



HEISCO

HEAVY ENGINEERING INDUSTRIES & SHIPBUILDING CO. K.S.C (Public)

SUSTAINABILITY REPORT



Leadership and Sustainable Growth

www.heisco.com

50 years of Leadership & Sustainability

This year, the group celebrates its 50th Anniversary, marking 50 years of continuous effort and accumulated achievements that have formed a strong foundation for its journey. Throughout these decades, it has faced numerous challenges, by seizing available opportunities, it has steadily grown and developed towards achieving its goals.

Since its inception, the group has been guided by the values of integrity, quality, and teamwork, values that have continued to inform its path. Today, it confidently strides towards the future, carrying this rich legacy and looking forward to years of innovation and responsibility, striving to build a sustainable economy for a prosperous society.

Sustainability is a core component of its strategy, considered a genuine responsibility towards future generations. It is a culture and an ongoing practice to which the group dedicates all its efforts, committed to contributing to environmental protection and promoting community development.

HEISCO extends its gratitude and appreciation to everyone who has contributed to this long journey: employees, partners, and customers. You are our partners in success and the pillars of our future.



Leadership and Sustainable Growth

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About This Report

This section details the organizational structure and entities included in the report, the period covered, the pace, communication methods, and how to rephrase, in addition to the Chairman's and CEO's message.

Scope of This Report

Entities Covered

The figures and information in this report cover Heavy Engineering Industries and Shipbuilding Co. K.S.C. (Public) and its subsidiaries, unless otherwise stated, and are here in referred to as the Group.

Reporting Period

This is HESCO's 2nd annual Sustainability Report, covering the period from January **1, 2024**, to December **31, 2025**. In some cases, the report also includes performance from previous years to highlight performance development.

Framework

This report has been prepared in accordance with the following standards and frameworks: the Global Reporting Initiative (**GRI**), the Bursa Kuwait - Environmental, Social, and Governance (ESG) reporting guidelines, and Kuwait Vision **2035**.

Correcting and Revising Information

If any material or typographical errors are discovered after the publication of the Sustainability Report, they will be corrected and subsequently published on the company's website.

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Chairman's Message

I am pleased to present to you the Group's second Sustainability Report, which comes as we celebrate our 50th anniversary. These 5 decades have been a journey filled with achievements that have solidified our position as a trusted partner and a key contributor to economic development, with a steadfast commitment to the principles of environmental, social, and good governance.

From our inception, we recognized that business sustainability is only complete when it delivers real value to society and the environment, alongside economic success. Therefore, we established a clear vision to enhance our positive impact and ensured that our strategies aligned with the United Nations Sustainable Development Goals and Kuwait's Vision, enabling us to contribute effectively to building a better future.

During this period, we continued our efforts to improve our environmental practices, achieve greater efficiency in resource and energy use, support our human resources, and foster a culture of integrity, transparency, and openness with all our partners and stakeholders. Reaching this historic milestone reinforces our role towards future generations and motivates us to maintain our commitment to sustainability as a core principle in all our operations. We assure all stakeholders that we will continue on this path, preserving the legacy of 50 years of success and excellence, and moving towards a brighter and more sustainable future.

Marzouq Nasser Al-Kharafi

Chairman



CEO's Message

It is my honor to present to you the Sustainability Report for the period **2024-2025**, a significant milestone in the Group's journey, especially as we celebrate 50 years since the company's founding. Half a century of dedicated work has allowed us to solidify our position as a trusted partner in economic development and a regional leader in our field.

Since its inception, the company has been guided by a clear vision based on quality, innovation, and responsibility. With the evolving demands of the times, our commitment to sustainability has become an integral and fundamental aspect of our strategy. We believe that true success is not measured solely by financial indicators, but also by the ability to create a positive and lasting impact on the environment and the communities in which we operate.

Over the past two years, we have made tangible progress in implementing our Environmental, Social, and Governance (ESG) strategy. We have focused on reducing the environmental impact of our activities, improving energy and resource efficiency, enhancing workplace safety, developing our human resources, and promoting diversity and inclusion. We have also continued to align our efforts with the United Nations Sustainable Development Goals, further contributing to a broader vision for a better future.

I would like to point out that the report, in its following pages, includes a detailed presentation of several positive indicators reflecting the progress we have made during this period. These indicators include the results of our approach to energy efficiency and waste management, as well as our achievements in occupational health and safety, human resource development, and good governance.

We recognize that the path to sustainability is long and ongoing, but we are determined to move forward, building on 50 years of experience, trust, and excellence, and looking forward to a future that enhances our ability to adapt to changes and contribute effectively to building a sustainable economy and a prosperous society.

Finally, I extend my thanks and appreciation to all our employees, partners, and stakeholders who have been and continue to be an integral part of our success and progress, and we look forward to continuing this collaboration to achieve even greater sustainable successes in the future.

Samir Hermez
Chief Executive Officer

About The Group

In this section, we outline the group's mission, vision, and values as the core foundations of our strategy and efforts in environmental governance and social responsibility. We also define its business areas and regional presence, and finally, we review the awards the group has received and its memberships in various organizations.

Local & Regional Presence

Our current group includes 3 branches, 3 subsidiaries and a representative office in **4** countries (Kuwait, Saudi Arabia, Iraq, India).



Company Profile

Heavy Engineering Industries and Shipbuilding Company (HEISCO) was established in **1974** in Kuwait to be a cornerstone in supporting the shipbuilding and repair industry in the country and the region. Since its inception as the Kuwait Shipbuilding and Repair Yard Company, HEISCO has played a pivotal role in serving the marine industry in the Gulf region.

Over the past decades, the company has expanded its operations beyond its core business, entering the fields of engineering industries and oil and gas construction in **1982**, a significant milestone in its growth. In **1984**, the company was listed on the Kuwait Stock Exchange, further solidifying its position as a trusted partner in the Kuwaiti industrial sector.

In **1995**, HEISCO acquired Gulf Dredging & General Contracting Company, enabling it to undertake marine and civil construction projects. In **2003**, the company's name was changed to HEISCO to reflect its expanded business scope. In **2010**, HEISCO was awarded a first-class classification in the civil construction sector by the Central Agency for Public Tenders (CAPT). In line with its development strategy, the company entered the Saudi market in **2021** by establishing a branch in the Kingdom of Saudi Arabia (KSA), bringing the total number of branches in the group to three. In **2023**, the company's efforts culminated in its upgrade to the Premier Market on the Boursa Kuwait, a testament to its strong financial performance and operational efficiency. In **2024**, HEISCO received a first-class rating in mechanical and electrical works from the Central Agency for Public Tenders (CAPT), confirming its position as a leading provider of integrated solutions for energy and industrial projects.

Today, the company is a leading engineering, procurement, and construction (EPC) firm, renowned for its excellence and unwavering commitment to delivering high-quality solutions. The company continues its journey of strengthening its operations and expanding into new sectors and markets, building a solid legacy of trust and excellence.

Vision

The company aims to be the first choice for its clients in all areas of its specialization in Kuwait and the region.

Mission

We are committed to providing integrated services to our clients in shipbuilding and repair, manufacturing, civil and marine construction, and industrial maintenance. We strive for sustainable growth by meeting our client's schedule and quality requirements. We offer value-added services at competitive prices through effective cost control procedures and the regular updating of our resources.

Values

Professionalism

We adhere to internationally recognized standards that have proven their effectiveness across all our operations.

Accountability

We are accountable for our performance to all stakeholders.

Prudence

We are committed to taking prudent actions based on a thorough understanding of the risks to the company and its clients.

Business Fields

The group meets its clients' service needs across its diverse business sectors:

BUSINESS SECTOR	BRIEF DESCRIPTION
Oil & Gas Construction Sector	This includes electrical works, measuring instruments, mechanical and civil works, and industrial maintenance works.
Shipbuilding, Maintenance and Repair Services	Services include shipbuilding and repair, diving services, supply and operation of marine crews, and underwater works.
Testing of Devices and Equipment and Ensuring Their Compliance With Standards.	Laboratory services include testing and calibration of instruments and equipment, and non-destructive testing services.
Manufacturing Services	The services include manufacturing, scaffolding installation services for construction and maintenance work, and metal plating services.
Civil & Marine Construction	The group provides civil and marine construction services and marine dredging works through its subsidiary, Gulf Dredging & General Contracting Company.
Technical Specialized Manpower Supply	The group provides specialized technical labor supply services through its subsidiary, HEISCO for Technical Specialized Manpower Supply Company.

Awards Received By The Company



Sustainability In The Group



This section showcases the progress the group has made in implementing its strategy related to expansion while preserving the environment and society.

Our Approach To Sustainability

The Group is committed to the pillars of its corporate sustainability strategy, governance, environment, and society to support its sustainable growth, in line with the UN Sustainable Development Goals and the **2030** Agenda for Sustainable Development.

The Group is also committed to fulfilling its promises through our diverse efforts and achievements in achieving sustainability goals at all functional levels, from the Board of Directors to the Executive Management.

Corporate Sustainability

Our Vision

To become a leader in all areas of its business, both locally and regionally.

Our Objectives

- To expand and enter new markets through our international branches with the aim of increasing revenue.
- To enhance our commitment to social responsibility.

Our Pillars

The Group's approach to corporate sustainability is based on 3 pillars: governance, society, and the environment. This underpins our diverse activities and initiatives, which aim to deliver long-term value to our shareholders.

Governance

The Group is committed to responsible and sustainable operations through the implementation of effective governance mechanisms. These mechanisms include clear policies and procedures that are widely adopted across the Group. Sound governance management is essential for clearly defining roles and responsibilities, providing rigorous performance monitoring, and effectively identifying and addressing risks from their earliest stages.

Our corporate approach is based on integrating the importance of environmental, social, and governance (ESG) considerations within a comprehensive framework. This approach aims to embed these values in the Group's culture and its operational and business decisions, ensuring the sustainability of our operations and our commitment to achieving sustainable development.

Community

The Group believes in upholding human rights and providing a safe and supportive work environment for all employees, fostering their growth and success. We are committed to implementing a strict approach against any form of discrimination, bullying, or harassment in the workplace and work diligently to ensure an environment that respects everyone's dignity.

The Group's Code of Conduct reflects our core values and our public commitment to human rights. It also includes ongoing process improvements to prevent any incidents of discrimination or abuse, with effective mechanisms for reporting and decisively addressing them.

Furthermore, the Group strives to play a positive role in serving the community through a diverse and sustainable range of community initiatives. We aim to be a positive influence for all stakeholders, focusing on making a tangible impact that supports sustainable development and enhances the overall well-being of the community.

Environment

The Group prioritizes environmental protection, fully recognizing the impact of our operations on the environment and the importance of addressing environmental issues as a collective responsibility. We are committed to minimizing the environmental impact of our activities and continuously improving our environmental management practices. Our efforts include reducing energy and other resource consumption, supporting recycling initiatives, and encouraging our employees to adopt environmentally responsible behaviors that support our sustainability goals.

As part of our commitment to addressing environmental issues, we are proud to have achieved **(ISO 14001)** certification for our Environmental Management System, which confirms our ongoing commitment to global environmental standards and achieving sustainable improvements in our environmental performance.

Key Sustainable Development Goals

Financial Performance and Shareholder Value Added

The **2024-2025** fiscal year witnessed strong growth in profitability indicators. In **2024**, net profit increased by **28%** to reach KD **9.07** million, and assets grew by **11%** to reach KD **204.61** million. The company also increased cash dividends by **17%** to reach **35** fils per share. In **2025**, net profit increased by **8.22%** to reach KD **9.819** million, and assets grew by **16.95%** to reach KD **239.289** million. During **2025**, the company distributed bonus shares worth **10%** of the paid-up capital, in addition to the cash dividend of **25** fils per share.

Workforce and National Employment

During the period **2024-2025**, the company made significant progress in empowering national talent. The percentage of national employees in senior management increased from **3.9%** in **2023** to **5.29%** in **2024**, and from **5.29%** in **2024** to **7.53%** in **2025**. The company also maintained a balance between experienced and young talent to create a diverse and inclusive work environment that fosters innovation, ensures operational continuity, and guarantees the active participation of all employees.

Environmental Responsibility

In **2024**, HESCO experienced relatively stable water consumption, while energy efficiency improved significantly, resulting in a **0.17%** reduction in electricity consumption. In **2025**, a significant improvement in energy and water efficiency was projected, approaching **2%**, reflecting the company's ongoing commitment to enhancing resource efficiency in support of its sustainability goals.

Financial Indicators



KD 205,787,988

Total Operating Income



KD 187,335,463

Total Operating Expenses



KD 18,425,525

Profit Before Deductions

FINANCIAL INDICATORS			
	2023	2024	2025
Total Operating Revenue	KD 146,877,866	KD 163,147,421	KD 205,787,988
Total Operating Expenses	KD 135,245,073	KD 147,739,026	KD 187,335,463
Profit (Before Deductions)	KD 11,632,793	KD 15,408,395	KD 18,452,525
Cash Dividend (%)	30%	35%	25%
Cash Dividends	KD 5,407,202/400	KD 6,308,402/800	KD 4,505,968/875
Bonus Shares (%)	-	-	10%
Bonus Shares Value	-	-	KD 1,802,387/550

Our Performance in Governance, Social & Env. Responsibility

Governance

This section presents the progress we have made in implementing our governance strategy.



Organizational Structure



Board of Directors Overview

The Board of Directors works to achieve the shareholder's objectives and monitor the performance of the executive management by setting strategic goals and monitoring the application of the general governance framework, in addition to monitoring the operational performance of the group and supervising the performance of the executive management through key performance indicators. The Board is also responsible for promoting and enhancing business ethics and transparency in order to gain the confidence of investors and protect the rights of stakeholders.

Members of The Board of Directors

NAME	Position	Qualification
Mr. Marzouq Nasser Al-Kharafi	Chairman	Bachelor
Mr. Malek Maher Maarefi	Vice Chairman	Bachelor
Mr. Hussain Murad Behbehani	Board Member (Non-Executive)	Bachelor
Mr. Ghazi Ahmed Al Roumi	Board Member (Non-Executive)	Bachelor
Mr. Adnan Musaed Al-Kharafi	Independent Board Member	Bachelor

Board Election

The Board of Directors is elected for a 3 year term, renewable, during the company's Annual General Assembly Meeting. The Nominations and Remuneration Committee is responsible for reviewing the candidate's CV's before presenting them to the shareholders for a vote.

Both shareholders and non-shareholders are eligible to apply for nomination, provided they meet the legal requirements and regulatory guidelines.

Following the election, the Board appoints a Chairman and a Vice Chairman during its first meeting, before deciding on the composition and term of each committee.

Board Structure

The Board of Directors is formed based on the resolution of the Annual General Assembly Meeting at which it was elected for the next three years. It consists of **5** members: four non-executive members and one independent member.

The company's Board of Directors has a balanced structure that aligns with the Group's activities and nature. Its members possess the necessary experience and qualifications and are knowledgeable in legal, regulatory, and corporate governance matters.

Board Independence

According to the Capital Market Authority's Executive Regulations, a majority of the Board members must be non-executive, and at least **20%** of the Board members must be independent.

The current Board comprises **20%** independent members.

Age Diversity

40-50 years - 1 member

50-60 years - 1 member

60+ years - 3 members

Diversity of Experience

Financial experience - Engineering experience - Funding experience - Insurance experience

Board Meetings

The Board is committed to maintaining frequent and transparent communication. The Board meets at least six times annually and once every quarter. The Board Secretary maintains a record of attendance at Board and Subcommittee meetings. The Board held seven meetings during **2024** and ten meetings in **2025**.

Chairman of the Board

The Chairman of the Board is a non-executive member with specific roles and responsibilities as defined by the Board's mandate. He is responsible for responding to shareholder's inquiries and presenting their opinions and concerns to the Board.

Board Responsibilities

The Board of Directors plays a pivotal role in the company, acting as a balancing force to achieve the goals of both the company and its shareholder's.

The Board's responsibilities are diverse and include, for example:

- Approving the company's key objectives, strategies, plans, and policies.
- Ensuring that the executive management fulfills its assigned tasks effectively.
- Ensuring the accuracy and integrity of disclosed data and information in accordance with applicable disclosure and transparency policies and procedures.
- Defining in detail the roles, responsibilities, and duties of executive management members, as well as the powers and authorities delegated to them.
- Forming specialized committees under its purview, in accordance with a charter that clarifies the committee's term and authority.
- Approving the estimated and annual budgets and adopting interim and annual financial statements.
- Overseeing the company's major capital expenditures, and the acquisition and disposal of assets.
- Appointing or dismissing any member of the executive management team, including the CEO and those directly reporting to them in the company's organizational structure, and ensuring compliance with integrity and financial soundness standards.
- Ensuring the implementation of a policy to integrate sustainability factors into the company's overall strategy, key business plans, and risk measurement and management processes, if required.

Board Evaluation:

The Board of Directors conducts an annual evaluation of the overall performance, overseeing a comprehensive assessment of each member's contributions, both individually and as part of the Board, to collective decision-making. This evaluation considers various aspects, such as active participation in Board meetings, strategic thinking, ethical conduct, and added value to the Board's overall performance. The evaluations also include subcommittees, ensuring that all aspects of the governance structure are functioning optimally.

Board Training

Areas for improvement to enhance the Board's performance, as well as opportunities for basic training for members and the development of appropriate programs, are identified through annual evaluations. This year, the Board benefited from ongoing training plans to enhance the collective knowledge, skills, and experience of its members. Accordingly, the Company strengthens their ability to adapt to the environmental, social, and governance (ESG) landscape by providing training programs for all Board members.

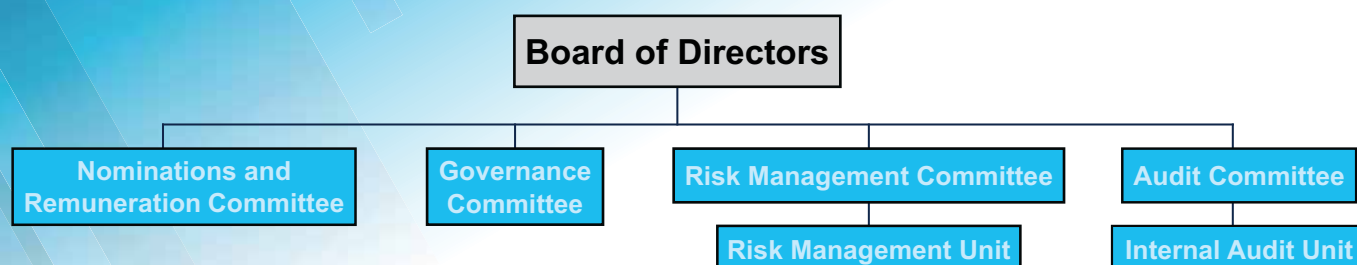
Board Remuneration

Board members' remuneration is determined in accordance with the relevant internal policy. Final remuneration for members is subject to approval by the Annual General Assembly Meeting.



HEISCO

Committees Emanating from the Board of Directors

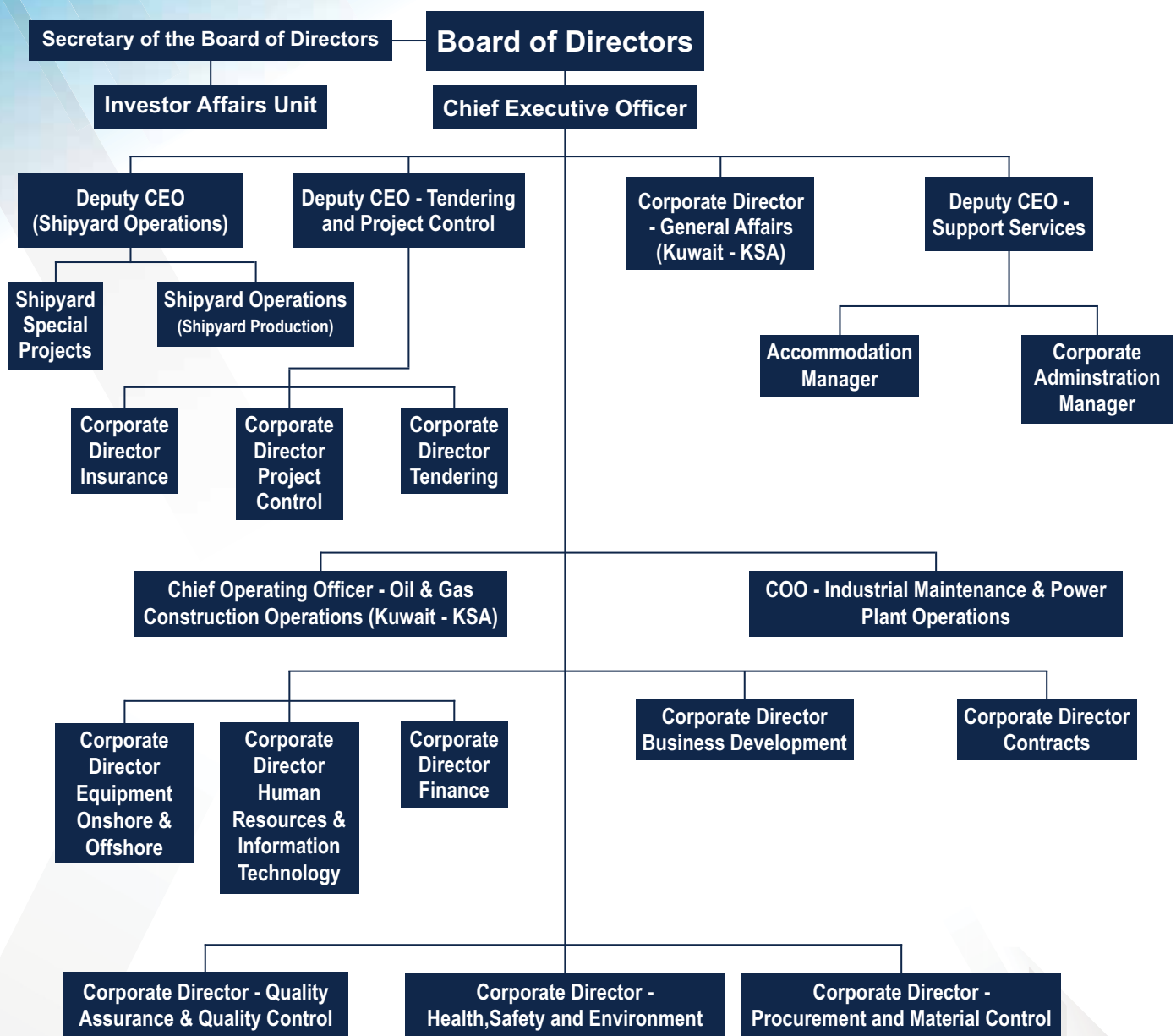


Committee	Main Tasks of the Committee	Committee Members
Governance Committee	1.Ongoing and continuous review of decisions, laws, and instructions issued by regulatory bodies regarding governance rules, and submitting recommendations to the Council. 2.Overseeing the implementation of governance principles and guidelines.	1. Mr. Marzouq Nasser Al-Kharafi 2. Mr. Adnan Musaed Al-Kharafi 3. Mr. Ghazi Ahmed Al-Roumi
Audit Committee	1.Review the periodic financial statements before their presentation to the Board of Directors, and provide an opinion and recommendation thereon. 2.Assess the adequacy of the internal control systems implemented within the company and prepare a report that includes the committee's opinion and recommendations.	1. Mr. Hussein Murad Behbahani 2. Mr. Malek Maher Marafie 3. Mr. Adnan Musaed Al-Kharafi
Risk Management Committee	1.Develop and review risk management strategies and policies before their approval by the Board of Directors. 2.Prepare periodic reports on the nature of the risks to which the company is exposed.	1. Mr. Ghazi Ahmed Al-Roumi 2. Mr. Hussein Murad Behbahani 3. Mr. Adnan Musaed Al-Kharafi
Nominations and Remuneration Committee	1.Preparing recommendations for nominations to Board of Directors and Executive Management positions. 2.Reviewing the remuneration policy for Board of Directors and Executive Management. 3.Ensuring the independence of independent Board members.	1. Mr. Malek Maher Marafie 2. Mr. Marzouq Nasser Al-Kharafi 3. Mr. Adnan Musaed Al-Kharafi

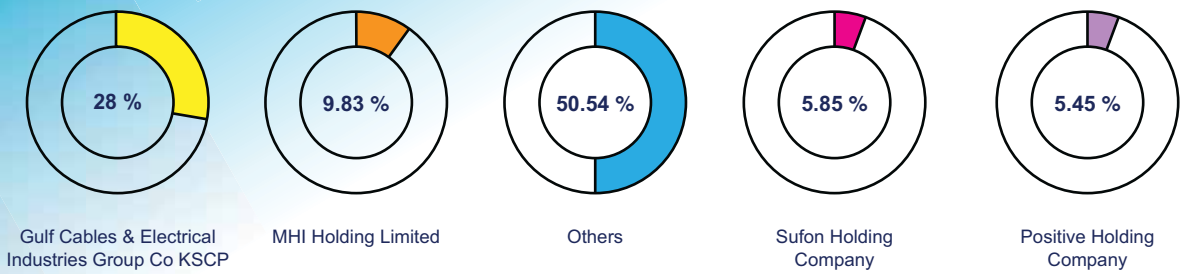
Senior Executive Management

The executive management team oversees and manages the company's day-to-day operations and monitors the implementation of strategic objectives, policies, and internal regulations.

The Organizational Model Within the Group:



Ownership Structure



Corporate Governance Principles

Disclosure and Transparency

The Group is committed to applying the highest standards of transparency. The Board of Directors has adopted disclosure policies and procedures to ensure the provision of accurate and timely information to shareholders. The Investor Affairs Unit coordinates with all departments to ensure accurate and timely disclosure of information.

Enhancing and Improving Performance

The company works to develop the skills of its Board members and executive management by preparing training programs tailored to business needs and keeping them informed of relevant legislation and regulations. A briefing on the company, its strategy, and its key financial indicators has also been prepared for new members to ensure that the Board has a clear understanding of the company and its operations, as well as an awareness of their responsibilities, legal obligations, and the limits of their authority.

Social Responsibility

The Group has adopted a policy that ensures the achievement of its objectives and those of the community, based on its belief in its responsibility towards society and its employees. The Group is committed to providing the necessary support to the community to achieve social benefits and ensure business continuity in a way that minimizes harmful impacts on society and the environment. The group also works to increase awareness of social responsibility among employees by establishing the pillars of an effective framework that includes responsibilities towards society, environmental responsibilities, and responsibilities towards different segments of society, and ensuring that employees are aware of the importance of social responsibility programs on an ongoing basis, which contributes to raising the level of the company's performance.

Protecting Shareholders' Rights

The company has developed a policy to guarantee shareholder's rights, in line with the group's objectives and overall policy. This ensures that all shareholders can exercise their rights fairly and equally, in accordance with applicable laws and regulations. The company is committed to treating all shareholders holding the same type of shares equally and fairly, without discrimination.

Promoting Professional Conduct and Ethical Values

The company has adopted a Code of Conduct that outlines professional practices and behaviors that enable board members, executive management, and employees to achieve the company's objectives.

Conflict of Interest

The company has developed a Conflict of Interest Policy to minimize conflicts of interest. This policy outlines appropriate procedures for identifying and effectively addressing conflicts of interest, ensuring that the board of directors addresses existing, potential, and anticipated conflicts of interest and that all decisions are made in the best interests of the company.

Whistleblowing

The group has developed a whistleblowing policy that enables any stakeholder to report any suspicions of misconduct, wrongdoing, or improper conduct to the board of directors in a manner that guarantees the protection of the whistleblower.

Transactions with Related Parties

The Related Parties Transactions Policy outlines the guiding principles for conducting and managing transactions with related parties. A register of related parties is maintained and updated.

Recognizing the Role of Stakeholders

The company has developed a Stakeholder Rights Protection Policy as part of its commitment to recognizing and protecting the rights of its stakeholders. This policy is formulated in accordance with relevant laws and regulations issued by regulatory authorities.

This policy aims to ensure and protect the rights of stakeholders and provide stability and sustainability through the company's financial performance. It identifies the parties considered stakeholders in the company and provides guidelines on how to protect their rights.

Information Security and Confidentiality

The company adopts a robust information security and confidentiality system, adhering to the highest standards of internal control and oversight.

The Board of Directors, the Executive Management, and all employees are committed to maintaining the confidentiality of company information and data. The company has implemented procedures to prevent the leakage of any information that could harm investors' interests.

Internal Control & Monitoring Systems

Internal and External Audits

The Internal Audit Unit, under the Board of Directors' Audit Committee, conducts independent audits in accordance with international internal auditing standards. An independent external firm is contracted every three years to ensure the Internal Audit Unit's compliance with the standards of the Institute of Internal Auditors (IIA). An independent Audit Firm is also appointed annually to review the Internal Control Review (ICR), as per the Capital Markets Authority's regulations. The external auditor is appointed to audit the company's financial statements at the Annual General Assembly Meeting and is replaced every four years.

Audit & Review Services	2024		2025
External Auditor	Mr. Bader Al Wazzan - Deloitte & Touche - Al Wazzan & Partners		Mr. Talal Al-Muzaini - Deloitte & Touche - Al-Wazzan & Partners
Independent Auditing Firms	Evaluation and review of internal control systems	Evaluating the performance of the internal audit unit	Evaluation & Review of Internal Control Systems
	Ms./Crowe Almuhana	Ms. /Nexia International	Ms. /Bakertily

Audit Reports

The Internal Audit Unit prepares quarterly and annual reports based on the audits it has conducted, presenting observations and violations of applicable company policies. These reports are submitted to the Audit Committee and then presented to the Board of Directors.

Risk Management

Risk Management Unit Framework

Potential risks are systematically assessed, measured, and mitigated through the Internal Risk Management Unit's policies and procedures. These policies are reviewed periodically to ensure regulatory compliance and address emerging risks.

The Risk Management Unit is responsible for determining the risk tolerance level and ensuring the effective assessment and management of risks facing the company. The Risk Management Unit communicates the Board-approved risk tolerance authorities and policies to the relevant business units. The Risk Committee ensures that the unit conducts appropriate and balanced risk assessments.

Internally, the Risk Management Unit, the Legal Affairs and Compliance Department, and the Internal Audit Unit work effectively alongside executive management in managing the company's risk profile, thereby minimizing the risk of financial losses and regulatory penalties.

Key Elements of the Board-Approved Risk Strategy

Risk Appetite

The risk appetite defines the maximum level of risk that can be accepted in the company's operations to achieve balance across business sectors. Any risk exceeding the levels accepted in the risk appetite is prioritized, and measures are taken to reduce and mitigate its impact. The Risk Management Unit establishes and periodically reviews the risk appetite before submitting it to the Board of Directors for final approval. This ensures that risk levels align with the company's strategy and business environment. Through the risk appetite, the Risk Management Unit can communicate the acceptable risk level to the relevant management, which is determined in a way that meets the company's strategy and objectives.

Risk Assessment

The unit adopts proactive strategies to anticipate risks in business operations, including business development risks and supplier and customer risks.

Risk Reporting

The Risk Management Unit prepares periodic reports on the nature of the risks to which the company is exposed and submits them to the Risk Management Committee for approval, prior to their presentation to the Board of Directors.

Social Responsibility

Talent Retention and Attraction

The Group strives to offer rewarding career opportunities that allow interested individuals to develop their professional paths and contribute to the organization's success. We believe in attracting diverse talent and providing a work environment that empowers employees to acquire the skills necessary for growth and advancement within the Group.

We work to create clear career development pathways, ensuring employees have continuous opportunities for learning and career progression. In **2024-2025**, the Group maintained its outstanding employee retention record, reflecting its commitment to providing a supportive and motivating work environment that meets the aspirations of its team and fosters a strong sense of belonging.

Recruitment & Employee Turnover

	2023	2024	2025
Employees' Retention Rate	112.8%	105.537%	145.407%
Employees Turnover Rate	32.74%	43.59%	19.48%
Number of New Employees	5893	7000	9047

Performance Appraisal

The Group employs a comprehensive employee performance appraisal system, where employees' performance is reviewed at the end of each year based on a set of key performance indicators (KPI's). This appraisal aims to measure their achievement of set objectives and practical accomplishments.

Based on the results of this appraisal, employees are ranked, and individual rewards are determined in a way that reflects their efforts and contributions to achieving the company's goals. This approach ensures transparency and fairness in recognition and provides ongoing motivation for employees to improve their performance and fosters a culture of excellence within the work environment.

Employee Benefits

The Group is committed to providing a variety of benefits designed to enhance the health and well-being of its employees, positively impacting their daily lives and professional performance. These benefits include:

- **Medical Insurance Coverage:** To ensure employees and their families have access to high-quality healthcare.
- **Life Insurance:** To provide added protection and enhance the financial security of their families.
- **Annual Incentive Bonuses:** Awarded based on company profits in recognition of employees efforts and contributions to achieving the organization's goals.

These benefits underscore the Group's commitment to providing a supportive and motivating work environment that fosters a sense of belonging among employees and appreciates their contributions.

Diversity and Inclusion

The group strives to create a safe and inclusive work environment based on collaboration, trust, and equality, which can contribute to productivity and the creation of sustainable value.

Age Diversity Among Employees

Age Group	Number Of Employees		
	2023	2024	2025
18-40	9269	9488	12,444
41-50	4193	3764	4502
51-60	1542	1310	1548
Older than 60	103	94	140

Gender Diversity

Women represent **1.44%** of the company's total senior management staff during the years **2024-2025**.



Enhancing The Training And Development Process

HEISCO is committed to developing its employees and equipping them with the skills necessary for professional growth. Learning and development programs are a core part of our strategy to enhance employee performance and empower them to confidently and effectively face future challenges.

Our efforts in this area include:

- Specialized training programs: Designed to meet the specific needs of employees in their various roles.
- Workshops and educational courses: Aimed at developing technical, managerial, and leadership skills.
- Support for continuing education: By providing opportunities to attend conferences, participate in accredited courses, and pursue professional certifications.
- Career guidance and mentorship: Helping employees chart clear career paths and achieve their aspirations.

This approach aims to create a work environment that fosters continuous learning, enhances individual capabilities, and contributes to the sustainable achievement of the company's goals.

Total Number of Employees Who Received Training	2023	2024	2025
Number of Males	2904	2955	4084
Number of Females	0	0	0
Total Training Hours	14,520	14,520	14,520
Average Employee Training Hours	5	5	5



National Workforce

The Group places special importance on employing national talent,stemming from its commitment to supporting and empowering the national workforce to drive the company's growth and prosperity.We strive to attract and develop national talent by offering rewarding career opportunities that enable professional development and allow them to contribute effectively to achieving the Group's objectives.

The Group works to create a work environment that motivates national talent to innovate and create,while providing continuous training and development programs to enhance their skills and enable them to play a leading role in the company's journey towards a sustainable future.

Percentage of National Workforce in Senior Management:

2023	2024	2025
3.9%	5.29%	7.53%

Human Rights and Labor Standards:

Discrimination

The Group is proud to have maintained a completely zero-discrimination record during the period **2024-2025**. The company received no complaints from employees or customers regarding discrimination, reflecting our unwavering commitment to providing an equal and fair work environment that respects everyone's rights and fosters a sense of belonging.



We are committed to implementing strict policies against discrimination in all its forms, while providing open communication channels and effective mechanisms for reporting any violations. This ensures that any concerns are addressed promptly and fosters a culture of respect and equality within the organization.

Employee Engagement

Employee engagement is managed through specific policies that encourage them to voice their concerns and freely express their feedback on their work experiences. Employees can also freely voice their concerns about any unethical or illegal actions or behaviors that violate our values and human rights. Our employee complaints and grievances policy provides procedures for reporting and escalating complaints to the responsible manager. It also outlines the actions taken to address reported cases until they are resolved, while maintaining the confidentiality of the whistleblower. We assure employees that there is always flexibility in place to mitigate any potential legal risks.

Fire Safety and Evacuation Plan

The Group follows a fire safety and evacuation plan in accordance with the requirements of the General Directorate of Civil Defense in the State of Kuwait. This plan aims to document how to notify building occupants of an emergency, establish evacuation procedures and methods, and provide emergency teams with the necessary information about the nature of the emergency to ensure a safe and effective response.

Mock Evacuation Plan

Through its Health, Safety, and Environment Department, the Group conducts training for employees on how to handle all emergency situations and how to evacuate buildings in an organized manner according to each scenario to ensure the safety of building occupants.

Customer Experience and Satisfaction

Customer experience shapes how we evaluate our services and products, driving us to deliver an innovative approach focused on customer satisfaction. We provide services designed to deliver a seamless and efficient experience that meets their expectations and fosters loyalty to the group. We continuously develop our services by expanding our range of solutions, enhancing customer interaction, and tailoring our plans to meet customer needs. This ensures we deliver an innovative experience built on a deep understanding of customer requirements.

Customer Engagement

We gather customer feedback through various communication channels, including the annual survey conducted by the Quality Control and Assurance Department and meetings with customers to understand their needs and expectations. This feedback is collected and analyzed to improve service levels, identify strengths and weaknesses, and enhance customer trust in the group.

Customer Satisfaction

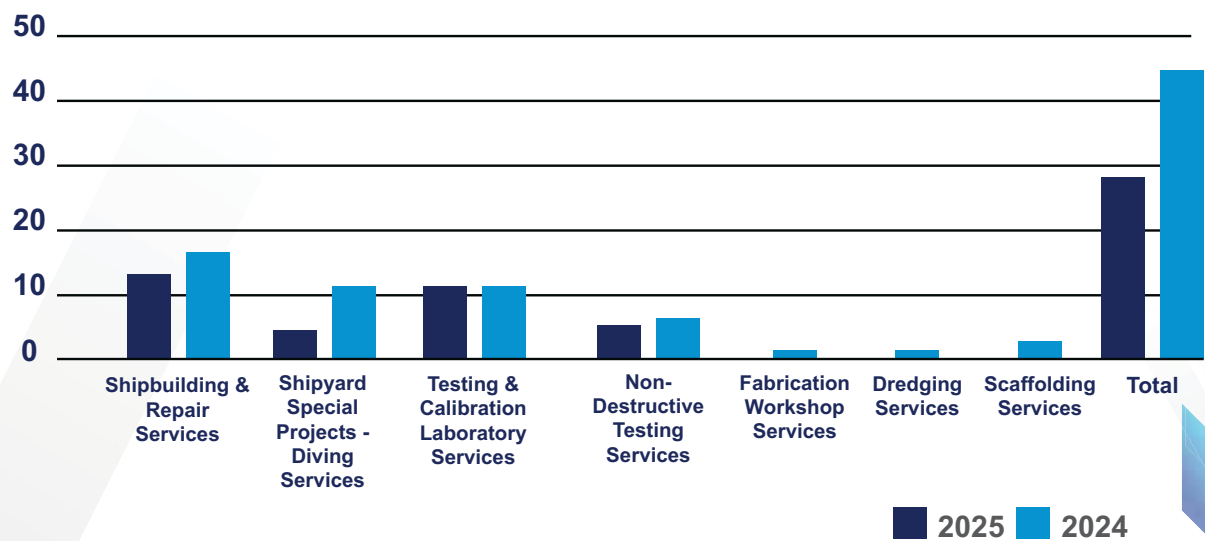
Customer satisfaction is assessed through two metrics: internal and external customer feedback.

Internal Customers

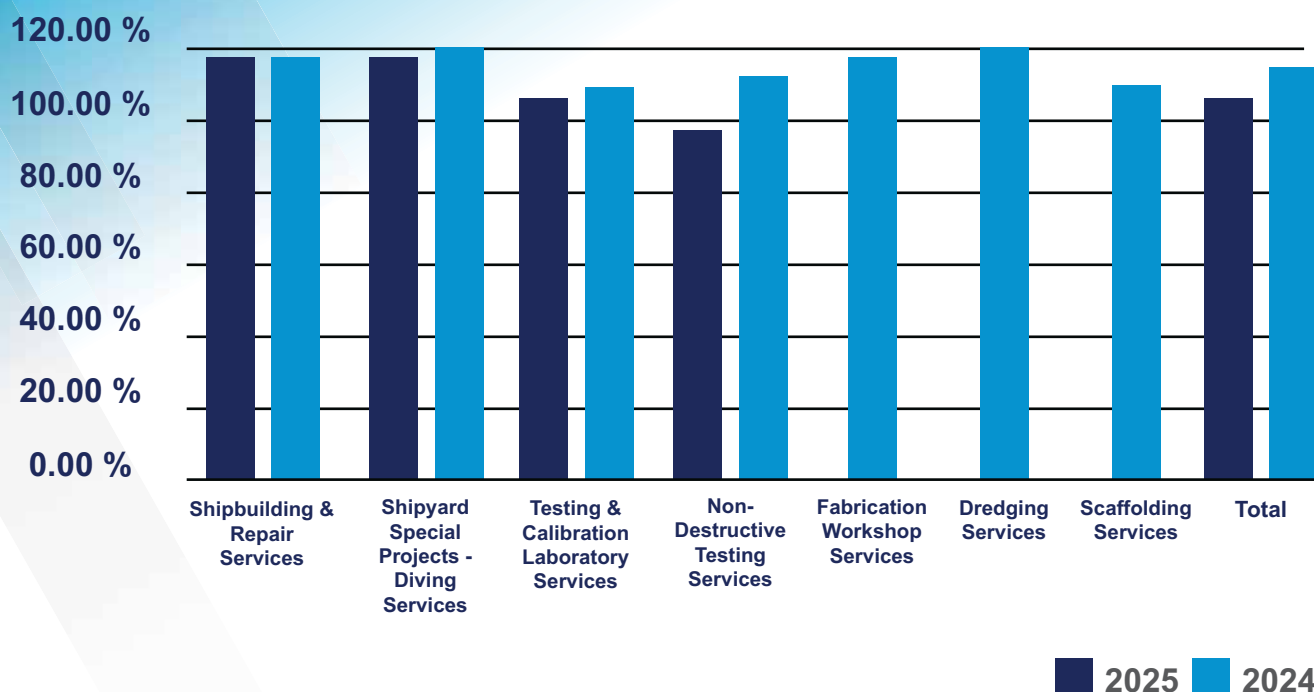
During **2024**, **43** reviews were received from internal customers. After collecting and analyzing the feedback, the satisfaction rate was **96%**.

During **2025**, **29** reviews were received from internal customers. After collecting and analyzing the feedback, the satisfaction rate was **90%**.

Number of Reviews



Internal Customer Satisfaction:

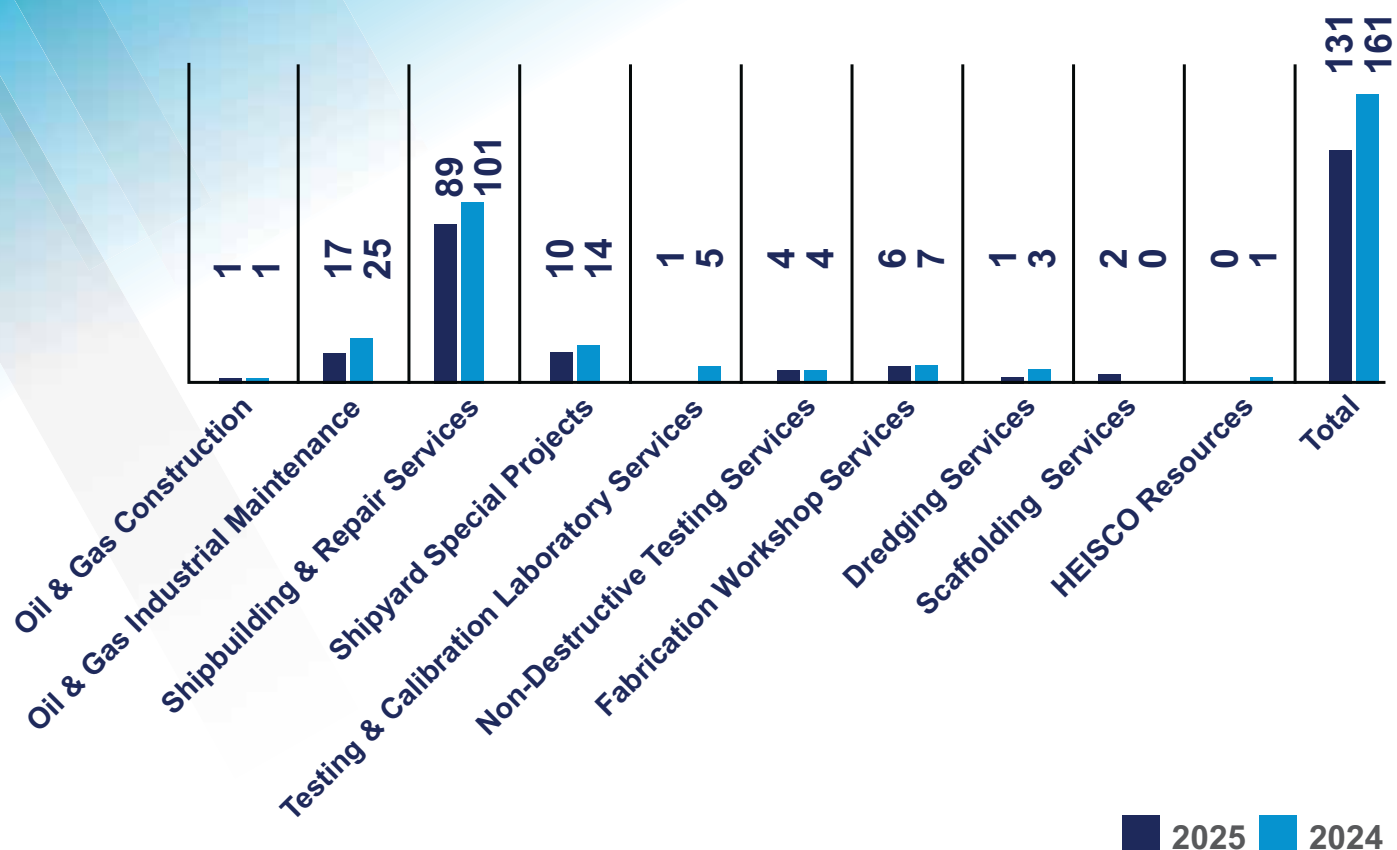


External Customers

During **2024**, **131** reviews were received from internal customers. After collecting and analyzing the feedback, the satisfaction rate was **93%**.

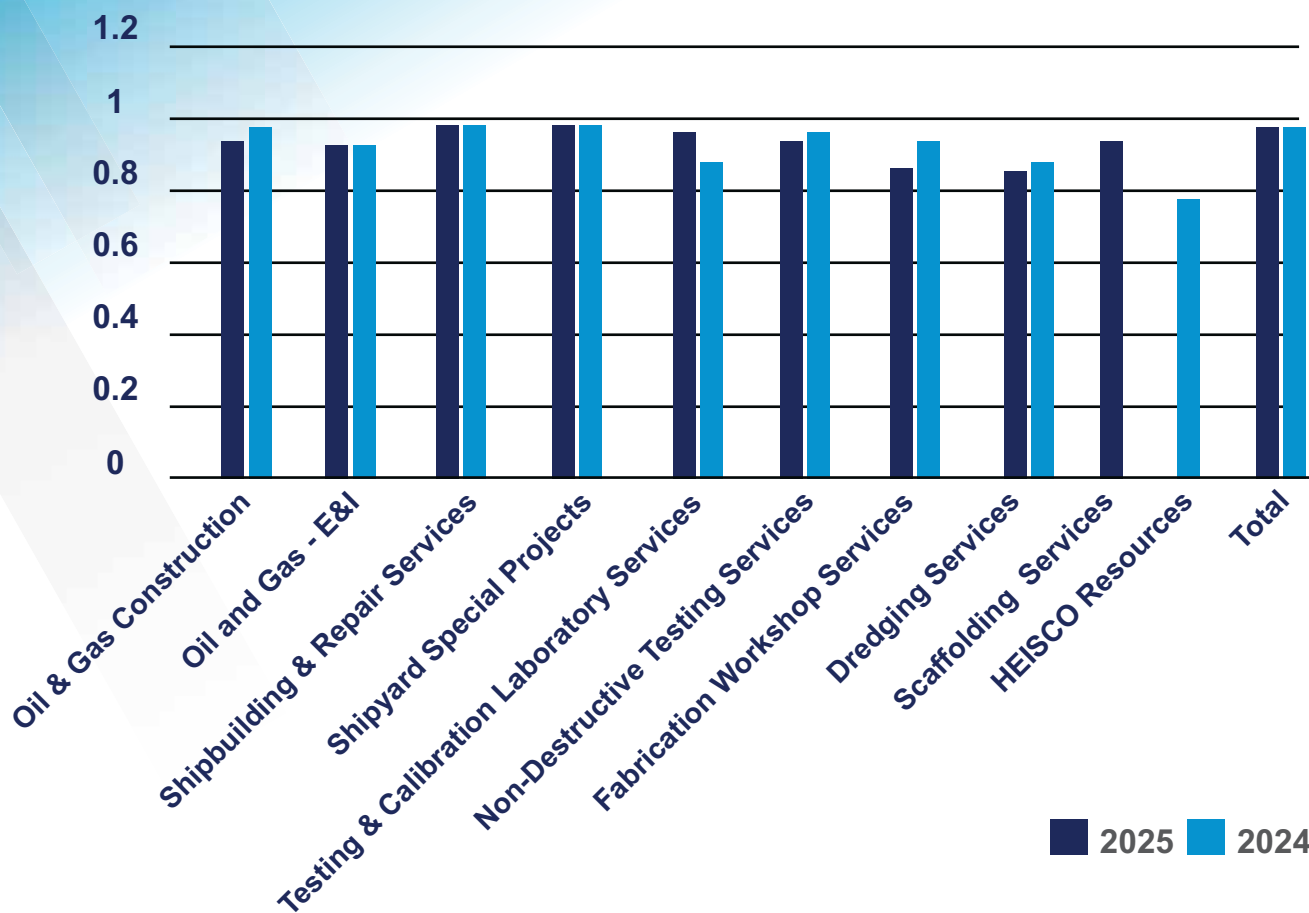
During **2025**, **161** reviews were received from internal customers. After collecting and analyzing the feedback, the satisfaction rate was **93%**.

Number of Reviews:



■ 2025 ■ 2024

External Customer Satisfaction:



Customer Complaints:

No complaints were recorded during the period. For more detailed information on customer engagement, feedback, and suggestions, please refer to the internally prepared Quality Management System Annual Report.

Community Development:

During the period from **2024** to **2025**, the Group actively engaged with several social institutions, implementing various initiatives aimed at contributing to community issues. This commitment reflects the company's vision to support sustainable development and enhance community well-being by providing innovative and sustainable solutions that benefit everyone.

Initiative	Entity	Investment - KD
Local Industry Media Project	Kuwait Industries Union	6000
Al-Jawhar Program Sponsorship	LOYAC	10000
Al-Jawhar Program Sponsorship	LOYAC	10000
Ramadan Projects Participation	Kuwait Food Bank	7500
Support for Bait Al Othman Museum	Volunteer Work Center	3000
Kuwaiti Week in Egypt	Al-Jabriya Exhibitions	3000
Red Crescent Initiatives	Kuwait Red Crescent	5000
Women Empowerment Platform	Yasmin Al-Saleh PR	5000
Total Investments		49,500

Contributions To The Community:

The Group continues its contribution to community development in Kuwait through its social responsibility activities with several key institutions to provide sustainable solutions to community issues in line with the main pillars of the Kuwait Vision **2035** strategy.

Community Contributions	2024	2025
National Labor Support Tax	216,042	334,647
Zakat	86,417	133,859
Kuwait Foundation for the Advancement of Science's share	91,440	104,624

Procurement

Overview

We deal with suppliers in a way that ensures transparency and efficiency in procurement processes, in compliance with the Group's internal regulations. Our aim is to foster long-term partnerships with responsible suppliers. Before contracts are finalized, suppliers must adhere to internal standards, including the Conflict of Interest Policy and Code of Professional Conduct.

Approach

Our approach prioritizes local suppliers, aligns with international best practices, and supports ethical and sustainable business practices.

Community Contributions	2024	2025
Total Number of Suppliers	5,313	5,523
Number of Local Suppliers	2,320	2,410
Ratio	43.666%	43.64%

Notable Awards for Preserving Safety & Environment



Environment

Our company is committed to achieving global trends in environmental sustainability, driven by our vision to actively contribute to the United Nations Sustainable Development Goals. We strive to minimize the environmental impact of our activities by adopting cutting-edge technologies and environmentally friendly practices.

Our efforts focus on developing our operational processes to be more sustainable and efficient, while fostering innovation that supports the protection of natural resources. We are committed to balancing our business needs with the preservation of the environment for future generations.

Electricity & Water Consumption

The Group is committed to taking serious steps to reduce electricity and water consumption in its operations, in line with our focus on enhancing efficiency and sustainability. Through the implementation of innovative strategies, we have been able to improve energy efficiency, especially during the summer months, by upgrading systems and adopting modern technologies. This has led to a significant reduction in electricity consumption and contributed to lowering our annual consumption.

Water Management

Regarding water, we have developed water resource management systems to optimize its use and minimize losses, while improving the efficiency of water-related processes. We also work to reuse water in industrial processes whenever possible, which has helped us to reduce our annual consumption relatively and is working to find new solutions to further decrease the amount used annually. This reflects our commitment to preserving this vital resource.

Water Consumption	2024	2025
Total Water Consumption	24356127	21895543

Energy Management

With regard to the use of electricity and energy, the group has begun introducing solar energy as part of the energy sources used for internal and external lighting in the group, which has helped us to rationalize the energy used by approximately 2% during the past period.

Electricity Consumption	2024	2025
Total Electricity Consumption	23267685	21186946

These efforts are not merely environmental initiatives, but rather part of a comprehensive strategy that fosters innovation and sustainability, striving to balance economic growth with environmental protection. We are committed to continuing these efforts to ensure a positive and lasting impact.

Through these initiatives, we reaffirm our role as a responsible company contributing to a more sustainable future, while adhering to the principles of environmental efficiency and sustainable development.



Proposed Criteria for Preparing The 2024 / 2025 Sustainability Report According To GRI Reporting Initiative



GRI

Disclosures of Governance, Social and Env. Responsibility

GRI Standards		Disclosure	Location / Notes
General Disclosures			
Standard 2: GRI General Disclosures 2021	1-2	Organizational Details	7-8
	2-2	Entities Included In the Organization's Sustainability Report	4
	3-2	Reporting Period and Contact Point	4
	4-2	Restatements of Information	4
	5-2	External Assurance	27
	6-2	Activities and Business Relationships	10
	7-2	Employees	15–29–30
	9-2	Governance Structure and Composition	18–19–23–24
	10-2	Nomination and Selection of the Highest Governance Body	20
	11-2	Chair of the Highest Governance Body	21
	12-2	Role of the Highest Governance Body In Overseeing the Management of Impacts	21
	13-2	Delegation of Responsibility for Managing Impacts	21
	14-2	Role of the Highest Governance Body In Sustainability Reporting	21
	15-2	Conflict of Interest	26
	16-2	Communication of Critical Concerns	26
	17-2	Collective Knowledge of the Highest Governance Body	24
	18-2	Evaluation of the Performance of the Highest Governance Body	21–22
	19-2	Remuneration Policies	22
	20-2	Process to Determine Remuneration	22
	22-2	Statement on Sustainable Development Strategy	12–16
	23-2	Policy Commitments	25–26
	24-2	Embedding Policy Commitments	25–26
	25-2	Processes to Remediate Negative Impacts	32–38
	26-2	Mechanisms for Seeking Advice & Raising Concerns	26–33
	27-2	Compliance with Laws & Regulations	25–26
	28-2	Membership Associations	11–40
	29-2	Approach to Stakeholder Engagement	33–34–37

GRI Standards		Disclosure	Location / Notes
Economic Performance			
Global Reporting Initiative 201: Economic Performance 2016	1-201	Direct Economic Value Generated and Distributed	15-16
	2-201	Financial Implications and Other Risks and Opportunities Due to Climate Change	28
Market Presence			
GRI 202 Standard: Market Presence 2016	2-202	Proportion of Senior Management Hired from the Local Community	32
Indirect Economic Impact			
GRI 203 Standard: Indirect Economic Impact for 2016	1-203	Infrastructure Investments and Services Supported	38-39
	2-203	Significant Indirect Economic Impacts	15–38–39
Procurement Practices			
GRI 204 Standard: Procurement Practices 2016	1-204	Proportion of Spending on Local Suppliers	39
Anti-Corruption			
GRI 205 Standard: Anti-Corruption 2016	1-205	Operations Assessed for Risks Related to Corruption	There are no operations related to corruption risks.
	3-205	Confirmed Incidents of Corruption and Actions Taken	No corruption incidents were recorded during the reporting period.
Energy			
GRI 302 standard: Energy 2016	1-302	Energy Consumption Within The Organization	41
	2-302	Energy Consumption Outside the Organization	41
	3-302	Energy Intensity	41
	4-302	Reduction of Energy Consumption	41
Water and Effluents			
	1-303	Interactions With Water as a Shared Resource	41
	3-303	Water Withdrawal	41
	5-303	Water Consumption	41
Employment			
GRI 401 Standard: Employment 2016	1-401	New Employee Hires and Employee Turnover	29
	2-401	Benefits Provided to Full-Time Employees that are not Provided to Temporary or Part-Time Employees	30

GRI Standards		Disclosure	Location / Notes
Occupational Health and Safety			
GRI 403 : Health Occupational Safety 2018	1-403	Occupational Health & Safety Management System	33
	2-403	Hazard Identification, Risk Assessment, and Accident Investigation	33
	3-403	Occupational Health Services	30
	4-403	Worker Participation, Consultation, and Communication on Occupational Health and Safety	33
	5-403	Worker Training on Occupational Health and Safety	31
	7-403	Prevention and Mitigation of Occupational Health and Safety Impacts Directly linked by Business Relationships	34
Training and Education			
GRI 404 : Training and Education 2016	1-404	Average Hours of Training per Year per Employee	31
	2-404	Programs for Upgrading Employee Skills and Transition Assistance Program	31
	3-404	Percentage of Employees Receiving Regular Performance and Career Development Reviews	30
Diversity and Equal Opportunity			
GRI405 : Diversity and Equal Opportunities 2016	1-405	Diversity of Governance Bodies and Employees	30
Non-Discrimination			
GRI 406: Non-discrimination 2016	1-406	Incidents of Discrimination and Corrective Action Taken	32
Child Labor			
GRI 408: Child Labor 2016	1-408	Operations and Suppliers at Significant Risk for Incidents of Child Labor	The company has no suppliers with a risk of forced labor accidents.
Forced or Compulsory Labor			
GRI 409 : Forced or Compulsory Labor 2016	1-409	Operations and suppliers at significant risk for incidents of forced or compulsory labor	The company has no suppliers who pose a risk of forced labor accidents.
Local Communities			
GRI 413: Local Communities 2016	1-413	Operations with Local Community Engagement, Impact Assessments, and Development Programs	38