

# ESG REPORT 2024

ARZAN FINANCIAL GROUP  
For Financing & Investment K.P.S.C.



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**Arzan Financial Group for Financing and Investment K.S.P.C.**  
Established on 15th April 1980

Paid up Capital: KD 90,743,392.100  
(Ninty million and seven hundred forty three thousand and three hundred  
and ninty two Kuwaiti Dinars and one hundred fils)

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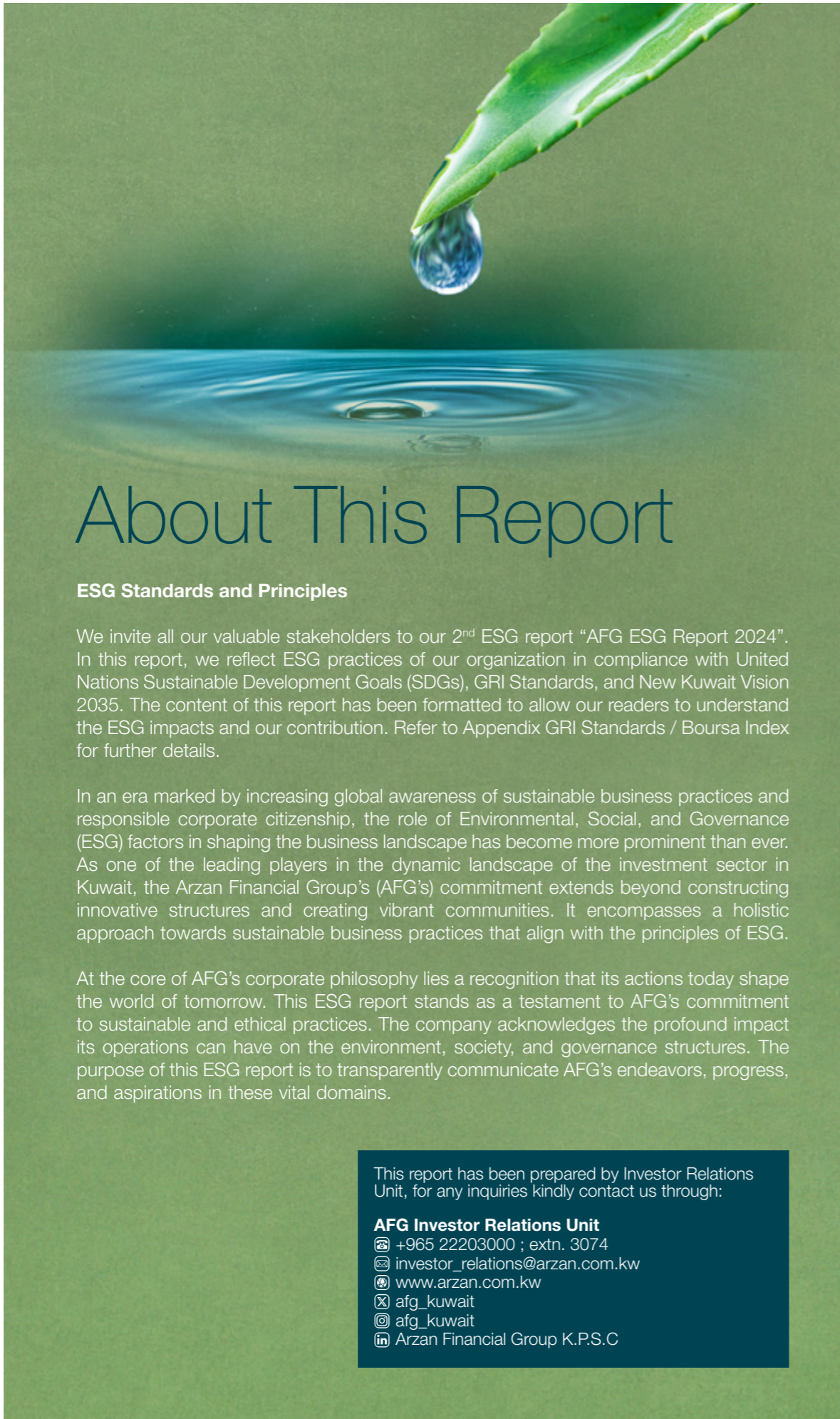
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# About This Report

## ESG Standards and Principles

We invite all our valuable stakeholders to our 2<sup>nd</sup> ESG report “AFG ESG Report 2024”. In this report, we reflect ESG practices of our organization in compliance with United Nations Sustainable Development Goals (SDGs), GRI Standards, and New Kuwait Vision 2035. The content of this report has been formatted to allow our readers to understand the ESG impacts and our contribution. Refer to Appendix GRI Standards / Bursa Index for further details.

In an era marked by increasing global awareness of sustainable business practices and responsible corporate citizenship, the role of Environmental, Social, and Governance (ESG) factors in shaping the business landscape has become more prominent than ever. As one of the leading players in the dynamic landscape of the investment sector in Kuwait, the Arzan Financial Group’s (AFG’s) commitment extends beyond constructing innovative structures and creating vibrant communities. It encompasses a holistic approach towards sustainable business practices that align with the principles of ESG.

At the core of AFG’s corporate philosophy lies a recognition that its actions today shape the world of tomorrow. This ESG report stands as a testament to AFG’s commitment to sustainable and ethical practices. The company acknowledges the profound impact its operations can have on the environment, society, and governance structures. The purpose of this ESG report is to transparently communicate AFG’s endeavors, progress, and aspirations in these vital domains.

This report has been prepared by Investor Relations Unit, for any inquiries kindly contact us through:

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## Environmental Stewardship

AFG’s commitment to environmental sustainability is deeply ingrained in their operations. From the inception of projects to completion, ARZAN strives to minimize their ecological footprint. Through strategic planning, resource efficiency, and the adoption of environmentally friendly technologies, AFG’s aims to minimize their impact on the environment. This report delves into AFG’s energy management strategies, exploration of renewable sources, and meticulous waste and water management initiatives. AFG acknowledges their responsibility to safeguard the environment for future generations and detail their continuous efforts to innovate and implement eco-friendly practices.



## Social Responsibility

In this section, AFG highlights its dedication to fostering diversity and inclusion within its workforce, recognizing that a thriving community is the foundation of sustainable development. The report showcases initiatives aimed at ensuring the health, safety, and well-being of employees. Additionally, AFG’s efforts to promote diversity and inclusion, engage with local communities, support charitable activities, and contribute to societal advancements underscore its commitment to being a responsible corporate citizen.



## Ethical Governance

As custodians of trust, AFG prioritizes the highest standards of governance. The organization understands that ethical decision making, transparent communication, and effective risk management is pivotal to its sustained growth. This report illuminates AFG’s governance structures, policies, and practices, demonstrating its commitment to upholding the highest standards of integrity and accountability. AFG’s governance practices extend beyond the boardroom to encompass stakeholder engagement and data security.



## Focus on Sustainable ESG Practices

In the subsequent sections, an in-depth analysis of AFG’s key performance indicators (KPIs), progress toward established targets, and the roadmap for future ESG goals are provided.

Our goal is to focus on continuous improvement in terms of ESG elements in a sustainable manner to ensure organic growth. This report transcends a mere retrospective examination; it signifies AFG’s commitment to continual improvement and unwavering dedication to sustainable practices.

AFG remains steadfast in its mission to redefine the standards of responsible and sustainable asset and investment management. This ESG report serves as a testament to the organization’s unwavering commitment to creating enduring value for stakeholders, communities, and the planet.



**Jassim Zainal**  
Vice Chairman & CEO

## CEO's Message & Market Overview

### Honorable Shareholders and Investors,

On my behalf and on behalf the of the Board of Directors, Executive Management & AFG Employees, I'm pleased to present to you our second Annual Sustainability & ESG Report inline with our annual financial report of the company and its subsidiaries for the fiscal year ended on 31 December 2024.

### Financial Performance

Arzan Financial Group has achieved a net profit attributable to the parent company's shareholders of KD 14.1 million by the end of 2024, compared with KD 7.034 million in 2023, representing a 100% growth. Earnings per share rose to 16.564 fils, with total operating revenues increasing by KD 25.424 million compared to KD 15.900 million in 2023, representing a 60% increase. Furthermore, the value of the Group's assets increased by 35% at the end of 2024, totaling KD 283.199 million, owing to an increase in the fair value of financial assets and the entry of new investments. In contrast, the Group's total liabilities climbed by 48%, reaching KD 55.988 million in 2024 compared to KD 37.737 million in 2023.

“ AFG  
achieved a  
profit  
14.1 Million  
Kuwaiti  
Dinars ”

“ Assets Increased at the end of 2024 reaching  
283,199 Million Kuwaiti Dinars ”

### Sustainability and ESG Initiatives

During 2024 AFG supported, donated and participated in many humanitarian and community projects in various fields as a part of its corporate social responsibility. AFG is committed to the national development plan and Kuwait Vision 2035 and related ESG UN standers.

The Board of Directors also affirms its firm belief and commitment to the highest ethical standards and principles of governance, as, in all its policies and at all levels of work, the Group adopts the principles of transparency, accountability and ethical behavior. The company will continue to invest in ESG initiative as per the set KPIs for the next fiscal years and the future . ESG initiatives will be monitored continuously to achieve the goals and objectives of the environmental, social and governance initiatives that are effective and add value for AFG and its sustainability standards.



### In Conclusion,

I would like to take this opportunity to express my sincere and profound recognition and appreciation to the shareholders, investors, Board of Directors, and employees for their continuous support and recognition to develop and guide the group towards a more prosperous future.

# AFG Vision and Mission

OVERVIEW

## VISION

To become a prominent and leading company in the financial advisory and financing business by offering high quality personalized service with prudence and transparency across global markets thereby creating value for our clients and shareholders. AFG looking to be a leading global platform for clients to invest in a diverse set of unique opportunities that create value, consistent performance, and safeguard client wealth. The key elements are:

- Long Term Value
- Market Leaders
- Solid Investment Performance
- Prudent Growth & Robust Balance Sheet
- Social Responsibility and Sustainability

## MISSION

Our mission is to create long term value for all our stakeholders by providing attractive and solid performance returns as we build a partnership with our clients based on trust and confidence. We strive to serve and build a robust and sustainable balance sheet by offering services across diversified financial products with integrity, efficiency, high moral and corporate governance standards. AFG Create long-term value for stakeholders by delivering an attractive and solid investment performance across economic cycles, while fulfilling the responsibilities to employees and society. The key elements are:

- Create Value
- Larger Customer Base
- Wealth Preservation
- Global Structures and Products
- Diversification.

# Key ESG Highlights

Looking ahead, AFG remains committed to advancing sustainability across all aspects of its operations. The company will continue to invest in renewable energy, expand its diversity and inclusion efforts, and strengthen its governance practices. Through collaboration with stakeholders and ongoing innovation, AFG aims to drive positive environmental, social, and economic impact for a sustainable future.

## ENVIRONMENT

~\$13.75 MLN

Invested over the last 3 years in environment related standards  
*(AFG, Arzan Capital, Arzan Wealth, Arzan VC)*

⚡ 2,180  
MLN kWh

Average of electricity consumption in the last three years by Arzan Financial Group

💧 1,216  
MLN Gallons

Average of water consumption in the last three years by Arzan Financial Group

## SOCIAL

43,500

KWD invested in Charitable Foundations in 2024

14

different nationalities and cultures in 2024

41%

Kuwaiti Employees

240,093

KWD 80% increment in NLST tax in comparison with 2023

63,007

KWD 73.5% increment in Zakat in comparison with 2023

63,697

KWD 311% increment in supporting KFAS in comparison with 2023

## GOVERNANCE

100%

of risks with mitigation plans and policies in place

96%

reduction in manual processes through digitalization

100%

percentage of board members annual attendance in meetings





# SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The Sustainable Development Goals (SDGs), established by the United Nations, provide a universal framework for addressing global challenges and fostering sustainable development worldwide. Comprising seventeen interconnected objectives, the SDGs aim to promote prosperity, protect the planet, and ensure peace and well-being for all.

At AFG, the company recognizes the significance of the SDGs in guiding its sustainability efforts and shaping its approach to responsible business practices. As an investment and asset management company, AFG understands its role in contributing to the achievement of these goals and is committed to aligning its operations with the SDGs to maximize its positive impact.

In line with this commitment, AFG has carefully selected the most relevant SDGs that reflect its sustainability priorities and areas where it can make a meaningful difference. By focusing on these goals and integrating them into its business strategies, AFG aims to contribute to the collective effort toward building a more sustainable and equitable future for present and future generations.



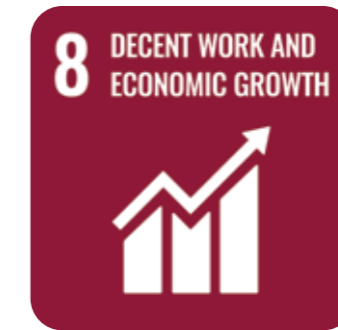
**SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.**



**SDG 5: Achieve Gender Equality and Empower All Women and Girls.**



**SDG 6: Ensure Availability and Sustainable Management of Water and Sanitation for all.**



**SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.**



**SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.**



**SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable.**



**SDG 12: Ensure sustainable consumption and production patterns.**



**SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.**

# ESG Integration In AFG's Business

At AFG, it is recognized that Environmental, Social, and Governance (ESG) considerations are integral to business operations and decision-making processes. The organization is committed to embedding ESG principles across all functions to drive sustainable outcomes, enhance stakeholder value, and contribute to long-term societal and environmental well-being. Here's how ESG is integrated across key business functions:



## Finance

- Incorporating ESG factors into financing and budgeting analysis and decision-making processes.
- Allocating capital towards sustainable projects and initiatives that deliver positive environmental and social impacts.
- Implementing financial mechanisms to incentivize ESG performance and accountability.



## Admin & IT

- Leveraging technology solutions to enhance energy efficiency, optimize resources utilization, and reduce environment footprint.
- Integrating ESG considerations into IT infrastructure planning, development, and management.
- Enhancing cybersecurity measures to protect sensitive data and uphold privacy rights.
- Optimizing energy consumption (electricity and water usage) and recommending measures to reduce wastage on monthly / annual basis.



## Human Resources

- Promoting diversity, equity, and inclusion (DEI) in recruitment, hiring, and talent development practices.
- Providing employee training and awareness programs on ESG principles, ethics, and compliance.
- Implementing policies and procedures to ensure a safe, healthy, and supportive work environment for all employees.



## Legal & Compliance

- Ensuring legal compliance with ESG regulations, standards, and reporting requirements. Ensuring
- legal compliance with national ESG regulations such as the Environmental Protection Law No. 42 of 2014, the CMA's Bylaws (Governance and Disclosure & Transparency), and Kuwaitisation regulations.
- Ensuring legal compliance with ESG standards, and reporting requirements such as the Sustainable Development Goals (SDGs), the GRI Standards, and the New Kuwait Vision 2035 per this report.
- Advising on ethical business practices, corporate governance, and risk management strategies.
- Incorporating national ESG regulations into contractual agreements, due diligence processes, and stakeholder engagements.
- Ensuring compliance with regulatory authorities like Capital Markets Authority and the Environmental Public Authority.



## Marketing and PR

- Communicating AFG's ESG initiatives and performance transparently to stakeholders.
- Promoting responsible and sustainable practices through marketing campaigns and corporate branding efforts.
- Engaging with customers, investors, and communities to raise awareness and drive positive social change.



## Corporate Credit

- Integrating sustainability principles into corporate and retail credit practices.
- Working with clients and customers who are environmentally savvy.
- Partnering with corporate clients that have strong ethical standards and community service mandate.



## Operations

- Advise management on various treasury and liquidity options by keeping ESG measures in context.
- Conduct operations in an automated & systemized manner by reducing paper usage.
- Monitoring and optimizing investment and asset performance to enhance efficiency, reduce costs, and lower environmental footprint.
- Ensuring compliance with environmental regulations in the AFG operations.



#### Asset Management & Brokerage

- Implementing sustainable asset management practices to enhance client satisfaction and well-being.
- Providing investment financing options which are environmentally viable with regards to the ecosystem they operate in.
- Engaging customers in ESG initiatives, education, and collaborative partnerships for mutual benefit.



#### Investment

- Conducting ESG due diligence assessments to evaluate the environmental, social, and governance risks and opportunities of potential investments and acquisitions.
- Integrating ESG criteria into investment decision-making processes, portfolio management strategies, and asset valuation methodologies.
- Collaborating with partners, stakeholders, and industry experts to identify sustainable investment opportunities and drive positive impact.



#### Investors Relations

- Engaging with investors on ESG-related matters, disclosures, and performance metrics.
- Providing transparent and accurate information on AFG's ESG policies, practices, and outcomes.
- Implementing policies and procedures to ensure a safe, healthy, and supportive work environment for all employees prioritized them based on their significance.
- This prioritization process considers the magnitude of the impact, its potential risks and opportunities, as well as its relevance to stakeholders.
- Evaluation of the severity of impact and its potential implications for sustainable business practices.



#### Risk Management

- Embedding ESG factors into risk management to align with corporate sustainability goals and ensure long-term organizational resilience.
- Conducting risk assessments that consider market fluctuations, regulatory changes, and shifts in social and environmental standards.
- Integrating ESG factors into our risk management strategy to support sustainable growth and organizational resilience.
- Adopting a comprehensive risk assessment approach that addresses market fluctuations, environmental regulations, and shifts in social standards.
- Implementing a risk management framework that aligns with corporate sustainability goals by reducing carbon emissions, managing resources efficiently, and maintaining high standards of governance.
- Focusing on enhancing community engagement and supporting initiatives that create positive impacts, strengthening our reputation as a socially and environmentally responsible organization.
- Continuously improving our mechanisms for monitoring and analyzing risks to respond effectively to potential challenges and changes.



#### Internal Audit

- Assessing the integration of ESG principles into the organization's processes to ensure compliance and alignment with sustainability objectives.
- Conducting independent evaluations of ESG-related risks and controls, ensuring that potential environmental, social, and governance issues are effectively managed.
- Auditing the accuracy and completeness of ESG disclosures to guarantee transparency and accountability in reporting to stakeholders.
- Reviewing internal processes to confirm adherence to regulatory requirements and industry best practices concerning ESG.
- Providing objective insights and recommendations to enhance ESG performance and strengthen overall governance.
- Supporting continuous improvement by identifying weaknesses in ESG practices and proposing corrective actions to mitigate risks.

# Materiality Assessment

**Table 1. Materiality Topics**

Materiality Topic	Reasons for Consideration
Electricity Consumption	Monitoring and optimizing electricity use to enhance efficiency and reduce environmental impact. The amount of electricity used by AFG's operations, measured in kilowatt-hours (kWh).
Water Usage	Managing water resources sustainably to minimize wastage and support conservation efforts. The total volume of water consumed by AFG's operations, measured in gallons or liters.
Waste Management	Practices related to managing AFG's environmental footprint, including waste management, resource use, and pollution prevention.
Digital Advancement	Embracing digital technologies and innovation to enhance operational efficiency, customer experience, and business resilience while mitigating digital risks and cybersecurity threats.
Gender Diversity	Promoting gender equality and ensuring diverse representation across all levels of the organization. The representation of different genders within AFG's workforce and leadership
National Labor (Kuwaitization)	Supporting local employment and contributing to national workforce development goals. The initiative to increase employment opportunities for Kuwaiti nationals within AFG.
Non-Discrimination	Upholding policies that prevent discrimination and promote inclusivity in the workplace. Policies and practices that ensure equal treatment and opportunities for all employees, regardless of personal characteristics.
Employee Health and Well-Being	Ensuring a safe, healthy, and supportive work environment for all employees. Initiatives to promote physical and mental health, safety, and overall well-being of AFG's employees.
Local Community Support	Efforts to contribute positively to the communities where AFG operates, including charitable activities and community engagement
Youth Empowerment	Investing in programs that empower and develop young talent within the community. Programs aimed at supporting and developing young talent through education, training, and employment opportunities.
Training and Development	Ensuring that our suppliers adhere to ethical and sustainable practices. Standards and expectations for suppliers regarding ethical, environmental, and social practices.
Supplier Code of Conduct	Protecting the privacy and security of our stakeholders' data. Measures to protect the personal and sensitive information of clients, employees, and stakeholders from unauthorized access and breaches
Data Privacy	Committing to transparent and comprehensive reporting on our sustainability performance. The process of disclosing AFG's ESG performance, impacts, and progress towards sustainability goals to stakeholders
Sustainability Reporting	Integrating ESG considerations into our risk management framework to enhance resilience and long-term sustainability. Identifying, assessing, and managing risks that may affect AFG's operations, including ESG-related risks
Risk Assessment and Mitigation	Integrating ESG considerations into our risk management framework to enhance resilience and long-term sustainability. Identifying, assessing, and managing risks that may affect AFG's operations, including ESG-related risks

# Process For Determining Material Topics

**Identification of Impacts:** We have undertaken a comprehensive and systematic approach to identify both actual and potential impacts of our operations from financial, economic, and social perspective, including human rights implications. This process is integral to ensuring that our ESG reporting is both relevant and reflective of the issues that matter most to our stakeholders and our business.

**Financial Impacts:** We examined our business activities and their financial implications. Significant cost savings can be realized from implementing energy-efficient practices, optimizing water usage, and improving overall resource management. These measures also enhance financial performance by reducing utility expenses and securing financial incentives for meeting sustainability targets.

**Economic Impacts:** We evaluated our economic impact by considering negative economic impacts which include the depletion of natural resources and increased emissions, which contribute to environmental degradation and potential economic costs to society. Positive economic impacts are realized through our commitment to sustainable practices, which promote environmental conservation and support the local economy.

**Social Impacts:** We assessed our influence on society through our employment practices, community engagement, and stakeholder relationships. This included evaluating gender diversity, localization efforts, non-discrimination policies, employee health and well-being, local community support, youth empowerment, and training and development. We identified negative impacts, such as potential workplace discrimination or health risks, and positive impacts, such as community development and empowerment of underrepresented groups.

**Human Rights Impacts:** Across all areas, we considered human rights implications, ensuring that our practices uphold the highest standards of human rights. This involved scrutinizing our policies on non-discrimination, gender diversity, and fair labor practices, as well as ensuring that our supplier code of conduct aligns with these values.

**Prioritization of Impacts**

To prioritize these impacts for reporting, we applied a significance-based approach. This involved:

- 1. Stakeholder Feedback:** Gathering insights from various stakeholders, including employees, customers, suppliers, investors, and community representatives, to understand their concerns and priorities.
- 2. Internal Assessments:** Conducting internal evaluations and risk assessments to identify which elements have the greatest potential to affect our business operations and reputation in a positive or negative manner.
- 3. Regulatory Landscape:** Considering the regulatory requirements and industry standards to ensure compliance and alignment with best practices.
- 4. Strategic Relevance:** Aligning with our strategic goals and values, prioritizing impacts that are most pertinent to our long-term sustainability and operational success.

By combining these factors, we were able to prioritize the material topics that are most significant to our stakeholders and our business.

Stakeholders	
Employees	Engaged through surveys and focus groups to gather insights on workplace practices, health and well-being, training and development, and diversity and inclusion.
Customers	Consulted to understand their expectations and concerns regarding our environmental and social performance.
Suppliers and Business Partners	Involved to discuss the implications of our supplier code of conduct and to ensure that our values are reflected throughout our supply chain.
Investors	Provided input on the financial and strategic implications of our ESG practices, emphasizing the importance of sustainability reporting and risk management.
Community Representatives	Engaged in discussing our local community support initiatives and understanding the social impact of our operations.
Industry Experts and Consultants	Provided external perspectives and expertise, helping to benchmark our practices against industry standards and best practices.
Regulatory Bodies	Consulted to ensure that our material topics and reporting practices are in compliance with relevant regulations and guidelines.

Materiality topics are those issues that are deemed significant to AFG's business operations and stakeholders, based on their potential impact on the economy, environment, and society.

**Diagram 1. Materiality Matrix**



Arzan Financial Group has identified and prioritized material topics to ensure that its ESG initiatives align both business objectives and stakeholder expectations. These topics have been plotted on a materiality matrix, reflecting their importance to stakeholders and their impact on the business. Below is a detailed discussion of each material topic, followed by a table summarizing their importance to stakeholders and the business.

**1. Electricity Consumption**

Electricity consumption is a critical factor in reducing operational costs and minimizing environmental impacts. Efficient energy use helps AFG lower greenhouse gas emissions and enhance sustainability.

## 2. Water Usage

Water usage is vital for sustainable resource management. Efficient use of water resources reduces strain on local supplies and supports environmental conservation efforts.

## 3. Waste Management

Effective environmental operations, including waste management and pollution prevention, are essential for reducing the company's ecological footprint and ensuring compliance with environmental regulations.

## 4. Digital Advancement

Digital Advancement refers to the adoption and integration of advanced digital technologies to improve operational efficiency, innovation, and customer engagement. This includes initiatives like digital transformation, IT infrastructure upgrades, and implementation of new digital tools.

## 5. Gender Diversity

Promoting gender diversity enhances innovation, company culture, and compliance with equality laws. A diverse workforce brings varied perspectives, driving better decision-making and performance.

## 6. National Labor (Kuwaitization)

Localization aligns national employment goals and supports local economic growth. By prioritizing the hiring of Kuwaiti nationals, AFG contributes to local job creation and development.

## 7. Non-Discrimination

Non-discrimination policies ensure equal treatment and opportunities for all employees, fostering an inclusive and equitable workplace. This is crucial for attracting and retaining top talent and maintaining a positive company reputation.

## 8. Employee Health and Well-Being

Employee health and well-being are fundamental for productivity, satisfaction, and retention. By promoting a healthy work environment, AFG enhances overall employee performance and reduces absenteeism.

## 9. Local Community Support

Supporting local communities strengthens relationships and contributes to regional development. AFG's involvement in community initiatives reflects its commitment to social responsibility and stakeholder engagement.

## 10. Youth Empowerment

Youth empowerment programs support the development of future leaders and address youth unemployment. Investing in young talent through education, training, and employment opportunities benefits both the community and the company.

## 11. Training and Development

Continuous training and development ensure that employees have the necessary skills and knowledge to excel in their roles. This fosters career growth and enhances overall company performance.

## 12. Supplier Code of Conduct

A supplier code of conduct ensures responsible practices throughout the supply chain. By setting standards for ethical, environmental, and social practices, AFG promotes sustainability and compliance among its suppliers.

## 13. Data Privacy

Protecting data privacy is crucial for maintaining stakeholder trust and complying with legal requirements. Robust data security measures safeguard sensitive information from unauthorized access and breaches.

## 14. Sustainability Reporting

Sustainability reporting enhances transparency and accountability, allowing stakeholders to assess AFG's ESG performance. This aligns the company with global standards and fosters trust.

## 15. Risk Control and Monitoring

- **Sustainability Risks:** The idea of sustainability has arisen with the modern environmental movement, which criticized the unsustainable nature of contemporary societies, as patterns of resource use, growth, and consumption threaten the integrity of ecosystems and the well-being of future generations.
- It serves as a standard whereby existing institutions are judged as a goal towards which society needs to move.
- Sustainability also includes developing existing patterns of social organization to determine the extent to which it avoids destructive practices, in addition to exerting strong effort to transform the current status to promote the development of more sustainable activities and having them linked to financial markets.
- AFG management seeks to measure and assess sustainability risks in the upcoming year to include them in the AFG's periodic risk measurement and follow-up reports.
- Effective risk management identifies, assesses, and mitigates risks, including ESG-related risks.
- This proactive approach enhances resilience and ensures long-term business sustainability.

**Table 2. Importance to Stakeholders and Business**

Materiality	Importance to Business	Importance to Stakeholders
Electricity Consumption	High	Medium
Water Consumption	Medium	Medium
Waste Management	Medium	Medium
Digital Advancement	High	High
Gender Diversity	Medium	Medium
National Labor (Kuwaitization)	Medium	High
Non-Discrimination	High	Medium
Employee Health and Well-Being	High	High
Local Community Support	Medium	Medium
Youth Empowerment	Medium	Medium
Training and Development	Medium	High
Supplier Code of Conduct	Medium	Medium
Data Privacy	Medium	Medium
Sustainability Reporting	Low	Medium
Risk Assessment and Mitigation	High	Medium



# Environmental Initiatives

## Introduction

Environmental sustainability is a fundamental aspect of AFG's corporate responsibility strategy. This section provides an overview of the company's environmental obligations, focusing on key initiatives and practices implemented by AFG related departments & units.

## Energy Efficiency Measures

AFG's IT department prioritizes the use of energy-efficient hardware, such as laptops, servers, and network equipment, selecting products with low power consumption ratings. This approach aligns with the company's commitment to reducing energy usage and minimizing its carbon footprint.

Additionally, the department actively assesses hardware for energy efficiency and employs virtualization technologies to consolidate multiple physical servers into fewer machines. This consolidation initiative not only reduces energy consumption but also optimizes resource utilization within the data center infrastructure.

## Digital Initiatives

The IT department strategy is based on AFG vision to become paperless and AFG has successfully managed to go live since 2021 with automation project which basically transforms all AFG's internal processes to be executed through the system.

AFG's every project is aligned with IT digital transformation strategy. AFG has camera monitoring solutions (CCTV) which are running 24/7 for the safety of employees and AFG assets. The IT Team selected hardware that is energy-efficient and completed infrastructure upgrade to become Sustainable Tech Infrastructure. The IT department purchases its equipment and hardware from Eco-friendly and sustainable companies that use recycling of their products such as HP, Avaya, and Pure Technology.

## Power-saving Features

The IT department implements power-saving features on personal computers and devices, including sleep mode, hibernation, and automatic shutdown, to reduce energy consumption during periods of automatic shutdown, to reduce energy consumption during periods of inactivity. Moreover, AFG actively works on data center optimization measures, such as hot/cold aisle containment and efficient cooling systems, to improve energy efficiency and minimize environmental impact. The IT department ensures responsible disposal of old or obsolete IT equipment, partnering with certified e-waste recyclers to promote environmental sustainability.



The IT department has upgraded its infrastructure Storage technology to PURE technology. Pure Technology is a Sustainable Tech Infrastructure as Pure Storage products reduce energy use and carbon emissions by up to 85% compared to competitors' all-flash systems.

## Vendor Selection and Procurement Practices

In procurement decisions, the Administration department prioritizes products and services from vendors with strong environmental and sustainability commitments. This approach reflects AFG's dedication to partnering with eco-conscious suppliers and fostering sustainable business practices throughout its supply chain.

## Supplier Engagement and Contractual Considerations

While environmental responsibility clauses are not yet included in supplier agreements, AFG is committed to incorporating sustainability criteria into future contracts. This initiative reflects the company's proactive approach to promoting environmental responsibility among its business partners.

AFG's Admin and IT departments demonstrate a concerted effort to uphold environmental obligations, integrating sustainability principles into their operations and decision-making processes. By prioritizing energy efficiency, responsible waste management, and supplier engagement, AFG remains committed to minimizing its environmental footprint and fostering a culture of environmental stewardship across the organization.

**Monitoring and Optimization**

AFG monitors and optimizes energy consumption in its Administration operations, applying auto standby policies to reduce power usage during periods of inactivity.

Additionally, the Admin department seeks measures to minimize water usage in building facilities, such as cooling systems, to further enhance environmental efficiency.

**Environmental Compliance and Risk Assessment**

AFG's related departments play a crucial role in ensuring environmental compliance and mitigating legal and regulatory risks associated with environmental factors. The department assesses and addresses legal risks related to emissions waste management, and resource conservation in contracts and business dealings.

**Renewable Energy Exploration and E-waste Management**

Administration department on an annual basis follows Waste Management Atlas of Kuwait provided by Kuwait Environmental Public Authority, which provides locations where to dump garbage and solid waste. Admin team is using 7th ring rod site for yearly disposal projects.

Administration department is also working with a local company in Kuwait for collecting bottles covers and plastic materials to provide select institutions with recycling measures. The recycling project creates wheelchairs, prosthesis and recycling process is one of AFG's social responsibilities. Moreover, efforts are made to reduce electronic waste through proper disposal and recycling practices.

**Electricity and Water Consumption**

AFG has demonstrated a strong commitment to environmental sustainability over the past three years, significantly reducing electricity consumption in its existing building to an average of no more than 2,180 kWh per year.

Electricity Consumption			
	2022	2023	2024
Electricity in kW	2,131,440	2,040,670	2,417,670
Electricity in KWD	10,707	10,203.35	10,534



Water Consumption			
	2022	2023	2024
Water in Gallons	1,094,000	0,816,000	1,740,000
Water in KWD	2,159	1,632	2,646

Similarly, AFG achieved significant reductions in water consumption over the past three years, with a consumption rate not exceeding 1,216 million gallons. The decrease underscores the longstanding recognition of water as a precious resource. The sustained efforts in water management reflect the commitment to conservation and sustainable usage. AFG's strategy encompasses not just optimizing water consumption across properties but also engaging with stakeholders to embed water stewardship into community values. By focusing on efficient water use and conservation, AFG supports environmental sustainability while enhancing operational efficiency and cost savings.

Looking ahead, AFG remains dedicated to advancing its sustainability initiatives, continually seeking innovative solutions to further reduce its environmental impact and promote a greener future.



# Social Contribution

## Gender Diversity

AFG recognizes the importance of fostering gender diversity in leadership positions to create an inclusive and equitable work environment. While the company has made significant strides in gender representation across various levels, including entry- and mid-level positions, there remains an opportunity to enhance female representation at senior and executive levels.

In 2024, AFG had a total headcount of 73 employees, comprising 59 men and 14 women. This demonstrates a gender imbalance within the organization, with a higher representation of men compared to women.

Furthermore, AFG is dedicated to promoting gender equality and empowering women to assume leadership roles within the organization. Among senior and executive levels within AFG, there were 83% men and 17% women in 2024.

AFG acknowledges the current gender imbalance and is actively working to address this through targeted recruitment, mentorship programs, and initiatives to support the career growth of women within the organization.

## Cultural Diversity

AFG fosters an inclusive work environment that celebrates diversity and values the unique perspectives and contributions of each employee. The company recognizes the richness that diversity brings to its culture and operations, driving innovation, creativity, and collaboration.

In 2024, AFG embraces diversity with employees from 14 different nationalities and cultures. This diversity enriches and fosters an inclusive organizational culture, promoting innovation and collaboration through varied perspectives. AFG's commitment to a diverse workforce drives its success and continuous growth, contributing to sustainability by integrating diverse ideas and solutions that enhance environmental and social responsibility.

While 40% of the workforce comprises Kuwaiti nationals, AFG remains committed to further increasing this percentage by implementing strategic hiring practices, training programs, and career development opportunities for local talent. AFG actively supports the national agenda of Kuwaitization, promoting local talent development and employment opportunities.

## Employee Welfare and Well-being

The HR department at AFG actively supports employee welfare programs, demonstrating a commitment to fostering a supportive work environment. Although these initiatives are currently managed without dedicated budget allocations, the department ensures that individual employee needs are addressed promptly and effectively in the future. This approach underscores AFG's dedication to promoting employee well-being and ensuring that all staff members feel valued and supported.

Moreover, AFG provides financial incentives and support for employee well-being, diversity, and inclusion initiatives, demonstrating its dedication to fostering a supportive and inclusive workplace environment.



41%  
National employment



19%  
Female



81%  
Male



14  
Multiple nationality  
and culture



81%  
Employees  
satisfaction surveys  
percentages in 2024



4%  
Employees turnover  
in 2024  
6% in 2023  
7% in 2022



20  
hours trainings per  
employee annually  
in the last 3 years  
covering professional  
development, coaching,  
compliance, and  
technical skills

## Community Engagement and Social Responsibility

AFG actively participates in community engagement initiatives, making financial contributions and investments to support local communities. These contributions align with the company's social responsibility efforts, reflecting its commitment to giving back to the communities in which it operates.

The finance department collaborates with the Marketing & PR department to budget for and track community engagement initiatives. While engagement activities are primarily managed by Marketing & PR in collaboration with the related departments, and the finance department ensures that any budgeted initiatives are adequately tracked to monitor related expenses.

**Local Investments**

In 2024, AFG invested KD 43,500 locally to support charitable foundations, forums, or agencies aimed at benefiting the community. These investments demonstrate the company's commitment to making a positive impact on the local level.

Additionally, AFG contributes to NLST tax, zakat and supports KFAS further exemplifying its commitment to fulfilling its social responsibilities. In 2024, the company's payables in this matter:

240,093 KWD  
80% increment in NLST tax in comparison with 2023

63,007 KWD  
73.5% increment in Zakat in comparison with 2023

63,697 KWD  
311% increment in supporting KFAS in comparison with 2023

**Accessibility and Inclusion**

The IT department at AFG ensures that its IT products and services are accessible to individuals with disabilities, adhering to relevant accessibility standards and regulations such as the Web Content Accessibility Guidelines (WCAG).

**Human Rights and Labor Relations**

The related departments actively assess and mitigate human rights risks in AFG's operations, demonstrating a commitment to upholding ethical standards and respecting human rights principles. Additionally, the department plays a pivotal role in managing labor relations, including negotiations and dispute resolutions, contributing to maintaining harmonious workplace environments.

**Workplace Health and Safety**

The related departments take measures to ensure workplace health and safety for AFG's staff, collaborating with all company departments to ensure compliance with relevant regulations. By prioritizing employee well-being and safety, the department contributes to creating a conducive work environment that promotes the health and welfare of all employees.



**Investor Relations and Engagement**

AFG actively engages with investors through various channels to foster transparency and maintain strong relationships within the investment community. The company participates in investor conferences, external events, and community seminars on a periodic basis to provide stakeholders with updates on its performance, strategic initiatives, and future prospects.

In 2024, AFG continues its investor engagement efforts by participating in financial analysts & investors conferences and the company plans to enhance its investor relations strategy by increasing participation in such conferences annually, demonstrating a proactive approach to investor engagement.

AFG's commitment to investor engagement underscores its dedication to transparency, accountability, and stakeholder communication. By actively participating in investor conferences, external events, and community seminars, the company ensures that investors are well-informed about its performance and future prospects.

**Youth Employment**

At AFG, the determination to foster the growth and development of young talent is paramount. In 2024, AFG engaged 3-5 number of Kuwaiti youth talents through development programs. These initiatives are designed to provide young individuals with the skills, experience, and opportunities necessary to thrive in their careers. AFG is dedicated to creating a sustainable future by empowering the next generation of leaders.



# ESG Governance and Leadership

AFG demonstrates a strong commitment to governance excellence through the active participation of its board members. In 2024, AFG's board boasts a composition of 7 board members. The average percentage of annual attendance in board meetings was 100%. The member's active participation plays a crucial role in integrating sustainable practices across the company's operations, fostering long-term value creation and contributing to a sustainable future.

**Table 3. About the formation of the Board of Directors**

Name	Description
Talal Jassem Al-Bahar	Chairman of the Board of Directors (Non-executive member)
Jassem Hasan Zainal	Vice Chairman of BoD and CEO (Executive member)
Ibrahim Saleh Al-Tharban	Member of the Board (Non-executive member)
Emad Abdullah Al-Essa	Member of the Board (Non-executive member)
Bader Jassim Al-Hajri	Board Member. (Non-Executive Member)
Issa Abdullah Al-Muzaini	Board Member. (Independent Member)
Dr. Sulaiman Tareq ALAbduljader	Board Member. (Independent Member)
Ruba Ghanem	Secretary of the Board of Directors

### Experience Diversity of the Board



BANKING

INVESTMENTS

MARKETING

REAL ESTATE

# Tasks and Accomplishments of the Board Committees

The Board of Directors of AFG has formed the necessary number of specialized committees in accordance with the corporate governance rules issued by the Capital Markets Authority. The Board of Directors performs its duties supported by three specialized committees; the following is a statement of those committees:

### Board Risk Management Committee

The Board of Directors of AFG has formed the necessary number of specialized committees in accordance with the corporate governance rules issued by the Capital Markets Authority. The Board of Directors performs its duties supported by three specialized committees, the following is a statement of those committees:

#### Board Risk Management Committee:

- Preparing and reviewing risk management strategies and policies before approval thereof by the Board of Directors and checking for their compatibility with the Company business volume.
- Reviewing the sufficiency and efficiency of the Company's internal control systems including strategies, policies and procedures related to good practices for different risk management and control and ensuring implementation of such policies and strategies.
- Ensuring the availability of sufficient risk management resources and systems, reviewing the organizational structure of the risk management department, and giving relevant recommendations before approval thereof by the Board of Directors. Ensuring that the department staff have full understanding of the potential risks ahead of the Company and that risk management staffs are independent from operational activities.
- Assisting the Board of Directors in determining and assessing the Company's risk appetite and evaluating the systems and mechanisms of identification, assessment, and follow-up of different types of potential risks ahead of the Company.
- Examining and reviewing the corporate risk assessment reports and the relevant actions for mitigating or handling such risks according to the acceptable and approved risk levels at the Company in comparison with the potential benefits.
- Reviewing comments raised by the audit committee that may affect corporate risk management.
- Reviewing and initially approving risk management policies and procedures guide.
- The Risk Management Department has the ability to understand and analyze the nature and volume of risks ahead of the company as well as knowledge of sustainability risks related to environmental issues.
- Performing any other responsibilities assigned to the Committee by the Board of Directors as compatible with the approved powers matrix.

### Board Nominations and Remunerations Committee

- Supervising the annual appraisal of the members of the Board of Directors and Executive Management.
- Approving the distribution standards of annual remunerations to the company staff and making relevant recommendations to the Board of Directors.

- Approving the results of the annual appraisal of the members of the Board of Directors and its committees and the performance of the CEO and the Secretary.
- Preparing and developing the board member provisions and remunerations policy in accordance with the applicable laws and making relevant recommendations. The proposed remunerations are subject to the general assembly's approval.
- Specifying the different categories of remunerations to be offered to the staff such as fixed remuneration category, performance-related category, stock remuneration category and end of service indemnity category.
- Supervising the preparation of remuneration, promotion, benefits, increments, incentives, salaries policy for the executive management and the staff.
- Ensuring that remunerations are offered in accordance with the company policy and review such remunerations regularly and evaluating their efficiency in terms of achievement of the contemplated goals i.e. attraction of human resources and retention of competent staff.
- Developing job descriptions for executive, non-executive and independent board members of the Board of Directors.
- Proposing nomination or re-nomination of independent members for election by the general assembly and ensuring that independence of the independent board member still exists.
- Ensuring the nomination of the most competent, experienced, capable and skilled person for carrying out the work tasks of any vacancy in accordance with the best standards.

**Board Audit Committee**

- Reviewing the interim and annual financial statements and the external auditor's report and initially approving them before submitting them to the Board of Directors for final approval to ensure the fairness and transparency of financial reports.
- Ensuring the sufficiency and comprehensiveness of the external auditor's scope of work and check for his independence and neutrality and limit the factors that may impair his independence.
- Studying the external auditor's comments on the company's financial statements and following up the relevant actions.
- Studying the company's accounting principles and policies and checking any changes that may affect the company's financial position.
- Supervising the internal audit work and reviewing the acknowledgement of the scope of the audit work regularity, reviewing and approving the annual internal audit plan.
- Reviewing the internal audit reports of the company departments, discussing the relevant comments and taking relevant corrective decisions to identify the people responsible for implementation thereof and the forecasted implementation period.
- Reviewing the sufficiency and efficiency of the company's internal control systems including the strategies, policies and procedures related to the good practices of risk management, control and check implementation of such policies and strategies.
- Following up the implementation of the agreed corrective actions in accordance with a specific time schedule.
- Reviewing the reports of the regulatory authorities and ensuring that relevant necessary actions have been taken.
- Checking the company's compliance with the relevant laws and instructions.
- Nominating and appointing the internal auditor and transfer, dismissing or replacing him and determining his fees and checking his work efficiency
- Making recommendations to the Board of Directors for appointment or re-appointment or replacement of the external auditor and determination of his fees
- Reviewing transactions and dealings with related parties and making appropriate recommendations to the Board of Directors
- Hold independent regular meetings with the external auditor and at least four meetings with the internal auditor, as well as, when necessary, at the committee's request.

# AFG's Board Committees

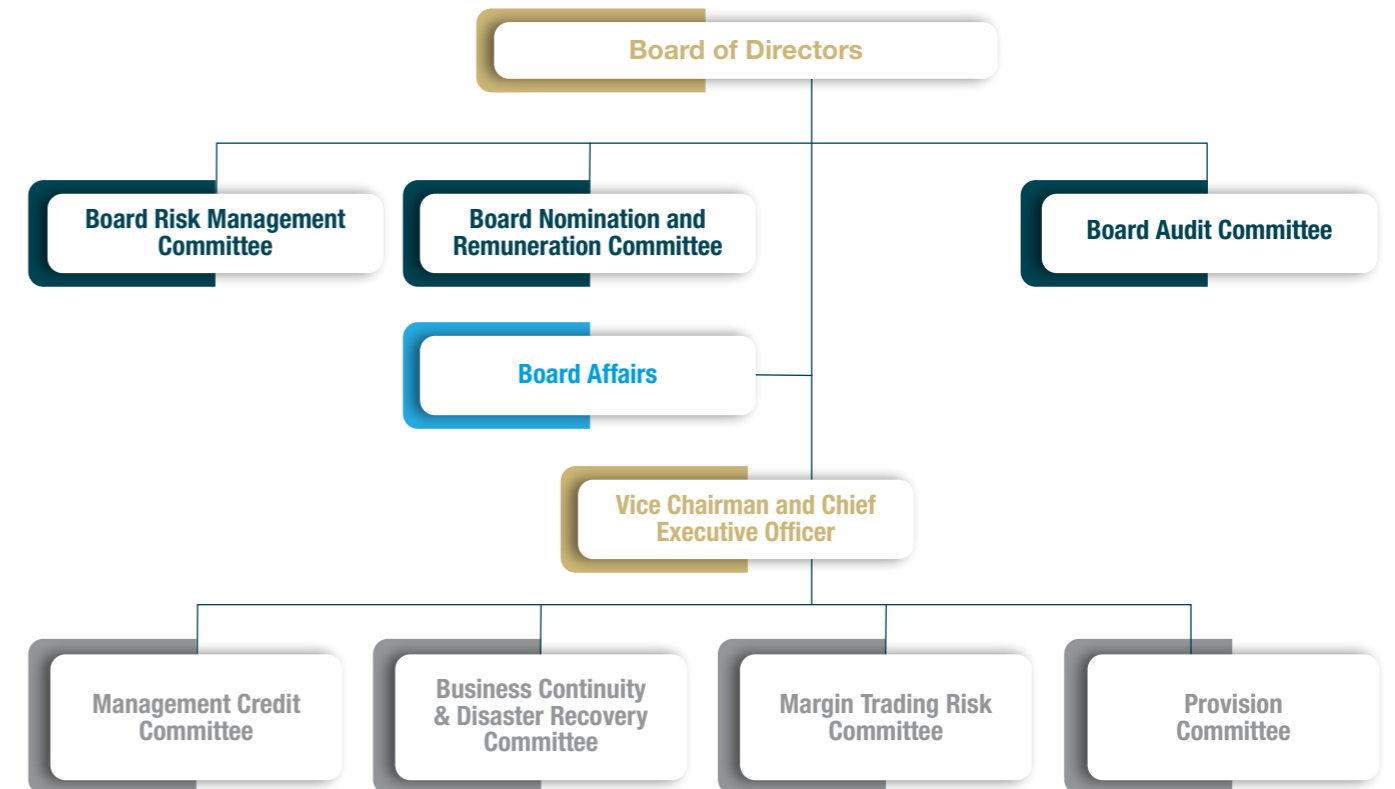
AFG maintains several board committees to enhance governance effectiveness and oversight. These committees include the Audit Committee, Risk Committee, Nomination Committee, and Remuneration Committee. Each committee plays a vital role in ensuring compliance, risk management, and board composition.

The board of AFG comprises a balanced mix of executive and non-executive members. Out of the total 7 board members, 1 serves in an executive capacity, while 4 are non-executive. Additionally, 2 members hold independent positions, contributing to the board's diversity and independence.

AFG conducts regular board meetings to deliberate on strategic matters, monitor performance, and make key decisions.

Annually, the company held between 11 – 15 board meetings, providing ample opportunities for board members to review and address critical issues facing the organization.

**Diagram 2. AFG's Board Committees**

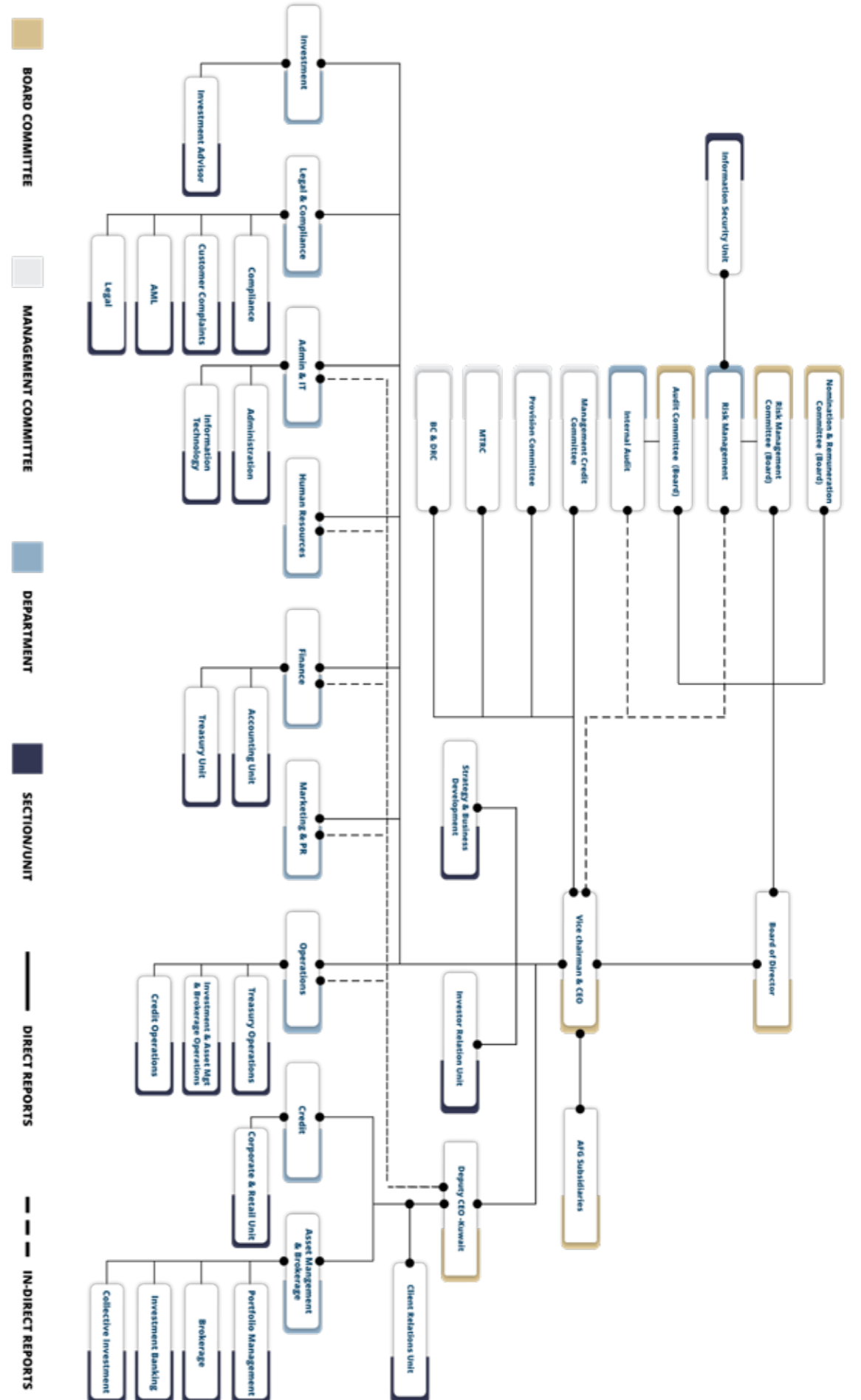


# Organizational Structure



AFG's organizational structure reflects its commitment to transparency, efficiency, and effective governance. Led by a dedicated Executive Management Team, the company's structure is designed to facilitate collaboration, streamline operations, and drive strategic initiatives.

The Executive Management Team, headed by the Chief Executive Officer (CEO), oversees the day-to-day operations and strategic direction of AFG. Comprising experienced professionals from diverse backgrounds, the team ensures alignment with the company's mission, values, and long-term goals.



# Remuneration Policies

AFG's remuneration policies are crafted to uphold transparency and equity across all aspects of employee compensation. These policies are not only designed to reward employees fairly but also to empower them to drive meaningful contributions to the organization's sustainability agenda.

The remuneration policy at AFG serves as a foundational pillar of the company's commitment to rewarding employees. It establishes clear controls and guidelines for grading and reward structures, ensuring transparency and equity in compensation practices. By aligning financial incentives with strategic objectives, AFG motivates employees to actively support and champion sustainability initiatives.

## Compensation and Benefits

Employees at AFG benefit from competitive compensation packages and a comprehensive range of benefits. From salary and variable pay to allowances and perks, the remuneration policy is carefully crafted to attract, retain, and motivate top talent while promoting sustainable practices. By rewarding employees fairly and linking rewards to sustainability objectives, AFG empowers its workforce to drive positive environmental, social, and governance outcomes.

Merit-based salary increments are a testament to AFG's commitment to employee development and well-being. By providing annual salary increases based on performance evaluations, AFG fosters a culture of continuous learning, growth, and innovation. The merit-based approach ensures that employees who contribute to sustainability objectives are duly recognized and rewarded.

AFG's grading and reward structures are dynamic and adaptive, reflecting the organization's evolving priorities. Regular reviews and adjustments based on external and internal benchmarks ensure that compensation practices remain competitive, equitable, and aligned with best practices.

In summary, AFG's remuneration policies empower employees to be agents of positive change by aligning rewards with sustainability goals. By fostering a culture of responsibility, innovation, and collaboration, AFG aims to drive sustainable outcomes for employees, stakeholders, and the planet.

# Governance Practices

Diversity in corporate leadership is a cornerstone of AFG's governance framework, reflecting a commitment to inclusivity and varied perspectives. In 2024, AFG's board boasts a composition of 7 members. This inclusive approach to leadership is further exemplified by the CEO concurrently serving as the Vice Chairman of the board, integrating top executive leadership with governance oversight, thereby fostering a balanced and effective leadership structure.

## Vendor Code of Conduct Compliance

In alignment with AFG's ethical principles and commitment to integrity, the company extends its high standards of conduct not only to internal operations but also to external stakeholders. AFG mandates that all vendors and third-party suppliers adhere to the company's comprehensive code of conduct, ensuring alignment with AFG's values and ethical standards. By holding external partners to the same rigorous standards as internal stakeholders, AFG reinforces its commitment to ethical business practices throughout its supply chain.

The assurance of ethical conduct extends to AFG's supplier relationships, where the company places a strong emphasis on compliance with its code of conduct. Demonstrating a shared commitment to ethical standards, AFG achieves full compliance from its suppliers, with 100% of them formally signing the company's code of conduct. This robust compliance underscores a collective dedication among stakeholders to uphold AFG's ethical standards and principles across its supply chain, promoting transparency and integrity in business relationships.

## IT Governance and Investment

AFG Recognizing the pivotal role of technology and digital innovation in driving operational efficiency and competitiveness, AFG has made substantial investments in technology and digital transformation initiatives. In 2022, the company allocated 149,570 KWD to investments in technology, with a notable increase to 203,191 KWD in 2023. These investments underscore AFG's proactive approach to embracing technological advancements, positioning the company to capitalize on opportunities for innovation and growth in an increasingly digital landscape. In 2024 the company investing in digitalization & technology solutions by allocating 222,970 KWD for the internal systems.

In today's digital landscape, ensuring the privacy and security of sensitive data is paramount for organizations worldwide. At AFG, the Information Technology (IT) department is at the forefront of this endeavor, implementing rigorous measures to safeguard client and employee information while maintaining compliance with stringent data privacy regulations.

Underpinned by a comprehensive security policy, AFG's IT governance framework outlines robust protocols and procedures designed to mitigate cybersecurity risks and prevent unauthorized access to sensitive data. Furthermore, aligned with the company's core values of integrity and ethical conduct, the IT department adheres to a stringent ethical decision-making framework, emphasizing the importance of ethical considerations in all IT operations and initiatives.

By prioritizing internal controls and compliance monitoring, AFG reinforces its commitment to upholding the highest standards of integrity and governance, ensuring that IT practices align with regulatory requirements and ethical guidelines.

Solution or Service	2022	2023	2024
Automation Processes			
New Equipment IT ( Desktops & Laptops )			
Azure Backup			
Sophos Cloud Security			
Office 365			
Privilege Access Management PAM			
SWIFT / Payment Safe			
PT & Volnarability Assessment			
Fortinet Firewall			
Temenos Upgrade Project			
Temenos License Renewal	2022	2023	2024
Temenos T24			
Veeam Backup			
HR MENAME			
AML World Check			
Refinitiv			
HPE Carepack			
AVAYA TELEPHONE SYSTEM			
New Servers			
Infrastructure Upgrade			
<b>Total Invested (KWD)</b>	<b>149,570.00</b>	<b>203,191.00</b>	<b>222,970.50</b>

list of solutions or modules in 2022	list of solutions or modules in 2023	list of solutions or modules in 2024
Material Request	Budget Module	Admin Library
Internal Memo		
Meeting Room Booking		
Maintenance Service Request		
Stationery Request	Contract Management	HR New Joining
Business Card Request		
IT Service Request		
Purchase Order	Incident Management	Clients Payment Order
Payment Order		
Fund Transfer		
Custody Form	System Access	Internal Transfer
Minutes of Meeting		
Petty Cash Request		
HR Payment Request		
<b>70% of the internal work process has been digitized</b>	<b>80% of the internal work process has been digitized</b>	<b>90% of the internal work process has been digitized</b>

**Cybersecurity Risk Management**

The Risk Management Department and IT department at AFG adopts a proactive stance towards cybersecurity, implementing robust measures to prevent and respond to potential threats and incidents effectively. By leveraging advanced security technologies and conducting regular risk assessments, the company enhances its resilience against cyber threats, safeguarding critical assets and sensitive information from unauthorized access or breaches.



**Strategic Resource Allocation**

In alignment with AFG’s commitment to environmental and social responsibility, the IT department strategically allocates IT resources, including budgeting and resource planning, to support the organization’s sustainability objectives. By integrating environmental and social considerations into resource allocation decisions, the department ensures that IT investments and initiatives contribute to environmental conservation, social welfare, and community engagement efforts. This approach reflects AFG’s holistic approach to IT governance, where IT resources are leveraged as strategic enablers of sustainability and responsible business practices.

**Investor Engagement and Governance Practices**

AFG actively engages with investors through various channels, including quarterly earnings calls, investor conferences, analyst calls, one-on-one meetings, email correspondence, and in-person visits. These interactions provide investors with insights into AFG’s performance, strategy, and ESG initiatives, fostering transparency and trust.

**Investors Access to Information**

AFG prioritizes transparency by offering investors access to comprehensive reports generated from publicly available data on its website. This initiative allows investors to stay informed about the company’s financial performance, governance practices, and ESG initiatives, promoting accountability and disclosure.

**Delegation of Authority**

To ensure clear decision-making processes and accountability, AFG maintains a Delegation of Authority Matrix. This matrix outlines the responsibilities and decision-making authority delegated to various levels within the organization, facilitating efficient operations and governance.

**Legal Oversight and Compliance**

The Legal department at AFG plays a pivotal role in overseeing the development and enforcement of supplier and vendor codes of conduct, ensuring adherence to ethical guidelines across the organization’s supply chain. These guidelines are designed to uphold integrity, sustainability, and responsible business practices.

AFG’s Legal team diligently tracks and monitors evolving ESG regulations that could potentially impact the organization’s operations. By staying informed about regulatory developments, the company proactively addresses legal implications, ensuring compliance with applicable laws and regulations governing ESG matters.

The Legal department supports AFG in the collection, analysis, and reporting of ESG data and performance metrics in compliance with relevant reporting frameworks, such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). This ensures transparency and accountability in disclosing ESG-related information to stakeholders.












AFG’s Legal team collaborates closely with the Risk Management function to identify and manage legal and regulatory risks associated with ESG factors, including reputational risks. By conducting thorough risk assessments and implementing appropriate mitigation strategies, the company mitigates potential legal challenges and safeguards its reputation in alignment with its ESG objectives.









**Risk Mitigation**

Risk management is a critical component of AFG’s operational strategy. In 2024, the company maintained a robust risk mitigation framework to ensure business continuity and safeguard assets. AFG achieved a 100% implementation rate of risk mitigation plans across all identified risks, reflecting the company’s proactive approach to risk management. Moreover, AFG reported zero risk incidents or breaches during the given period, underscoring the effectiveness of its risk management practices. The company continues to prioritize risk mitigation to protect its stakeholders and ensure sustainable growth.



ENVIRONMENTAL						
#	Material Topic	Metric	KPIs	Corresponding UN SDGs	Corresponding GRI	Corresponding Kuwait 2035 Vision Pillars
1	Electricity Consumption	Electricity Usage	Total amount of electricity consumed at AFG Headquarters		GRI 302: Energy 2016	
			Total amount of electricity consumed by AFG's properties			
		Energy Mix	% energy usage by generation type			
2	Water Usage	Water Usage	total amount of water consumed		GRI 303: Water and Effluents 2018	
			total amount of water reclaimed			
3	Waste Management	Waste Generation	% of total waste recycled		GRI 302: Energy 2016	
			quantity of hazardous waste generated and its safe disposal rate			
			# of waste reduction initiatives implemented			
4	Digital Advancement	Digital Initiatives	# of new digital initiatives launched within a specified timeframe		GRI 205: Management Approach 2016	
			% reduction in manual processes through automation			
			% increase in the adoption rate of digital tools and technologies across departments			

SOCIAL						
#	Material Topic	Metric	KPIs	Corresponding SDGs	Corresponding GRI	Corresponding Kuwait 2035 Vision Pillars
5	Gender Diversity	Gender Pay Ratio	Ratio: Median male compensation to median female compensation		GRI 405: Diversity and Equal Opportunity 2016	
		Women Empowerment	% total enterprise headcount held by men and women		GRI 102: General Disclosures 2016	
			% entry and mid-level positions held by men and women		GRI 405: Diversity and Equal Opportunity 2016	
6	Localization	Kuwaitization	% of national employees		GRI 202: Market Presence 2016	
			# of national employees in key positions		-	
			Investments in education and training for local talent		-	
7	Non-Discrimination	Non-Discrimination Policy Compliance	Does your company follow a sexual harassment and/ or non-discrimination policy? Yes/ No		GRI 405: Diversity and Equal Opportunity 2016	
			% of workforce receiving non-discrimination training			
			% of promotions awarded to minority groups or non-nationals			
8	Employee Health and Wellbeing	Employee Turnover	Rate of employee turnover and retention		GRI 401: Employment 2016	
		Employee Engagement	Absenteeism rate			
		Employee Wellbeing	inclusion of well-being metrics in performance evaluations			
9	Local Community Support	Community Support	% of budget allocated to community support		GRI 413: Local Communities 2016	
			# of community engagement initiatives			
			% of employees participating in community service activities			
10	Youth Welfare	Youth Employment	# of youth employed or engaged in development programs		GRI 401: Employment 2016	
			# of scholarships or educational sponsorships provided			
			success stories of youth development initiatives			
11	Employee Training and Development	Employee Training	average hours of training per employee		GRI 404: Training and Education	
			# of training programs provided per year			
			% of employee participation in training programs			

GOVERNANCE						
#	Material Topic	Metric	KPIs	Corresponding SDGs	Corresponding GRI	Corresponding Kuwait 2035 Vision Pillars
12	Supplier Code of Conduct	Supplier Compliance	% of suppliers who comply with the code of conduct		GRI 204: Procurement Practices 2016 GRI 308: Supplier Environmental Assessment 2016 GRI 414: Supplier Social Assessment 2016	
			# of supplier audits conducted annually			
			# of reported incidents of non-compliance			
13	Data Privacy	Privacy Compliance	Has your company taken steps to comply with GDPR rules? Yes/No		GRI 418: Customer Privacy 2016	
			# of data breach incidents reported			
			% of employees who have completed data privacy training			
14	Sustainability Reporting	Corporate Sustainability Disclosures	Does your company publish a sustainability report? Yes/No		GRI 102: General Disclosures 2016	
			% of sustainability reports published on time			
			# of ESG materiality topics disclosed in the sustainability report			
15	Risk Controls and Monitoring	Risk Mitigation	# of identified risk categorized by type (financial, operational, compliance, etc.)		GRI 205: Anti-Corruption 2016 GRI 418: Customer Privacy 2016	
			% of risks with mitigation plans in place			
			# of risk incidents or breaches reported within a given period			

Statement of use	[Name of organization] has reported in accordance with the GRI Standards for the period [reporting period start and end dates].			
GRI 1 used	GRI 1: Foundation 2021			
Applicable GRI Sector Standard(s)	[Titles of the applicable GRI Sector Standards]			
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION REQUIREMENT(S) OMITTED	GRI SECTOR STANDARD REF. NO.
<b>General disclosures</b>				
GRI 2: General Disclosures	2-1 Organizational details	Information about the organization can be found in various sections of the report		
	2-2 Entities included in the organization's sustainability reporting	Arzan Financial Group K.P.S.C.		
	2-3 Reporting period, frequency and contact point	January 1 to December 31, 2024 Annual Reporting (FAMunraya@arzan.com.kw / +965 5001 0400)		
	2-4 Restatements of information	Information is restated in more details throughout the report		
	2-5 External assurance	Please refer to AFG Policy documents		
	2-6 Activities, value chain and other business relationships	Please refer to pages 16, 17, 18, 19		
	2-7 Employees	Please Refer to pages 34, 35, 36		
	2-8 Workers who are not employees	Please refer to AFG Internal Reports/Data		
	2-9 Governance structure and composition	Please refer to pages 40, 49		
	2-10 Nomination and selection of the highest governance body	Please refer to pages 41, 42		
	2-11 Chair of the highest governance body	Please refer to page 40		
	2-12 Role of the highest governance body in overseeing the management of impacts	Please refer to page 40		
	2-13 Delegation of responsibility for managing impacts	Please refer to page 47-49		
	2-14 Role of the highest governance body in sustainability reporting	Please refer to pages 41, 43		
	2-15 Conflicts of interest	Please refer to AFG Policy documents		
	2-16 Communication of critical concerns	Please refer to pages 28-37		
	2-17 Collective knowledge of the highest governance body	Please refer to pages 40-47		
	2-18 Evaluation of the performance of the highest governance body	Please refer to AFG Policy documents		
	2-19 Remuneration policies	Please refer to page 46		
	2-20 Process to determine remuneration	Please refer to AFG Policy documents		
	2-21 Annual total compensation ratio	Please refer to AFG Policy documents		
	2-22 Statement on sustainable development strategy	Please refer to pages 6, 7, 8, 9		
	2-23 Policy commitments	Please refer to pages 47-49		
	2-24 Embedding policy commitments	Please refer to pages 47-49		
	2-25 Processes to remediate negative impacts	Please refer to pages 47-49		
	2-26 Mechanisms for seeking advice and raising concerns	Please refer to AFG Policy documents		
	2-27 Compliance with laws and regulations	Please refer to page 48-49		
	2-28 Membership associations	Please refer to AFG Internal Reports		
	2-29 Approach to stakeholder engagement	Please refer to pages 22		
	2-30 Collective bargaining agreements	N/A		

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.

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION REQUIREMENT(S) OMITTED			GRI SECTOR STANDARD REF. NO.
			REASON	EXPLANATION	REASON	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Please refer to page 10-17				
	3-2 List of material topics	Please refer to page 17-19				
<b>Economic performance</b>						
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Please refer to pages 8, 9, 11, 36				
	201-2 Financial implications and other risks and opportunities due to climate change	Please refer to page 11, 36, 37				
	201-3 Defined benefit plan obligations and other retirement plans	Please refer to page 46				
	201-4 Financial assistance received from government	N/A				
<b>Market presence</b>						
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Please refer to AFG Internal Reports/Data				
	202-2 Proportion of senior management hired from the local community	Please refer to AFG Internal Reports/Data				
<b>Indirect economic impacts</b>						
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Please refer to pages 34, 37				
	203-2 Significant indirect economic impacts	Please refer to pages 34, 37				
<b>Procurement practices</b>						
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Please refer to AFG Internal Reports/Data				
<b>Anti-corruption</b>						
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	N/A				
	205-2 Communication and training about anti-corruption policies and procedures	Please refer to AFG Internal Reports/Policy documents				
	205-3 Confirmed incidents of corruption and actions taken	N/A				

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.

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION REQUIREMENT(S) OMITTED			GRI SECTOR STANDARD REF. NO.
			REASON	EXPLANATION		
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	N/A	-	-	-	-
<b>Tax</b>						
	207-1 Approach to tax	N/A	-	-	-	-
GRI 207: Tax 2019	207-2 Tax governance, control, and risk management	N/A	-	-	-	-
	207-3 Stakeholder engagement and management of concerns related to tax	N/A	-	-	-	-
	207-4 Country-by-country reporting	N/A	-	-	-	-
<b>Materials</b>						
	301-1 Materials used by weight or volume	N/A	-	-	-	-
GRI 301: Materials 2016	301-2 Recycled input materials used	Please refer to pages 29, 30, 31	-	-	-	-
	301-3 Reclaimed products and their packaging materials	N/A	-	-	-	-
<b>Energy</b>						
	302-1 Energy consumption within the organization	Please refer to page 11, 28, 31	-	-	-	-
	302-2 Energy consumption outside of the organization	N/A	-	-	-	-
GRI 302: Energy 2016	302-3 Energy intensity	N/A	-	-	-	-
	302-4 Reduction of energy consumption	Please refer to page 31	-	-	-	-
	302-5 Reductions in energy requirements of products and services	Please refer to page 28, 31	-	-	-	-
<b>Water and effluents</b>						
	303-1 Interactions with water as a shared resource	N/A	-	-	-	-
	303-2 Management of water discharge-related impacts	Please refer to page 31	-	-	-	-
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	N/A	-	-	-	-
	303-4 Water discharge	N/A	-	-	-	-
	303-5 Water consumption	N/A	-	-	-	-
<b>Biodiversity</b>						
	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	-	-	-	-
	304-2 Significant impacts of activities, products and services on biodiversity	N/A	-	-	-	-
	304-3 Habitats protected or restored	N/A	-	-	-	-
GRI 304: Biodiversity 2016	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A	-	-	-	-

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION REQUIREMENT(S) OMITTED			GRI SECTOR STANDARD REF. NO.
			REASON	EXPLANATION		
	305-1 Direct (Scope 1) GHG emissions	N/A	-	-	-	-
	305-2 Energy indirect (Scope 2) GHG emissions	N/A	-	-	-	-
	305-3 Other indirect (Scope 3) GHG emissions	N/A	-	-	-	-
GRI 305: Emissions 2016	305-4 GHG emissions intensity	N/A	-	-	-	-
	305-5 Reduction of GHG emissions	N/A	-	-	-	-
	305-6 Emissions of ozone-depleting substances (ODS)	N/A	-	-	-	-
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	N/A	-	-	-	-
<b>Waste</b>						
	306-1 Waste generation and significant waste-related impacts	Please refer to page 30	-	-	-	-
	306-2 Management of significant waste-related impacts	Please refer to page 30	-	-	-	-
	306-3 Waste generated	N/A	-	-	-	-
GRI 306: Waste 2020	306-4 Waste diverted from disposal	Please refer to AFG Internal Reports/Data	-	-	-	-
	306-5 Waste directed to disposal	Please refer to AFG Internal Reports/Data	-	-	-	-
<b>Supplier environmental assessment</b>						
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	N/A	-	-	-	-
	308-2 Negative environmental impacts in the supply chain and actions taken	N/A	-	-	-	-
<b>Employment</b>						
	401-1 New employee hires and employee turnover	Please refer to AFG Internal Reports/Data	-	-	-	-
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Please refer to AFG Policy documents/Internal Data	-	-	-	-
	401-3 Parental leave	Please refer to AFG Policy documents	-	-	-	-
<b>Labor/management relations</b>						
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Please refer to AFG Policy documents	-	-	-	-

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION REQUIREMENT(S) OMITTED			GRI SECTOR STANDARD REF. NO.
			REASON	EXPLANATION		
<b>Occupational health and safety</b>						
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	N/A	-	-	-	-
	403-2 Hazard identification, risk assessment, and incident investigation	N/A	-	-	-	-
	403-3 Occupational health services	N/A	-	-	-	-
	403-4 Worker participation, consultation, and communication on occupational health and safety	N/A	-	-	-	-
	403-5 Worker training on occupational health and safety	N/A	-	-	-	-
	403-6 Promotion of worker health	N/A	-	-	-	-
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	N/A	-	-	-	-
	403-8 Workers covered by an occupational health and safety management system	N/A	-	-	-	-
	403-9 Work-related injuries	N/A	-	-	-	-
	403-10 Work-related ill health	N/A	-	-	-	-
<b>Training and education</b>						
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Please refer to AFG Internal Reports/Data				
	404-2 Programs for upgrading employee skills and transition assistance programs	Please refer to AFG Internal Reports/Data				
	404-3 Percentage of employees receiving regular performance and career development reviews	Please refer to AFG Internal Reports/Data				
<b>Diversity and equal opportunity</b>						
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Please refer to page 34, 40				
	405-2 Ratio of basic salary and remuneration of women to men	Please refer to page 34				
<b>Non-discrimination</b>						
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	N/A				
<b>Freedom of association and collective bargaining</b>						
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	N/A				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION REQUIREMENT(S) OMITTED			GRI SECTOR STANDARD REF. NO.
			REASON	EXPLANATION		
<b>Child labor</b>						
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	N/A	-	-	-	-
<b>Forced or compulsory labor</b>						
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	N/A	-	-	-	-
<b>Security practices</b>						
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	N/A	-	-	-	-
<b>Rights of indigenous peoples</b>						
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	N/A	-	-	-	-
<b>Local communities</b>						
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Please refer to pages 24, 35-37	-	-	-	-
	413-2 Operations with significant actual and potential negative impacts on local communities	N/A	-	-	-	-
<b>Supplier social assessment</b>						
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Please refer to page 29	-	-	-	-
	414-2 Negative social impacts in the supply chain and actions taken	Please refer to page 29	-	-	-	-
<b>Public policy</b>						
GRI 415: Public Policy 2016	415-1 Political contributions	N/A	-	-	-	-
<b>Customer health and safety</b>						
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	N/A	-	-	-	-
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	N/A	-	-	-	-
<b>Marketing and labeling</b>						
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	N/A	-	-	-	-
	417-2 Incidents of non-compliance concerning product and service information and labeling	N/A	-	-	-	-
	417-3 Incidents of non-compliance concerning marketing communications	N/A	-	-	-	-
<b>Customer privacy</b>						
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	N/A	-	-	-	-



# SUSTAINABLE DEVELOPMENT GOALS

