations and subsidiaries within a single, consistent digital safety infrastructure.

Building a Safety Culture from the Ground Up - Türkiye

Improving safety performance is rarely the result of a single intervention. At our Türkiye subsidiary, SPF Electric, what began as a leadership visibility initiative has evolved over two years into a deeply embedded cultural shift, supported by structured behavioral programs and measurable improvements in how safety is practiced and owned across the organization.

The foundation was laid through the Management Safety Walks program, in which top management and representatives from departments including R&D, HR, Finance, and Quality conduct regular walkthroughs of predefined factory stations to observe conditions and identify risks. Every observation shared by the departments was formally recorded by the OHS specialist, and corrective actions were assigned and tracked through Microsoft Planner, ensuring that identified risks are addressed with defined accountability and timelines and assign corrective actions through Microsoft Planner for transparent follow-up. The deliberate involvement of non-safety functions in these walks was intentional; it signalled to the entire workforce that safety is not a responsibility held exclusively by the HSE team but one shared across leadership at every level. The results were significant: the Lost Time Injury Frequency Rate fell from 10.86 in 2023 to 4.28 by the end of 2024, a reduction that reflects both the quality of the observations being made and the seriousness with which corrective actions were pursued.

Building on this foundation, 2025 saw the introduction of the Behavioral Safety Observation Program, a structured initiative designed to systematically observe and respond to both safe and unsafe behaviors on the factory floor. Through monthly Safety Observation Tours, trained observers identify unsafe behaviors, provide immediate feedback, and recognize employees who demonstrate the highest levels of safety participation and reporting. The program is designed not to penalize but to reinforce, creating a feedback loop in which positive safety behaviors are acknowledged, and unsafe ones are addressed in real time rather than only after an incident has occurred. The LTIFR target for 2025 was set at 3.0, with an achieved rate of 3.42, a result that falls narrowly short of the target but represents a continued and meaningful improvement trajectory from where the organization stood just two years prior. The targets have been set at 2.75 for 2026 and 2.5 for 2027, reflecting both the ambition and the confidence that comes from having built a program with demonstrated momentum.



Protecting Health and Well-being

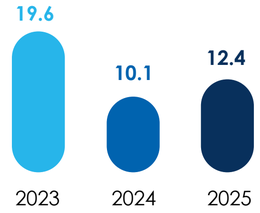
Protecting the health and well-being of our people extends well beyond the boundaries of occupational safety. We have built a medical infrastructure across our facilities that ensures professional care is never far away, with on-site clinics staffed by general doctors, trained first aiders present across every shift, and 24/7 ambulance services operating from our facilities and employee accommodations. This infrastructure reflects a deliberate decision to make healthcare accessible within the workplace rather than leaving employees to navigate it on their own time and at their own cost. Our subsidiaries bring the same commitment to their own regulatory and social contexts. In Italy, EA Srl provides MetaSalute supplemental health insurance to all employees under the national collective bargaining agreement, reducing the time and financial barriers to specialist care, diagnostics, and prevention. In Türkiye, an occupational physician visits our facility twice weekly, conducting pre-employment screenings and periodic medical examinations that keep employee health under active and consistent review. Türkiye also extends ten paid days of leave annually to employees with disabled or special needs dependents, a provision that recognizes that well-being is not confined to the individual but extends to the families our people are responsible for. Together, these efforts reflect our belief that a workforce that feels genuinely supported is one that shows up healthier, more engaged, and better positioned to do meaningful work every day.



Monitoring Performance and Driving Continuous Improvement

Measuring safety performance is only meaningful if the insights it generates are acted on consistently and with discipline. Our approach to monitoring is about maintaining a continuous line of sight into how our safety management system is performing in practice, identifying where controls are working and where they need strengthening, and ensuring that improvements are pursued with the same rigor we apply to the risks themselves. Performance data informs every level of our safety governance, from frontline reporting through to leadership review, creating a feedback loop that connects what happens on the factory floor with the decisions made at the organizational level. This is how we ensure that safety does not plateau. by treating every data point as an opportunity to learn, and every finding as a prompt to improve.

RATE OF RECORDABLE WORK-RELATED INJURIES*



We do this through three interconnected pillars that together form the backbone of how we monitor, assure, and drive accountability across our operations:

Real-Time Visibility into Safety Performance

Our INTELEX HSE platform gives us a live, consolidated view of safety performance across our operations, ensuring that data from the field reaches decision-makers without delay and that emerging risks are visible before they become incidents.

- Incident reports, near-miss submissions, audit findings, and inspection comments tracked in real time
- KPIs and training completion records monitored continuously against defined targets
- Monthly management safety committee meetings review platform data, assign corrective actions, and track closure of outstanding findings

Regular Audits

Regular audits, both internal and external, provide an honest, assessment of how effectively our controls are operating, and their findings are treated as improvement inputs rather than compliance checkboxes.

- External audits conducted by Intertek validate the effectiveness of our HSE management system
- Internal audits assess process compliance, system maturity, and control effectiveness across our operations
- The alfanar Electric Challenge benchmarks safety and operational performance across our factories, fostering knowledge-sharing and healthy competition that raises standards organization-wide

Subsidiary Accountability and Defined Response Standards

Our subsidiaries apply the same improvement discipline within their own regulatory and operational contexts, with defined timelines and governance structures that ensure accountability is built into how performance is managed day to day.

- In Türkiye, hazard response timelines are tiered by risk level: low-risk items closed within 15 days, medium-risk within 10, and high-risk within 5
- Incident investigations initiated within 2 days of any recordable event, with corrective actions implemented within the same timeframe
- In Italy, an annual management review assesses performance through the Frequency Index and Severity Index, with findings shared transparently with supervisors, safety managers, and the Workers' Safety Representative

* The data includes operations in KSA, UAE, Italy, Spain, and Turkey

NURTURING OUR PEOPLE AND POTENTIAL

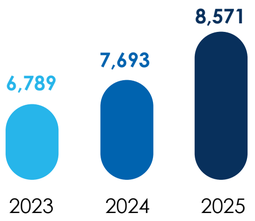
[GRI 2-7, 3-3, 401-1, 401-2, 404-3]

We are committed to creating a workplace where employees are empowered to develop their capabilities, pursue meaningful career opportunities, and contribute to shared business objectives. We seek to create an environment where diverse perspectives are valued, individual strengths are recognized, and professional development is encouraged at every stage.

As a manufacturing organization with a diverse workforce operating across a range of functions and environments, we recognize that investing in our people is fundamental to operational excellence and sustainable business success. This commitment is reflected across our people practices, shaping how we attract talent, develop capabilities, promote inclusive workplaces, and strengthen employee engagement.

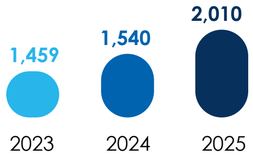
alfanar Electric is supported by a global workforce of more than 8,500 employees across its operations in the Middle East, Europe, and Asia. At the core of the business is a large manufacturing workforce comprising engineers, technicians, production employees, and corporate professionals, each contributing specialized expertise that supports the delivery of our products and services. This workforce profile shapes our people approach, reinforcing the importance of attracting, developing, and retaining talent while providing employees with the resources, support, and opportunities they need to succeed.

TOTAL EMPLOYEES (#)*



The decision to join and remain with an organization is shaped by more than a role or career opportunity alone. It is influenced by the quality of the employee experience, the support available to employees and their families, and the confidence that individuals can build meaningful and rewarding careers over time. In KSA, our approach to attracting and retaining talent reflects this broader perspective, combining workforce planning, structured recruitment and onboarding, competitive employee benefits, performance management, and employee-focused services that support individuals throughout different stages of their personal and professional journeys. By investing in the overall employee experience, we seek to champion workforce stability, strengthen engagement, and support the continuity of knowledge and expertise across our operations. We provide a range of benefits and support programs designed to support employee wellbeing, financial security, mobility, and family needs, contributing to a positive employment experience throughout different stages of employment.

NEW HIRES (#)*





Company-provided accommodation and housing allowances for employees residing outside company accommodation



Housing improvement support to help employees manage rising housing costs



Transportation allowances and company-provided transportation for non-staff employees



Enhanced transportation support for female employees



Medical insurance coverage for employees and eligible dependents through approved healthcare provider networks



Maternity and paternity leave in accordance with applicable regulations with extended maternity leave support in special circumstances



Transportation financing support through car loan schemes



Relocation and first-arrival support, including financial assistance through arrival loans, for employees joining from outside their work location



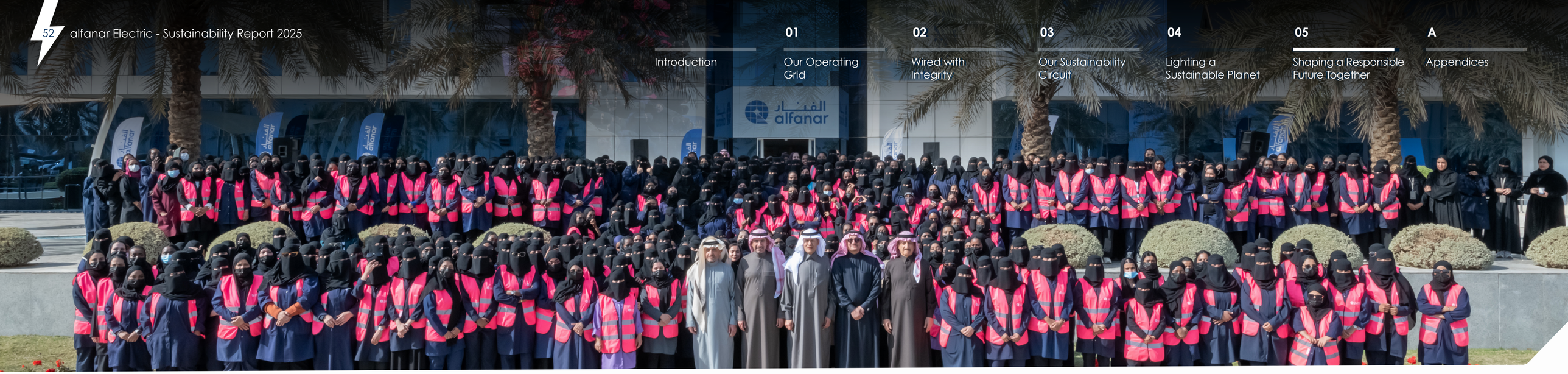
Air ticket entitlements for employees and eligible dependents



Schooling support in GCC

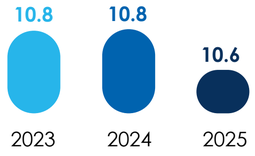
Additional initiatives are implemented across our operations to address specific workforce needs and enhance the employee experience. In Türkiye, a multi-stakeholder recruitment committee was introduced for manufacturing staff hiring, bringing together employee representatives, line managers, technical personnel, and HR representatives to support recruitment decisions and improve hiring outcomes. In addition, employees in Türkiye who have dependents with disabilities or special needs are entitled to 10 days of paid leave annually, supporting employees with caregiving responsibilities. In Spain, we continued to enhance our talent management approach through the implementation of an Internal Mobility Procedure, which promotes job transfers within the company and across different subsidiaries of alfanar to support professional growth and maximize the use of internal talent.

* The data includes operations in KSA, UAE, Italy, Spain, and Turkey



Beyond employee benefits, we support employees throughout their employment lifecycle through structured onboarding, regular performance conversations, and ongoing career development opportunities. Across our operations, performance evaluations are conducted at key milestones, including the completion of probationary periods and annual review cycles, and incorporate both employee self-assessments and manager feedback. This approach promotes meaningful dialogue, helps employees understand performance expectations, identify development priorities, and align individual goals with broader business objectives while supporting long-term career growth. In 2025, all employees completed a formal performance and career development review, reinforcing a consistent approach to performance management and employee development across the organization.

TURNOVER RATE (%)*



All

of employees received a performance and career development review across our operations*

CAPABILITY BUILDING AND DEVELOPMENT

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

Developing a skilled and capable workforce is fundamental to sustaining the expertise, innovation, and operational excellence that drive our long-term success. We invest in building capability to equip our employees with the knowledge, skills, and experiences they need to excel in their current roles while preparing for future opportunities. Our learning and development approach supports employees at every stage of their careers, from graduate engineers beginning their professional journey to experienced professionals expanding their technical expertise and preparing for leadership roles. By promoting continuous learning, we help our people adapt to evolving technologies, industry requirements, and business priorities. Through this approach, we seek to strengthen technical, professional, and leadership capabilities while building the talent needed to support the long-term resilience and growth of the business.

Developing Saudi talent remains an important part of our long-term people strategy. Beyond creating employment opportunities, we focus on building capabilities and supporting career progression through structured learning, technical training, leadership development program, and collaborations with educational institutions. Initiatives such as the Professional Development Program (PDP), diploma program, and leadership development tracks help equip Saudi employees with the skills and experience needed to contribute to KSA's evolving industrial and economic landscape. Through these efforts, we continue to support national workforce development and contribute to the human capital ambitions of Saudi Vision 2030. We complement our internal development programs through partnerships with universities, professional institutions, and specialized learning providers, broadening access to industry-recognized knowledge, certifications, and emerging best practices. We also promote learning through mentoring, coaching, knowledge sharing, and practical on-the-job experiences that reinforce professional growth and collaboration. During 2025, employees completed more than 23,000 hours of learning and development, reflecting our continued investment in strengthening workforce capabilities. The programs highlighted below reflect our capability-building initiatives delivered in 2025 and our continued investment in developing the skills that enable our people and our business to succeed in a changing environment. Together, these initiatives provide well-defined development pathways that support employees from early-career technical roles through to future leadership positions.

23,368

total training hours in KSA

* The data includes operations in KSA, UAE, Italy, Spain, and Turkey

2025 KEY EMPLOYEE DEVELOPMENT PROGRAMS IN KSA

Mini MBA Program



Delivered in collaboration with Al Yamamah University, the Mini MBA Program is a five-month leadership development program for high-potential employees. Through more than 150 hours of training, participants explored topics including business strategy, operations management, strategic marketing, financial management, strategic human resources, business law, and artificial intelligence, helping strengthen business acumen, decision-making, and strategic thinking capabilities.

Employees trained: 26

MASA Leadership Development Program



An intensive internal development program that focuses on strengthening leadership, strategy, change management, and financial management capabilities. Through the program, participants gain broader business perspectives and the skills needed to navigate complex organizational challenges while preparing for future leadership responsibilities, supporting long-term leadership continuity within the organization.

Employees trained: 50

ASALA Track for Foremen



Designed to strengthen frontline leadership across our manufacturing operations, the ASALA Track for Foremen prepares employees transitioning into supervisory roles by developing leadership, communication, team management, and operational decision-making capabilities. The program supports career progression for manufacturing employees while strengthening the pipeline of capable frontline leaders who play a critical role in maintaining operational performance and fostering engaged, high-performing teams.

Employees trained: 37

Professional Development Program (PDP)



PDP is a long-running initiative focused on developing Saudi graduate engineers and supporting their transition from university into professional careers. Through a combination of vocational training, technical development, and practical workplace experience, the program helps participants build the knowledge, skills, and industry exposure needed to establish successful careers while contributing to the development of national talent.

Employees trained: 70

Diploma Program



Delivered in collaboration with Riyadh Polytechnic Institute (RPI), the Diploma Program is a 12-month initiative that supports female employees in strengthening their electrical knowledge and technical capabilities while preparing them for advanced technical roles within the organization. The program combines technical learning with practical development opportunities to enhance participants' skills and career progression.

Employees trained:
50

Empowering Potential Ladies (EPL) Program



EPL Program supports the professional development of female employees through targeted learning and development opportunities designed to enhance their skills, broaden workplace exposure, and support career progression. The program contributes to strengthening female representation across technical and professional roles while creating pathways for long-term career growth.

Employees trained:
42

Project Management Professional (PMP)® Training Program



The PMP training program was delivered to 50 employees from different departments, equipping participants with the knowledge and tools needed to manage projects in line with globally recognized standards. The program incorporated practical exercises and real-world case studies to strengthen capabilities in project planning, execution, and delivery.

Employees trained:
50

In Spain, we advanced our High-Potential, Unique Talent, and Successor programs, supported by individual development planning and succession management processes designed to strengthen leadership continuity and retain critical capabilities. During the year, employees also benefitted from ZIVERCAMPUS, a centralized learning platform that provides access to training and development opportunities. We also completed a competency-mapping exercise for production roles to help preserve institutional knowledge, enhance workforce versatility, and support future succession planning. In Türkiye, average training hours per employee increased from 12 hours in 2023 to 21 hours in 2025, with employees participating in programs covering quality assurance, enterprise systems, machinery operation, and language development with selected employees also completed externally delivered English language training to strengthen professional communication skills. These initiatives reflect our commitment to continuous learning and professional growth across our global workforce.

FAIR EMPLOYMENT PRACTICES

[GRI 3-3, 408-1, 409-1]

We are committed to cultivating a workplace built on respect, fairness, and ethical conduct, where the rights and wellbeing of our employees are protected and promoted. We prohibit all forms of forced labor, child labor, harassment, and discrimination, and maintain a zero-tolerance approach to practices that undermine human rights or equal opportunity. Our Code of Conduct and Ethics establishes well defined expectations for professional behavior and responsible business practices, while our policies and procedures are designed to support compliance with applicable labor laws and international principles relating to human rights and fair employment. These expectations extend beyond our direct workforce to contractors and suppliers, helping reinforce responsible labor practices throughout our value chain.

Delivering fair employment practices requires more than establishing policies, it requires ensuring that every employee understands their rights, responsibilities, and the resources available to them, regardless of role, language, or employment category. Given the size and diversity of our manufacturing workforce, we place particular emphasis on making information accessible and creating consistent employee experiences across our operations. Our manufacturing workforce comprises both non-staff employees, including workers and technicians engaged in production and operational activities, and staff employees, including specialists, engineers, supervisors, and other professional roles who support manufacturing operations. Effective communication, structured onboarding, and ongoing engagement are therefore essential to reinforcing fair treatment, promoting awareness, and ensuring employees can readily access the information, support, and resources available throughout their employment.

Employees are supported through a range of accessible HR services and communication channels designed to ensure guidance is readily available, questions can be addressed, and concerns can be raised regardless of employees' role, work location, or preferred language. To ensure workplace information is accessible to our multicultural workforce, we adopt a multi-channel communication approach that combines multilingual awareness sessions, digital resources, workplace signage, and direct engagement by employee relations teams. Information is delivered in English, Arabic, Hindi, Urdu, Malayalam, and Tamil to help employees understand their rights, responsibilities, workplace policies, benefits, safety requirements, and available support services. Dedicated induction sessions are also conducted for newly hired non-staff employees to support their integration into the workplace and familiarize them with employee relations processes, accommodation requirements, workplace expectations, and standards of conduct from the outset of their employment. Employee Relations teams also maintain a visible presence across operations through regular workplace and accommodation engagement, providing employees with opportunities to seek guidance, discuss workplace matters, and reinforce awareness of available support mechanisms.

4,462

employees reached through 108 awareness sessions across our manufacturing operations in KSA

Maintaining fair employment practices also depends on providing employees with accessible and trusted channels to raise concerns, seek clarification, and participate in workplace dialogue. We encourage open communication through formal and informal engagement mechanisms that enable employees to share feedback, discuss workplace matters, and resolve concerns early and constructively. Dedicated non-staff committees serve as an important forum for dialogue between employees, Employee Relations teams, and operational support functions provide a formal mechanism for non-staff employees to raise concerns and discuss workplace matters with employee relations teams, business representatives, and service functions responsible for areas such as housing, catering, and transportation and other matters affecting the working and living conditions. Supported by regular shopfloor engagement, routine interactions with employees, and communication in employees' preferred languages, these forums help ensure employees are heard, workplace concerns are addressed in a timely manner, and our commitment to fair, respectful, and transparent employment practices is put into action.



Making HR Accessible

Digital Access
- QR code access to HR services and information
- Anonymous reporting channels

Direct Employee Engagement
- Employee Relations representatives
- Regular shopfloor engagement and walkthroughs

Formal Dialogue
- Non-staff committees
- Feedback & Workplace Dialogue

Multilingual Communication
- Arabic, Chinese, English, Hindi, Urdu, Malayalam, Tamil

Employee Integration
- Structured induction
- Workplace orientation



Strengthening Responsible Employment Through SA8000 Certification in Italy

Employees are at the center of our approach to responsible business conduct. In Italy, fair employment practices are supported through an SA8000-certified social responsibility management system that helps ensure the protection of workers' rights and reinforces responsible labor practices across the business.

The framework extends beyond compliance by integrating employee engagement, grievance management, workforce representation, training, and continuous monitoring into day-to-day operations. A key feature of the system is the Social Performance Team, comprising three management representatives and three worker representatives. Meeting quarterly, the team reviews social responsibility matters, including employee wellbeing, non-discrimination, grievance management, and opportunities for improvement, helping ensure that employee perspectives are incorporated into decision-making processes.

Employees are supported through formal and anonymous reporting mechanisms, while concerns and non-conformities are investigated and addressed through structured corrective action processes. The business also delivers regular awareness and training programs covering workers' rights, non-discrimination, prevention of child and forced labor, and available reporting channels. The system extends beyond the direct workforce through supplier qualification and monitoring processes designed to identify and prevent risks relating to forced labor and child labor within the supply chain. Through these measures, the business continues to strengthen transparency, employee participation, and responsible labor practices while supporting its goal of maintaining a respectful, inclusive, and discrimination-free workplace.

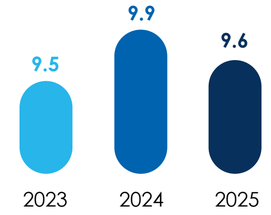


DIVERSITY AND INCLUSION

[GRI 2-23, 2-24, 3-3, 405-1]

We believe that diverse perspectives, experiences, and backgrounds strengthen our organization by fostering collaboration, innovation, and better decision-making. We are committed to creating an inclusive workplace where employees are treated with dignity and respect, have equal access to opportunities, and are empowered to contribute and grow based on their skills, performance, and potential. In KSA, our Human Resources Policy, Employee Guide, and Code of Conduct and Ethics promote equal opportunity and merit-based employment practices across recruitment, development, performance, and career progression, while maintaining a zero-tolerance approach to discrimination, harassment, and unfair treatment. Our Employee Relations teams play an important role in reinforcing these principles through ongoing engagement, monitoring workplace practices, and proactively addressing concerns to help maintain an inclusive and respectful working environment. Building an inclusive culture extends beyond our policies and is expressed in the way employees interact and work together. Through diversity awareness initiatives, unconscious bias training, and shared workplace environments that encourage interaction across employee categories, we seek to foster a culture of mutual respect, collaboration, and belonging.

FEMALE EMPLOYEES (%)*



17%

year-on-year increase in number of female employees in KSA

We continue to expand opportunities for women across our operations, recognizing the important contribution they make to the future of manufacturing and engineering. More than two decades after welcoming the first four women into our production line operations in KSA, we now employ more than 650+ women across manufacturing, quality, research and development, and corporate functions. This progress is supported through targeted initiatives that strengthen technical capabilities, leadership development, and career progression, including the Diploma Program and Empowering Potential Ladies (EPL) Program. In 2025, we also participated in the Creative Women Forum in Riyadh, contributing to dialogue and collaboration on advancing women's participation in industry in support of KSA's broader development ambitions.

In Spain, we continued to strengthen our approach to diversity, inclusion, and employee wellbeing through a range of initiatives aimed at fostering an equitable and supportive workplace. During the year, we continued implementing and monitoring the objectives of our Equality Plan, which promotes equal treatment and opportunities for men and women across the organization. In addition, a dedicated lactation room was established in 2025 to support employees in balancing their professional and personal responsibilities and to create a more accommodating working environment for new parents.

We also remain committed to creating opportunities for underrepresented groups and supporting workforce inclusion across our operations. Where applicable, we collaborate with educational institutions, specialized employment organizations, and local partners to broaden access to employment opportunities, including for people with disabilities, while ensuring our workplaces are designed and managed in accordance with applicable accessibility requirements and local regulatory expectations.

* The data includes operations in KSA, UAE, Italy, Spain, and Turkey

EMPLOYEE ENGAGEMENT AND CULTURE

Employee engagement at alfanar Electric is centered on creating meaningful opportunities for employees to connect, collaborate and contribute to a shared workplace experience. The focus is on strengthening day-to-day engagement as well as creating opportunities that bring people together across teams, functions, and locations. Throughout the year, we organize a range of cultural, social, and recreational activities recognize achievements, strengthen relationships, and foster a sense of belonging. These include celebrations of national and cultural occasions, graduation ceremonies, employee recognition events, sports tournaments and wellness activities that contribute to a collaborative and inclusive workplace culture. In 2025, more than 4,000 employees across our operations in KSA participated in key celebrations, including Eid Al-Fitr, Eid Al-Adha, Saudi Founding Day and Saudi National Day, providing opportunities to come together, celebrate shared values and strengthen workplace relationships.

During the year, employee engagement activities ranged from sports tournaments and cultural events to quality-focused initiatives and inter-factory challenges.

These activities provided opportunities to strengthen collaboration, celebrate achievements, encourage knowledge sharing, and reinforce the values and behaviors that underpin our organizational culture. By creating opportunities for employees to engage with one another across functions and locations, we continue to foster an environment that encourages participation, teamwork, and a mutual commitment to continuous improvement.

Engagement Highlights



Employee Sports Tournament 2025

To promote employee wellbeing, teamwork, and a positive workplace atmosphere, our Facilities Management team organized the 2025 alfanar Sports Tournament at the alfanar labor compound. Open to all compound residents, the tournament brought employees together through friendly competition and concluded with a recognition ceremony attended by senior leadership, celebrating participation, sportsmanship, and team spirit.



Quality Week Celebration

alfanar Electric celebrated Quality Week through a company-wide engagement initiative designed to reinforce the importance of quality, operational excellence, and continuous improvement. The event provided employees with an opportunity to engage with the company's quality culture and recognize quality as a key driver of long-term business success.



alfanar Electric Challenge 2025

The third edition of the alfanar Electric challenge brought together 12 factories in a friendly competition focused on continuous improvement and operational excellence. The challenge evaluated performance across key areas including 5S, health and safety, systems and procedures, maintenance, and sustainability, encouraging cross-functional collaboration, knowledge sharing, and the adoption of best practices across manufacturing operations. Beyond driving operational excellence, the challenge encouraged teamwork, knowledge sharing, and healthy collaboration across manufacturing operations, reinforcing a culture of continuous learning and improvement.

CONNECTING COMMUNITIES FOR GOOD



Our commitment to the communities we operate in is grounded in the belief that real social progress comes from a combination of purpose, partnership, and sustained investment. We see community impact not as a series of standalone initiatives, but as a deliberate effort to strengthen the social fabric of the places where we work and the lives of the people within them. By embedding this thinking into how we design and deliver our contributions, we aim to support environments where individuals, families, and institutions can grow and thrive. This approach allows us to turn the act of giving into something more strategic and forward looking, deepening local capabilities, encouraging participation, and creating value that extends well beyond the moment it is given.

LOCAL COMMUNITY INITIATIVES AND INVESTMENTS

[GRI 2-28, 3-3, 203-1, 203-2, 413-1]

The alfanar Community Foundation serves as the primary platform through which we deliver our community investment and social impact initiatives. Established as a non-profit entity, the Foundation extends its work across all regions of KSA, ensuring that our social impact reaches communities well beyond the cities where our operations are based. Informed by a defined governance framework and a commitment to structured community engagement, the Foundation works alongside government entities, charitable organizations, and community partners to deliver initiatives that contribute to social development and address evolving community needs. Its approach extends beyond charitable giving to encompass community development, social inclusion, capacity building, and partnership-driven initiatives that create enduring value for individuals, families, and communities. This work is carried forward.

> The alfanar Community Foundation aims to create a community institution that supports developmental and social initiatives, promotes social responsibility, empowers beneficiary groups, and strengthens partnerships with stakeholders to deliver sustainable impact across society.
>
> **Abdul Salam Al Mutlaq, alfanar Chairman**

Our Community Foundation focuses its efforts on five priority areas that guide the design and delivery of our community initiatives:

- **In-kind support to charitable associations and non-profits**
- **Community programs to social development and community well-being**
- **Local content and employment program**
- **Financial support to alfanar employees and families**

Partnerships

Partnerships play a central role in enabling the alfanar Community Foundation to extend its reach and maximize the impact of its initiatives. The foundation's partner network spans fourteen organizations across six areas of focus, healthcare, support for people of determination, social welfare, employment and empowerment, public sector and urban development, and community and religious outreach. In 2025, this approach extended into a new chapter of public sector collaboration, when the Foundation signed a cooperation agreement with Riyadh Municipality to establish a public park in the Al-Nafal district. The agreement was signed during the Azwa Award and Forum for Community Engagement, held under the patronage of H.H. Prince Dr. Faisal bin Ayyaf, Mayor of the Riyadh Region, with the Mayor publicly recognizing alfanar's broader contribution to developing the urban environment in residential neighborhoods across the city. The agreement marks the beginning of a new community infrastructure commitment; one we look forward to seeing through to completion in the years ahead.

11

charitable organizations supported by alfanar Community Foundation annually (2023-2025)



جمعية عناية الصحية Enayah Health Society
الجمعية الخيرية لرعاية الأيتام CHARITY COMMITTEE FOR ORPHANS CARE
جمعية الدعوة بالصناعية الجديدة INDUSTRIAL CITY ISLAMIC SOCIETY
Association MANAZIL جمعية منازل
كفو KAFO جمعية كفو للتوظيف والتأهيل
دسكا DSCA
أمانة منطقة الرياض RIYADH REGION MUNICIPALITY
مركز التميز للتوحد Autism Center of Excellence
وزارة البلديات والإسكان Ministry of Municipalities and Housing
عيوني Oyouny جمعية عيوني الصحية
الجمعية السعودية الخيرية لمرض الزهايمر SAUDI ALZHEIMER'S DISEASE ASSOCIATION
جمعية روماتيزم Rheumatism Association
جمعية الأطفال ذوي الإعاقة Children with Disability Association

Community Initiatives

The range of initiatives we support reflects our priorities as much as the impact they create. Some address basic, practical needs that affect a family's daily life and safety, while others focus on creating visibility and inclusion for groups that are often overlooked. We approach community investment not as a single fixed program, but as a set of targeted efforts that respond to where the need is greatest.

2025 key initiatives

Developmental Housing Support Initiative

A community development initiative implemented in partnership with the Ministry of Municipalities and Housing to support beneficiaries of the Developmental Housing Program in KSA. Through the provision of essential electrical supplies, the initiative seeks to enhance housing conditions and contribute to safer, more sustainable living environments for beneficiary households.

In collaboration with: Ministry of Municipalities and Housing

Targeted Group: Developmental Housing Program and their families

Impact:

- Improved the safety and liveability of beneficiary homes through access to essential electrical infrastructure.
- Enhanced comfort, safety, and overall living conditions for beneficiary households.

SDGs:

11 SUSTAINABLE CITIES AND COMMUNITIES
17 PARTNERSHIPS FOR THE GOALS

Eid Greeting Cards Designed by Children with Disabilities

An inclusion-focused initiative delivered in partnership with the Children with Disability Association, featuring artwork created by children with disabilities on Eid Al-Fitr and Eid Al-Adha greeting cards. The artwork was transformed into digital greeting card designs and shared through alfanar's communication platforms to celebrate creativity, promote inclusion, and raise awareness of the capabilities of people with disabilities.

In collaboration with: Children with Disability Association

Targeted Group: Children with disabilities

Impact:

- Provided a platform for children with disabilities to showcase their creativity and artistic talents.
- Encouraged community engagement through meaningful and inclusive Eid celebrations.

SDGs:

10 REDUCED INEQUALITIES
17 PARTNERSHIPS FOR THE GOALS

Volunteering

Volunteering is one of the most direct ways employees connect with the communities around them. Beyond contributing time and effort, volunteer initiatives create opportunities for employees to engage with social causes, build connections, and contribute their skills in ways that create visible and lasting outcomes. Through the Foundation, we continue to encourage employee participation in community initiatives, building a culture where giving back becomes an extension of everyday work and shared values.

Employee Volunteering Activation Initiative

alfanar Community launched its first Employee Volunteering Initiative in 2025, in partnership with Tarmeem Association, marking a new milestone in how we activate employee participation in community work. Employees contributed more than 80 volunteer hours to painting and refurbishing homes of underprivileged families, supporting efforts to improve living conditions while encouraging greater employee participation in community initiatives.

In collaboration with: Tarmeem Association

Targeted Group: Local communities

Impact:

- Supported housing rehabilitation efforts and enhanced living conditions for beneficiary families.
- Contributed to the improvement of residential environments through refurbishment and maintenance activities

SDGs:



Supporting the Communities

Supporting communities is one of the Foundation's longest-standing commitments, recognizing that the wellbeing of communities extends beyond any single area of support. Between 2022 and 2025, the Foundation responded to more than 2,300 requests for assistance across eleven categories, ranging from medical and financial support to home repair, education, marriage assistance, and disaster relief, with home repair assistance alone accounting for over 700 requests across the period, the single largest area of need. This consistency over four years reflects not a one-time response to crisis but an enduring system of support that communities have come to rely on.

Key Community Support Requests (2023-2025)

494 home repair assistance requests

353 medical assistance requests

277 financial assistance requests

Building on the momentum of 2025, the Foundation has identified several initiatives to extend its impact further. A Community Restaurant is planned to provide more than 150 free meals daily to individuals and families most in need, contributing directly to food security in the communities we serve. Alongside this, the Foundation plans to provide in-kind support for the construction of roadside mosques, strengthening community infrastructure and services for travellers and local residents. Together with the Al-Nafal park commitment announced this year, these initiatives reflect a deliberate broadening of how the Foundation contributes to community life, from immediate welfare support toward longer-term public infrastructure and shared community spaces.



APPENDICES



APPENDIX A

SUSTAINABILITY DATA TABLES

* Indicates partial data coverage due to incomplete reporting across certain offices, sites, or the unavailability of full-year data

** Indicates renewable energy was not consumed by regions other than KSA and Italy

'n/a' indicates that the deviation could not be calculated at the aggregate level due to incomplete or unavailable data for either 2024 or 2025

Environment

Key Performance Indicators	Unit	2023	2024	2025	% Deviation
Energy					
Total Energy Consumption	**GJ**	**479,573 ***	**476,280 ***	**478,819 ***	**n/a**
KSA	GJ	424,721	420,256	426,986	
UAE	GJ	18,896 *	20,158 *	19,062 *	
Türkiye	GJ	17,684	17,305	13,443	
Italy	GJ	13,022	13,311	14,281	
Spain	GJ	5,250	5,250	5,047	
Renewable Energy Consumption **	**GJ**	**12,618**	**12,390**	**18,049**	**46%**
KSA	GJ	12,478	12,234	17,903	
Italy	GJ	140	156	146	
Water					
Total Water Consumption	**m3**	**662,418**	**749,066**	**686,522**	**-8%**
KSA	m^3	633,264	713,673	659,681	
UAE	m^3	18,257	17,646	16,632	
Türkiye	m^3	5,608	4,606	4,572	
Italy	m^3	2,882	10,740	2,719	
Spain	m^3	2,408	2,402	2,918	

Key Performance Indicators	Unit	2023	2024	2025	% Deviation
Waste					
Total Waste Generated	**Tonnes**	**14,638 ***	**21,782 ***	**19,368**	**n/a**
KSA	Tonnes	14,584	19,291	15,934	
UAE	Tonnes	-	1,885	1,878	
Türkiye	Tonnes	7*	529	492	
Italy	Tonnes	-	-	1,012	
Spain	Tonnes	47	77	52	
Total Waste Recycled / Reused (diverted from disposal)	**%**	**0.3 ***	**29.9 ***	**59**	**n/a**
KSA	%	-	21.4	51	
UAE	%	-	94.7	94.8	
Türkiye	%	-	97.7	95.7	
Italy	%	-	-	98.7	
Spain	%	80.9	85.7	90.4	
Total Waste Disposed	**%**	**0.1***	**70.1 ***	**41.2**	**n/a**
KSA	%	-	78.6	49	
UAE	%	-	5.3	5.2	
Türkiye	%	-	2.3	4.3	
Italy	%	-	-	4.8	
Spain	%	19.1	14.3	9.6	

Please note, the Water Consumption-KSA data for 2023 and 2024 have been restated to align with the correct reporting year.

Social

Key Performance Indicators	Unit	2023	2024	2025	% Deviation
Health and Safety					
Rate of fatalities as a result of work-related injury	**Rate**	**0**	**0**	**0**	**0%**
KSA	Rate	0	0	0	
UAE	Rate	0	0	0	
Türkiye	Rate	0	0	0	
Italy	Rate	0	0	0	
Spain	Rate	0	0	0	
Rate of high-consequence work-related injuries (excluding fatalities)	**Rate**	**10.37 ***	**4.89 ***	**0.95**	**n/a**
KSA	Rate	-	-	0.36	
UAE	Rate	0	0	0	
Türkiye	Rate	54.30	19.67	17.10	
Italy	Rate	0	0	0	
Spain	Rate	0	0	0	
The rate of recordable work-related injuries	**Rate**	**19.59**	**10.09**	**12.41**	**23%**
KSA	Rate	5.7	5	12.32	
UAE	Rate	3.12	2.96	8.19	
Türkiye	Rate	84.47	30.73	32.89	
Italy	Rate	14.33	7.31	9.01	
Spain	Rate	0	1.44	1.58	
Hours worked	**Number**	**2,602,969 ***	**3,269,808 ***	**19,905,786**	**n/a**
KSA	Number	-	-	16,725,703	
UAE	Number	960,459	1,352,115	1,342,642	
Türkiye	Number	497,233	813,551	760,191	
Italy	Number	418,598	410,136	444,042	
Spain	Number	726,679	694,006	633,208	

Key Performance Indicators	Unit	2023	2024	2025	% Deviation
Health and Safety (continued)					
Fatalities as a result of work-related ill health	**Number**	**0**	**0**	**0**	**0%**
KSA	Number	0	0	0	
UAE	Number	0	0	0	
Türkiye	Number	0	0	0	
Italy	Number	0	0	0	
Spain	Number	0	0	0	
Cases of recordable work-related ill health	**Number**	**1**	**6**	**2**	**n/a**
KSA	Number	-	-	2	
UAE	Number	0	4	0	
Türkiye	Number	0	0	0	
Italy	Number	1	2	0	
Spain	Number	0	0	0	
Employee Details					
Total employees	**Number**	**6,789**	**7,693**	**8,571**	**11%**
KSA	Number	5,500	6,400	7,204	
UAE	Number	353	377	405	
Türkiye	Number	296	263	261	
Italy	Number	233	242	277	
Spain	Number	407	411	424	
Breakdown by gender					
Female	**%**	**9.5**	**9.4**	**9.6**	**3%**
KSA	%	9.1	8.8	9.1	
UAE	%	6.5	6.9	7.2	
Türkiye	%	8.8	12.9	12.3	
Italy	%	4.7	6.2	4.7	
Spain	%	20.9	21	22.4	

The 2023 rate of recordable work-related injuries for Spain has been restated from the value reported in the previous year's report. As data management processes continue to mature, certain figures may be restated to reflect improvements in data quality, accuracy, and reporting methodology.

Key Performance Indicators	Unit	2023	2024	2025	% Deviation
Male	**%**	**90.5**	**90.6**	**90.4**	**0%**
KSA	%	90.9	91.3	90.9	
UAE	%	93.5	93.1	92.8	
Türkiye	%	91.2	87.1	87.7	
Italy	%	95.3	93.8	95.3	
Spain	%	79.1	79.0	77.6	
Employee New Hires					
Total number of new employee hires	**Number**	**1,459**	**1,540**	**2,010**	**31%**
KSA	Number	1,039	1,255	1,700	
UAE	Number	56	94	103	
Türkiye	Number	259	92	73	
Italy	Number	47	32	70	
Spain	Number	58	67	64	
Breakdown by gender					
Female	**%**	**16.2**	**20.5**	**18.9**	**-8%**
KSA	%	19.2	20.7	20.6	
UAE	%	10.7	12.8	4.9	
Türkiye	%	6.2	26.1	9.6	
Italy	%	4.3	12.5	4.3	
Spain	%	22.4	22.4	21.9	
Male	**%**	**83.8**	**79.5**	**81.1**	**2%**
KSA	%	80.8	79.3	79.4	
UAE	%	89.3	87.2	95.1	
Türkiye	%	93.8	73.9	90.4	
Italy	%	95.7	87.5	95.7	
Spain	%	77.6	77.6	78.1	

Key Performance Indicators	Unit	2023	2024	2025	% Deviation
Employee Turnover					
Total number of employees leaving employment	**Number**	**735**	**784**	**905**	**15%**
KSA	Number	440	512	693	
UAE	Number	51	72	73	
Türkiye	Number	174	140	79	
Italy	Number	15	7	7	
Spain	Number	55	53	53	
Turnover rate	**%**	**10.8**	**10.2**	**10.6**	**4%**
KSA	%	8	8	9.6	
UAE	%	14.4	19.1	18	
Türkiye	%	58.8	53.2	30.3	
Italy	%	6.4	2.9	2.5	
Spain	%	13.5	12.9	12.5	
Breakdown by gender					
Female	**%**	**11.8**	**11.9**	**11.9**	**0%**
KSA	%	10.6	9.1	11.6	
UAE	%	8.7	34.6	6.9	
Türkiye	%	23.1	44.1	28.1	
Italy	%	18.2	6.7	7.7	
Spain	%	15.3	11.8	10.5	
Male	**%**	**10.7**	**10**	**10.4**	**4%**
KSA	%	7.7	7.9	9.4	
UAE	%	14.8	17.9	18.9	
Türkiye	%	62.2	54.6	30.6	
Italy	%	5.9	2.6	2.3	
Spain	%	13	13.2	13.1	

Key Performance Indicators	Unit	2023	2024	2025	% Deviation
Training Hours					
Total training hours	**Hours**	**24,365**	**88,011**	**38,234 ***	**n/a**
KSA	Hours	13,126	75,811	23,368	
UAE	Hours			-	
Türkiye	Hours	3,552	3,945	5,481	
Italy	Hours	5,245	6,200	6,841	
Spain	Hours	2,442	2,055	2,544	
Regular Performance and Career Development					
Employees who received a regular performance and career development review during the reporting period	**%**	**100**	**100**	**100**	**0%**
KSA	%	100	100	100	
UAE	%	100	100	100	
Türkiye	%	100	100	100	
Italy	%	100	100	100	
Spain	%	100	100	100	

Governance

Key Performance Indicators	Unit	2023	2024	2025	% Deviation
Customer Health and Safety					
Incidents of noncompliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services	Number	0	0	0	0%
Cybersecurity					
Cybersecurity incidents reported	Number	0	0	0	0%
Cybersecurity awareness training conducted	Number	25	27	32	19%
Employees attending cybersecurity awareness trainings	Number	1,686	6,699	9,804	46%
Research and Innovation					
Number of innovative projects developed	Number	2	2	5	150%
R&D spending	Million SAR	5	10	20	100%
R&D spending as a percentage of revenue	%	1	1.5	2	33%
Business Ethics					
Confirmed incidents of corruption	Number	0	0	0	0%
Confirmed incidents of anti-competition	Number	0	0	0	0%

APPENDIX B

GRI CONTENT INDEX

Statement of use	alfanar Electric has reported in accordance with the GRI Standards for the period from January 1, 2025 to December 31, 2025.
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	7	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.		
	2-2 Entities included in the organization's sustainability reporting	3			
	2-3 Reporting period, frequency and contact point	3			
	2-4 Restatements of information	3, 63, 64			
	2-5 External assurance	3			
	2-6 Activities, value chain and other business relationships	8-11			
	2-7 Employees	51, 64-65			
	2-8 Workers who are not employees	-	All	Information unavailable/ incomplete	Information is currently unavailable as the required data is not currently consolidated across alfanar Electric and its subsidiaries. alfanar Electric will consider disclosing this information in future reports, subject to data availability.
	2-9 Governance structure and composition	-	All	Confidentiality constraints	Disclosure of this information is restricted and intended solely for internal stakeholders.
	2-10 Nomination and selection of the highest governance body	-	All	Confidentiality constraints	Disclosure of this information is restricted and intended solely for internal stakeholders.
	2-11 Chair of the highest governance body	-	All	Confidentiality constraints	Disclosure of this information is restricted and intended solely for internal stakeholders.
	2-12 Role of the highest governance body in overseeing the management of impacts	26, 27			
	2-13 Delegation of responsibility for managing impacts	26, 27			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
General disclosures					
	2-14 Role of the highest governance body in sustainability reporting	-	All	Confidentiality constraints	Disclosure of this information is restricted and intended solely for internal stakeholders.
	2-15 Conflicts of interest	28			
	2-16 Communication of critical concerns	-	All	Confidentiality constraints	Disclosure of this information is restricted and intended solely for internal stakeholders.
	2-17 Collective knowledge of the highest governance body	-	All	Confidentiality constraints	Disclosure of this information is restricted and intended solely for internal stakeholders.
	2-18 Evaluation of the performance of the highest governance body	-	All	Confidentiality constraints	Disclosure of this information is restricted and intended solely for internal stakeholders.
	2-19 Remuneration policies	-	All	Confidentiality constraints	Disclosure of this information is restricted and intended solely for internal stakeholders.
	2-20 Process to determine remuneration	-	All	Confidentiality constraints	Disclosure of this information is restricted and intended solely for internal stakeholders.
	2-21 Annual total compensation ratio	-	All	Confidentiality constraints	Disclosure of this information is restricted and intended solely for internal stakeholders.
	2-22 Statement on sustainable development strategy	2			
	2-23 Policy commitments	11, 14, 18, 28, 36, 46, 57			
	2-24 Embedding policy commitments	11, 14, 18, 19, 28, 36, 46, 57			
	2-25 Processes to remediate negative impacts	30-31			
	2-26 Mechanisms for seeking advice and raising concerns	28			
	2-27 Compliance with laws and regulations	37, 46			
	2-28 Membership associations	60, 61			
	2-29 Approach to stakeholder engagement	40			
	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					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	37	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	37-39			
Product Quality & Safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	11-13			
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	alfanar Electric considers health and safety requirements throughout its product lifecycle. However, information on the proportion of product and service categories formally assessed for health and safety impacts is not currently available.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	12, 66			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	12			
	417-2 Incidents of non-compliance concerning product and service information and labeling	-	All	Information unavailable/ incomplete	Information is currently unavailable as the required data is not currently consolidated across alfanar Electric and its subsidiaries. alfanar Electric will consider disclosing this information in future reports, subject to data availability.
Customer Relationship Management					
GRI 3: Material Topics 2021	3-3 Management of material topics	14-15			
Digital Transformation & Innovation					
GRI 3: Material Topics 2021	3-3 Management of material topics	16-18			
Economic Contribution & Value Creation					
GRI 3: Material Topics 2021	3-3 Management of material topics	20-22			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	-	All	Confidentiality constraints	Disclosure of this information is restricted and intended solely for internal stakeholders.
	201-2 Financial implications and other risks and opportunities due to climate change	-	All	Confidentiality constraints	Disclosure of this information is restricted and intended solely for internal stakeholders.
	201-3 Defined benefit plan obligations and other retirement plans	-	All	Confidentiality constraints	Disclosure of this information is restricted and intended solely for internal stakeholders.
	201-4 Financial assistance received from government	-	All	Confidentiality constraints	Disclosure of this information is restricted and intended solely for internal stakeholders.

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	20-22			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	-	All	Confidentiality constraints	Disclosure of this information is restricted and intended solely for internal stakeholders.
	202-2 Proportion of senior management hired from the local community	-	All	Confidentiality constraints	Disclosure of this information is restricted and intended solely for internal stakeholders.
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	59-61			
	203-2 Significant indirect economic impacts	59-61			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	-	All	Information unavailable/ incomplete	alfanar Electric is committed to supporting local economic development through the engagement and development of local suppliers across its operations. While the company actively promotes local sourcing and supplier development initiatives, data on the proportion of spending on local suppliers is not currently consolidated across alfanar Electric and its subsidiaries.
Supply Chain and Procurement Management					
GRI 3: Material Topics 2021	3-3 Management of material topics	18-20			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	18-20			
	308-2 Negative environmental impacts in the supply chain and actions taken	-	All	Information unavailable/ incomplete	We currently do not have this information.
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	18-20			
	414-2 Negative social impacts in the supply chain and actions taken	-	All	Information unavailable/ incomplete	We currently do not have this information.
Corporate Governance					
GRI 3: Material Topics 2021	3-3 Management of material topics	26-27			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Business Ethics					
GRI 3: Material Topics 2021	3-3 Management of material topics	28			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	-	All	Information unavailable/ incomplete	alfanar Electric maintains policies and controls to promote ethical business conduct and prevent corruption. Information on the proportion of operations formally assessed for corruption risks is not currently available.
	205-2 Communication and training about anti-corruption policies and procedures	-	All	Information unavailable/ incomplete	alfanar Electric provides ongoing training and communication on its Code of Conduct and ethical business practices. However, quantitative information on the coverage of anti-corruption communications and training is not currently available.
	205-3 Confirmed incidents of corruption and actions taken	28, 66			
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	66			
Risk Management & Business Continuity					
GRI 3: Material Topics 2021	3-3 Management of material topics	30-31			
Cybersecurity & Data Privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	32-34			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	66			
ESG Risk and Compliance					
GRI 3: Material Topics 2021	3-3 Management of material topics	37			
Stakeholder Engagement					
GRI 3: Material Topics 2021	3-3 Management of material topics	40			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Climate Change Mitigation & Adaptation; Greenhouse Gas (GHG) Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	42			
GRI 102: Climate Change 2025	102-1 Transition plan for climate change mitigation	-	All	Information unavailable/ incomplete	We currently do not have this information.
	102-2 Climate change adaptation plan	-	All	Information unavailable/ incomplete	We currently do not have this information.
	102-3 Just transition	-	All	Information unavailable/ incomplete	We currently do not have this information.
	102-4 GHG emissions reduction targets and progress	-	All	Information unavailable/ incomplete	We currently do not have this information.
	102-5 Scope 1 GHG emissions	-	All	Information unavailable/ incomplete	Efforts are underway to assess and measure Scope 1, Scope 2, and Scope 3 GHG emissions across alfanar Electric and its subsidiaries. alfanar Electric will consider disclosing this information in future reports, subject to data availability.
	102-6 Scope 2 GHG emissions	-	All	Information unavailable/ incomplete	Efforts are underway to assess and measure Scope 1, Scope 2, and Scope 3 GHG emissions across alfanar Electric and its subsidiaries. alfanar Electric will consider disclosing this information in future reports, subject to data availability.
	102-7 Scope 3 GHG emissions	-	All	Information unavailable/ incomplete	Efforts are underway to assess and measure Scope 1, Scope 2, and Scope 3 GHG emissions across alfanar Electric and its subsidiaries. alfanar Electric will consider disclosing this information in future reports, subject to data availability.
	102-8 GHG emissions intensity	-	All	Information unavailable/ incomplete	Efforts are underway to assess and measure Scope 1, Scope 2, and Scope 3 GHG emissions across alfanar Electric and its subsidiaries. alfanar Electric will consider disclosing this information in future reports, subject to data availability.
	102-9 GHG removals in the value chain	-	All	Information unavailable/ incomplete	We currently do not have this information.
	102-10 Carbon credits	-	All	Information unavailable/ incomplete	We currently do not have this information.

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	43			
GRI 103: Energy 2025	103-1 Energy policies and commitments	43			
	103-2 Energy consumption and self-generation within the organization	43, 63			
	103-3 Upstream and downstream energy consumption	-	All	Information unavailable/ incomplete	We currently do not have this information.
	103-4 Energy intensity	-	All	Information unavailable/ incomplete	We currently do not have this information.
	103-5 Reduction in energy consumption	-	All	Information unavailable/ incomplete	We currently do not have this information.
Waste Management					
GRI 3: Material Topics 2021	3-3 Management of material topics	44			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	44			
	306-2 Management of significant waste-related impacts	44			
	306-3 Waste generated	63			
	306-4 Waste diverted from disposal	63			
	306-5 Waste directed to disposal	63			
Materials Management and Circularity					
GRI 3: Material Topics 2021	3-3 Management of material topics	44			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	44			
	301-2 Recycled input materials used	-	All	Information unavailable/ incomplete	alfanar Electric promotes responsible sourcing practices, including efforts to enhance sustainable material use. However, information on the proportion of recycled input materials used is not currently available.
	301-3 Reclaimed products and their packaging materials	-	All	Information unavailable/ incomplete	alfanar Electric is committed to improving resource efficiency and reducing environmental impacts across its operations. However, information on reclaimed products and packaging materials is not currently available.

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	45			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	45			
	303-2 Management of water discharge-related impacts	45			
	303-3 Water withdrawal	-	All	Information unavailable/ incomplete	Information is currently unavailable as the required data is not currently consolidated across alfanar Electric and its subsidiaries. alfanar Electric will consider disclosing this information in future reports, subject to data availability.
	303-4 Water discharge	-	All	Information unavailable/ incomplete	Information is currently unavailable as the required data is not currently consolidated across alfanar Electric and its subsidiaries. alfanar Electric will consider disclosing this information in future reports, subject to data availability.
	303-5 Water consumption	45, 63			
Biodiversity					
GRI 3: Material Topics 2021	3-3 Management of material topics	46			
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	-	All	Information unavailable/ incomplete	alfanar Electric recognizes the importance of biodiversity conservation and has incorporated environmental considerations into its sustainability commitments, including initiatives related to responsible wood sourcing and PEFC certification. However, specific policies, targets, and action plans aligned with the detailed requirements of GRI 101-1 have not yet been formally established or disclosed.
	101-2 Management of biodiversity impacts	-	All	Information unavailable/ incomplete	alfanar Electric undertakes selected measures that support biodiversity protection, including prioritizing certified suppliers for wood and carton materials and monitoring environmental aspects through sustainability audits. However, comprehensive biodiversity impact management practices in line with the mitigation hierarchy and the detailed requirements of GRI 101-2 have not yet been formalized or disclosed.
	101-3 Access and benefit-sharing	-	All	Information unavailable/ incomplete	alfanar Electric considers environmental sustainability within product development and promotes the use of environmentally preferable materials where applicable. However, information regarding access and benefit-sharing processes and governance, as defined under GRI 101-3, is not currently available.
	101-4 Identification of biodiversity impacts	-	All	Information unavailable/ incomplete	alfanar Electric considers potential environmental impacts associated with certain products and operations as part of its sustainability efforts. However, a formal process for identifying sites, products, and supply chain activities with the most significant actual or potential biodiversity impacts has not yet been disclosed in accordance with GRI 101-4.

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Biodiversity (continued)					
GRI 101: Biodiversity 2024 (continued)	101-5 Locations with biodiversity impacts	-	All	Information unavailable/ incomplete	alfanar Electric's key operational sites are primarily located within established industrial areas and are not currently identified as having significant impacts on biodiversity. However, detailed assessments of biodiversity-sensitive locations and associated disclosures in accordance with GRI 101-5 are not currently available.
	101-6 Direct drivers of biodiversity loss	-	All	Information unavailable/ incomplete	alfanar Electric is committed to minimizing its environmental impacts through its sustainability initiatives and environmental management practices. However, information relating to the direct drivers of biodiversity loss, including land-use change, resource exploitation, pollution, and invasive species, is not currently available for reporting.
	101-7 Changes to the state of biodiversity	-	All	Information unavailable/ incomplete	alfanar Electric recognizes the importance of biodiversity conservation as part of its broader environmental sustainability commitments. However, information regarding changes in ecosystem condition and biodiversity status associated with the organization's activities is not currently available.
	101-8 Ecosystem services	-	All	Information unavailable/ incomplete	alfanar Electric contributes to environmental stewardship through responsible sourcing initiatives and community greening projects. However, an assessment of ecosystem services and affected beneficiaries, as defined under GRI 101-8, has not been conducted and is therefore not currently available for reporting.
Occupational Health, Safety & Wellbeing					
GRI 3: Material Topics 2021	3-3 Management of material topics	48-50			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	48			
	403-2 Hazard identification, risk assessment, and incident investigation	48			
	403-3 Occupational health services	50			
	403-4 Worker participation, consultation, and communication on occupational health and safety	48-49			
	403-5 Worker training on occupational health and safety	48-50			
	403-6 Promotion of worker health	50			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	48			
	403-8 Workers covered by an occupational health and safety management system	-	All	Information unavailable/ incomplete	Information is currently unavailable as the required data is not currently consolidated across alfanar Electric and its subsidiaries. alfanar Electric will consider disclosing this information in future reports, subject to data availability.
	403-9 Work-related injuries	50, 64			
	403-10 Work-related ill health	64			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Talent Management					
GRI 3: Material Topics 2021	3-3 Management of material topics	51-52, 58			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	51-52, 65			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	51			
	401-3 Parental leave	-	All	Information unavailable/ incomplete	Information is currently unavailable as the required data is not currently consolidated across alfanar Electric and its subsidiaries. alfanar Electric will consider disclosing this information in future reports, subject to data availability.
GRI 402: Labor/ Management Relations 2016	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.
Learning & Development					
GRI 3: Material Topics 2021	3-3 Management of material topics	52-56			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	52, 66			
	404-2 Programs for upgrading employee skills and transition assistance programs	53-54			
	404-3 Percentage of employees receiving regular performance and career development reviews	52, 66			
Human and Labor Rights					
GRI 3: Material Topics 2021	3-3 Management of material topics	55-56			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	55-56			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	55-56			
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	-	All	Information unavailable/ incomplete	We currently do not have this information.

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Diversity, Equity & Inclusion					
GRI 3: Material Topics 2021	3-3 Management of material topics	57			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	57, 64-65			
	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	-	All	Information unavailable/ incomplete	Information is currently unavailable as the required data is not currently consolidated across alfanar Electric and its subsidiaries. alfanar Electric will consider disclosing this information in future reports, subject to data availability.
Community Development and Partnerships					
GRI 3: Material Topics 2021	3-3 Management of material topics	59-61			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	59-61			
	413-2 Operations with significant actual and potential negative impacts on local communities	-	All	Information unavailable/ incomplete	alfanar Electric contributes to local community development through its social responsibility initiatives. Information on operations with significant actual or potential negative impacts on local communities is not currently available.

APPENDIX C
SDGs OVERVIEW

SDGs	Description
	**SDG 3 Good Health and Well-Being:** Supporting initiatives that enhance health, safety, and overall well-being across communities and the workforce
	**SDG 4 Quality Education:** Advancing inclusive, equitable education and skill development to enable lifelong learning opportunities
	**SDG 5 Gender Equality:** Fostering an inclusive environment that ensures equal opportunities, rights, and empowerment for all genders
	**SDG 6 Clean Water and Sanitation:** Encouraging responsible water use and improving access to safe water and sanitation through sustainable management practices
	**SDG 7 Affordable and Clean Energy:** Facilitating access to reliable, sustainable, and modern energy while promoting energy efficiency and renewable alternatives
	**SDG 8 Decent Work and Economic Growth:** Driving sustainable economic growth through responsible business practices, job creation, and safe, inclusive working conditions
	**SDG 9 Industry, Innovation and Infrastructure:** Supporting resilient infrastructure and sustainable industrialisation while encouraging innovation and technological advancement

SDGs	Description
	**SDG 11 Sustainable Cities and Communities:** Contributing to the development of inclusive, safe, and environmentally sustainable urban and community spaces
	**SDG 12 Responsible Consumption and Production:** Advancing resource efficiency and sustainable practices across operations and supply chains to minimise environmental impact
	**SDG 13 Climate Action:** Taking proactive measures to mitigate climate change and strengthen resilience to environmental risks
	**SDG 14 Life Below Water:** Promoting the conservation and sustainable use of marine ecosystems by minimising pollution and ecological harm
	**SDG 15 Life on Land:** Supporting biodiversity conservation and sustainable land use through responsible environmental stewardship
	**SDG 16 Peace, Justice and Strong Institution:** Upholding ethical governance, transparency, and accountability
	**SDG 17 Partnership for the Goals:** Collaborating with stakeholders to drive collective action and achieve sustainable development objectives

APPENDIX D
ABBREVIATIONS AND ACRONYMS

Abbreviation	Description
5S	Sort, SET in Order, Shine, Standardize, Sustain
9R	Refuse, Rethink, Reduce, Reuse, Repair, Refurbish, Remanufacture, Repurpose, and Recycle
ACB	Air Circuit Breaker
AE	alfanar Electric
AED	alfanar Electrical Division
ATS	alfanar Technical Services
BS	British Standards
CBAM	Carbon Border Adjustment Mechanism
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHRO	Chief Human Resources Officer
CIO	Chief Information Officer
COP	Conference of the Parties
CT	Current Transformers
DASA	Distribution Automation and Substation Automation System
DEKRA	Deutscher Kraftfahrzeug-Überwachungs-Verein
DPIA	Data Privacy Impact Assessment
DEKRA	Deutscher Kraftfahrzeug-Überwachungs-Verein
EA	Elettromeccanica Adriatica

Abbreviation	Description
ENOWA NEOM	The Energy and Water Company, a subsidiary of NEOM
EPD	Environmental Product Declaration
EPL	Empowering Potential Ladies
ERM	Enterprise Risk Management
ESG	Environmental, Social, and Governance
EU	European Union
EU ETS	European Union Emissions Trading System
EV	Electric Vehicle
FCA	Financial Conduct Authority
GHG	Greenhouse Gases
GHS	Globally Harmonized System of Classification and Labelling of Chemicals
GJ	Gigajoule
GOSI	General Organization for Social Insurance
GRC	Governance, Risk, and Compliance
GRI	Global Reporting Initiative
HR	Human Resource
HSE	Health, Safety, and Environment
HV	High Voltage
HVDC	High-Voltage Direct Current
IEC	International Electrotechnical Commission

Abbreviation	Description
IECEE	IEC System of Conformity Assessment Schemes for Electrotechnical Equipment and Components
IP	Ingress Protection
ISO	International Organization for Standardization
JW	John Willard
KPI	Key Performance Indicator
KSA	Kingdom of Saudi Arabia
kV	Kilovolts
KWH	Kilowatt-Hour
L.L.C	Limited Liability Company
LED	Light Emitting Diode
LTIFR	Lost Time Injury Frequency Rate
LV	Low Voltage
M	Million
m^2	Square Meters
m^3	Cubic Metre
MEE	Middle East Energy
MEP	Ministry of Economy and Planning
MEWA	Ministry of Environment, Water, and Agriculture
ML	Megaliters

Abbreviation	Description
MoU	Memorandum of Understanding
MV	Medium Voltage
MV-VCB	Medium Voltage Vacuum Circuit Breaker
NDC	Nationally Determined Contributions
NFPA	National Fire Protection Association
NQA	No Questions Asked
OHS	Occupational Health, Safety
OSHA	Occupational Safety and Health Administration
OT	Operational Technology
PDP	Professional Development Program
PEFC	Programme for the Endorsement of Forest Certification
PMP	Project Management Professional
PQA	Procurement Quality Assurance
PTW	Permit-to-Work
QA	Quality Assurance
QMS	Quality Management System
QR	Quick Response
R&D	Research and Development
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
RMU	Ring Main Unit
RO	Reverse Osmosis

Abbreviation	Description
RoHS	Restriction of Hazardous Substances
RoPA	Records of Processing Activities
RPI	Riyadh Polytechnic Institute
SAR	Saudi Riyal
SASO	Saudi Standards, Metrology and Quality Organization
SAT	Specialist Technical Assistance Service
SBC	Saudi building code
SE	Saudi Energy
SF_6	Sulfur hexafluoride
SME	Small and Medium-sized Enterprise
SRL	Società a Responsabilità Limitata
TPRM	Third-Party Risk Management
UAE	United Arab Emirates
UK	United Kingdom
UN SDG	United Nations Sustainability Development Goals
USS	Smart Unit Substations
UV	Ultraviolet
VDE	Verband der Elektrotechnik
VNA	Very Narrow Aisle
WTTCO	Water Transmission and Technologies Company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