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About the Report

102-3, 102-4, 102-46, 102-53, 102-54

As a testimony to Markaz's steadfast commitment to doing business in a responsible and sustainable fashion, this second Sustainability Report covers the reporting period of 2018 and 2019. Similar to the inaugural edition, this report was developed in accordance with the Global Reporting Initiative (GRI) Standards: Core option (i.e. disclosing at least all the core GRI standards). In addition to GRI, our report is strongly tied to the United Nations's Sustainable Development Goals (SDGs), illustrating alignments to material topics, as well as highlighting our contribution to the global goals and its impact throughout the report. The report is also in alignment with the Kuwait National Development Plan (KNDP), and embeds elements of various international best practices in sustainability reporting.

Accordingly, we have exhibited our continued commitment to measuring and evaluating our sustainability performance, as well as reporting the results transparently to our internal and external stakeholders. Although the report is not part of any mandatory compliance, we are keen on continuing this tradition as we recognize that our activities impact not only Markaz, but also our stakeholders.

For any questions or feedback about this report, please contact:

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Chairman's Message

102-14, 102-26, 102-27, 102-32

In 2019, we celebrated a special milestone as Markaz completed 45 years in the business of wealth creation. The eventful journey was enabled by our purposeful goals, our dedication to service excellence, and our profound adherence to ethical standards. Since our inception in 1974, our stakeholders have been at the core of our business practices, decisions, and impacts. With their trust and confidence being our biggest strength and the highest priority, we have always striven to meet and surpass their expectations through our commitment to upholding core social values and conforming to the best international business and governance practices.

As we forge ahead with a determination to create superior value for our shareholders, we continue to acknowledge that it is necessary to embed sustainable development within our day-to-day business aspects, as it impacts the community we operate in, prospers the economy, and positively impacts the surrounding environment.

In our second Sustainability Report, we continue to maintain a high caliber of performance, impacting all sustainability dimensions and the marketplace through continuous effective engagement with our diverse stakeholders and the development of our professional workforce.

As clearly articulated in our report's title, "Sustainability through Innovative Solutions", we continue to embrace innovation. This forms a critical part of our journey of sustainable development, especially as the financial sector is evolving rapidly. Specifically, our innovative solutions have been shown to ameliorate our environmental impact, engage transparently and more effectively with our clients and stakeholders, and enhance our work quality and efficiency. Nevertheless, as pioneers in the financial sector, we have always paved the way for such excellence through innovation with that being a core element in restructuring solutions that accelerate business performance while allowing our clients to invest securely.

This approach towards innovative solutions is also in line with our mission statement: "We build sustainable wealth for our clients and partners through prudent and innovative solutions." While wealth creation and positive impacts are geared towards our clients, they also benefit Markaz, and our stakeholders consequently, in various ways as demonstrated throughout this report.

On a deeper level, this report sheds light on our customer-centric approach, reflected in the sections describing our range of services, our use of innovative technologies, our engagement with clients, and others. It also highlights our efforts to guard and bolster our ethical reputation, which are reported in the sections concerning governance, and how we ensure total compliance in our operations and within our workforce, especially in providing tailored training for ethical concerns such

"With our stakeholders' trust and confidence being our biggest strength and the highest priority, we have always strived to meet and surpass their expectations through our commitment to upholding core social values and conforming to the best international business and governance practices."

as anti-money laundering and anti-corruption.

The report also emphasizes our economic and social responsibility contribution, reflected in our approach to sustainability, reporting our engagement and activities with the community, assessing our economic impact on stakeholders, and measuring our environmental impacts.

At Markaz, we have outlined a promising long-term strategy dotted with ambitious goals. It is worth highlighting that sustainability is the cornerstone and the cardinal guiding principle of this strategy. Our commitment to holding true to our overarching values and ethics, according to which we conduct our business and deal with our stakeholders, will remain steadfast as we continue to push ahead with our endeavors to further strengthen our reputation as a pioneer of innovative finance and investments solutions.

Diraar Yusuf Alghanim
Chairman

Chief Executive Officer Message

102-14, 102-26, 102-27, 102-32

It is my pleasure to welcome you to our second Sustainability Report, titled “Sustainability through Innovative Solutions.” As a company thriving on a robust corporate governance structure, Markaz has unwaveringly committed to the sustainability of its business and all the stakeholders that our activities have a direct or indirect impact on. This report illustrates how we delivered on our commitment, providing you a comprehensive overview of our initiatives targeted at driving sustainable economic growth, social development, and environmental conservation.

In this report, we have delved into how we integrate Environmental, Social, and Governance (ESG) factors into our short and long-term strategies and operational processes. In this regard, we have transparently measured and assessed our environmental impact, including our resource management (in paper and e-waste), water management, Greenhouse Gas (GHG) emissions, and other indirect environmental impacts. Correspondingly, we reported our significant achievements towards our community, highlighting the role of youth as an active player in our society, our research contributions, and our social events. We have also disclosed Markaz’s governance elements, with the focus on our ethics, risk management, compliance, and specifically on our zero-tolerance to money laundering and corruption.

At the same time, we have embedded various national and international frameworks within our own sustainability performance to present the magnitude of Markaz’s positive non-financial impact and performance. This includes our alignment to the Global Reporting Initiative (GRI) standards, United Nations Sustainable Development Goals (SDGs), Principles for Responsible Investment (PRI), Kuwait National Development Plan (KNDP), and the Boursa Kuwait sustainability disclosures.

For the reporting period 2018-2019, we took our sustainability approach to another level, specifically by applying a new methodology in reporting in which we have outlined our contribution to SDGs. This shift comes as a result of our recognition that the integration of SDG elements impacts not only Markaz, but also our nation and ultimately the goals of the international community in reaching its ambitious targets. We have emphasized such SDG linkage in reference to the goals

that Markaz specifically contributes to, covers, and impacts the most.

Last, but not least, we cannot disregard the significance of our financial or economic performance in relation to our sustainable development, as it is an integral part of cementing any company’s position along its sustainability journey.

Concerning this aspect, we examined our economic impact on our various stakeholders, our relations with them, the importance of innovation and technology in our business, brand values, and responsible procurement practices.

Our stakeholders are the mainstay of our corporate strategy, investments, and ultimately, our successes. Through this report, we have sought to demonstrate how their best interests inform and inspire our sustainability endeavors. Constructive dialogues and concerted efforts are vital to the building of a more prosperous future and, therefore, we look forward to continuing our shared journey together.

“This report illustrates how we delivered on our commitment providing you a comprehensive overview of our initiatives targeted at driving sustainable economic growth, social development, and environmental conservation.”

Manaf A. Alhajeri*
Chief Executive Officer

*Mr. Manaf A. Alhajeri has resigned from his position as the Chief Executive Officer of Markaz, effective 29th October 2020.

Chief Operating Officer Message

102-14, 102-26, 102-27, 102-32

Markaz, since its inception 45 years ago, has consistently prioritized and integrated sustainability initiatives into its business model. Our Sustainability Report for 2018/2019 has been prepared as part of our commitment to openness and transparency, and will present an in-depth evaluation of our record on sustainability across our businesses in accordance with set standards such as the Global Reporting Initiative (GRI), UN Sustainable Development Goals (SDGs), and Kuwait National Development Plan (KNDP), among others.

The Governance section of this report addresses all key elements of sustainability, including corporate governance, business ethics, compliance, and risk management. Markaz's commitment to the highest of standards is demonstrated through its extensive program of anti-money laundering (AML) training, which has benefitted 166 and 169 trainees in 2018 and 2019 respectively. This has surely contributed to our exceptional record of zero incidents of fraud or corruption, as well as the achievement of 11 prestigious awards and recognitions between 2018 and 2019.

The Economy section examines our economic impact, which reached KWD 2.75 million in 2018 and KWD 2.87 million in 2019, innovation, and procurement. We also highlight that digitization enabled us to send 13,511 reports electronically in 2018 and up to 17,857 reports in 2019, contributing to enhanced sustainability through innovation.

Naturally, one of the most important factors in Markaz's success is our People. As such, we have evaluated and reported on several HR-related matters including diversity, national empowerment, employee engagement, health and safety, retention and turnover. Our national workforce represented 43% of total employees over the reporting period, while expenditure on health and safety increased by 3.5%, and employee mobility was evidenced by a 12.8% increase in the number of executives. In the area of gender diversity, our number of female employees continues to increase steadily. We have also successfully held a number of employee engagement events throughout the reporting period, and more than 2,000 employee training hours were logged during 2018 and 2019.

Our report also focuses on Markaz's Social contributions, and in particular our youth and engagement channels. In recent years, we have concentrated our efforts on supporting reputable non-profit organizations such as Loyac, Kuwait Association for the Care of Children in Hospitals (KACCH), Kuwait Red Crescent Society (KRCS), Children's Cancer Center Lebanon (CCCL), Indian English Academy School (IEAS), AC Milan Soccer Academy, Fikra program for entrepreneurs, and CODED. We participated in 15 social events and activities in 2018 and 20 in 2019, involving sponsoring key organizations and events including the Kuwait Banking Association, Arab British Economic Summit (ABES), and New Kuwait Summit. We also engaged with the communities we

serve through the Markaz Graduate Development Program, which benefited more than 20 graduates, as well as publishing 26 valuable pieces of research over the two-year period.

Finally, yet very importantly, we share details on Markaz's impact on the Environment. The ways in which we manage waste and water, greenhouse gas (GHG) emissions, and

other indirect environmental impacts are continuing to evolve and improve. In total, our GHG emissions declined slightly from 1,653 MT CO₂e in 2018 to 1,600 MT CO₂e in 2019. Underlining our success in reducing electronic waste (e-waste), some 0.56 MT CO₂e of GHG emissions were avoided through e-waste management. In addition, GHG emissions were reduced by 1.84 MT CO₂e through digitization and waste management.

This report seeks to share our record on sustainability with our stakeholders, and, in doing so, will further enable us to prioritize and focus our efforts across all aspects of this important area.

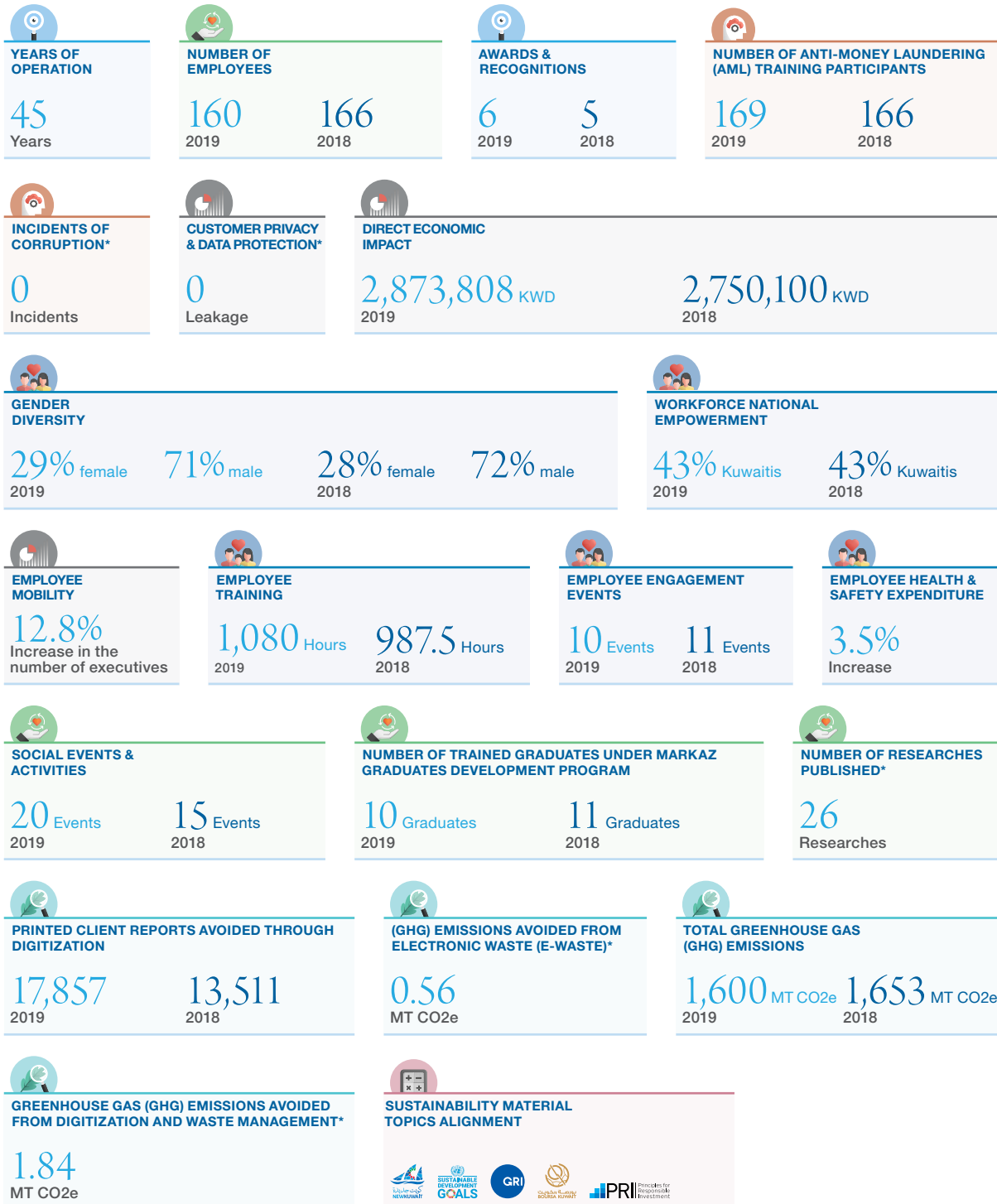
Throughout our 45 years of operation, we, at Markaz, have always integrated various sustainable development aspects into our business and operations. Now, with our recent trend in sustainability reporting, including our Sustainability Report 2018/2019, we further emphasize our commitment to sustainability through in-depth evaluation and reporting across the business.

Ali H. Khalil*
Chief Operating Officer

“With our recent trend in sustainability reporting, including our Sustainability Report 2018/2019, we further emphasize our commitment to sustainability through in-depth evaluation and reporting across the business.”

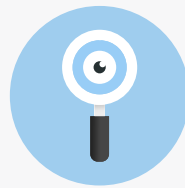
*Mr. Ali H. Khalil has been appointed as the Chief Executive Officer of Markaz, effective 30th October 2020.

Highlights



*The value/outcome given is the total for 2019 and 2018.

Overview



Since our establishment in 1974, our 45-year journey of wealth creation has been filled with significant achievements and milestones, impacting various sustainable development areas. Such areas of impact include governance, the economy, our society, the workplace, and the environment. A comprehensive overview of Markaz's profile is presented in this chapter with further details highlighting our tailored and extensive range of innovative solutions, along with our significant history, that brims with recognition.



UN Sustainable Development Goals (SDGs)

- 8 Decent Work and Economic Growth
- 16 Peace, Justice and Strong Institutions



Kuwait National Development Plan (KNDP)

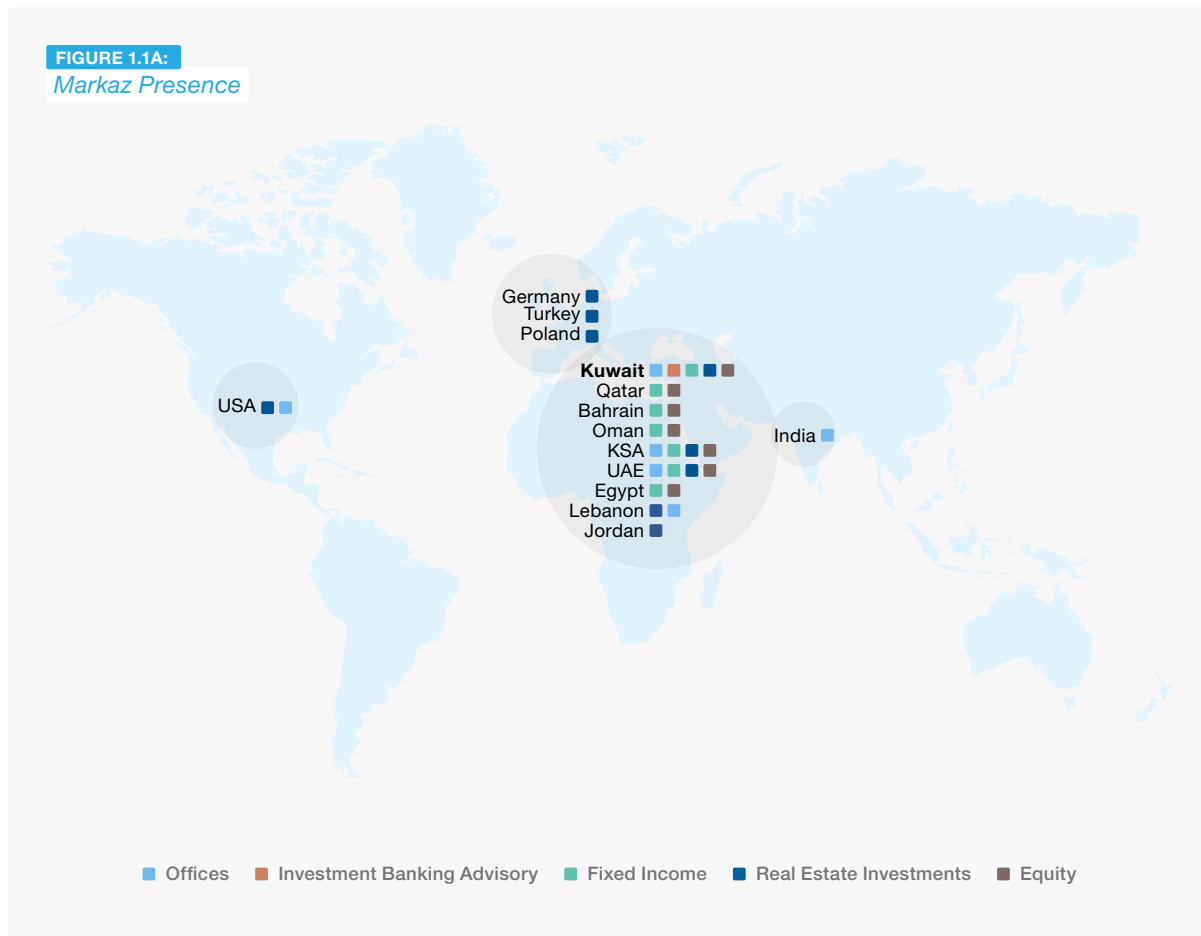
- Global Position
- Developed Infrastructure
- Sustainable Diversified Economy

1.1 About Markaz

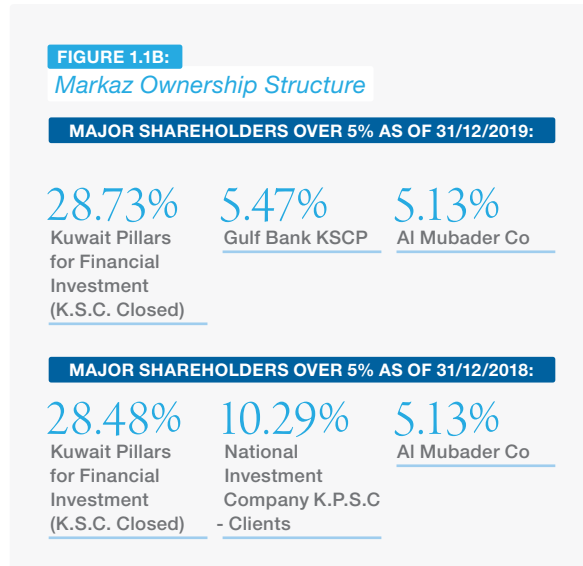
102-1, 102-2, 102-4, 102-6, 102-7

The Kuwait Financial Centre, here after referred to as “Markaz”, is one of the leading and most reputable entities in investment banking and asset management. Markaz was established in 1974 and has been listed on the Kuwait Stock Exchange (Boursa Kuwait) since 1997. As of 2019, Markaz has a total of 160 professional employees, offering a wide range of services and innovative solutions to our diverse clients. Accordingly, our tailored services include asset management, investment banking, real estate, and research.

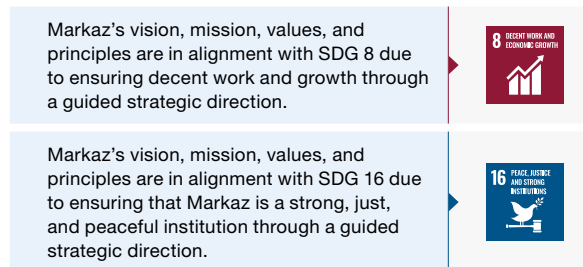
Markaz is headquartered in Kuwait City, Kuwait, and has operations located in a total of 14 countries, as illustrated in **Figure 1.1A**.



Additionally, **Figure 1.1B** below illustrates the ownership structure of Markaz for both 2019 and 2018.



1.2 Vision, Mission, Values, and Principles 102-16



Sustainability and innovation are two integral terms that are embedded within our vision, mission, and principles, which articulate our ethical reputation and commitment towards socioeconomic compliance, integrity and fairness.

Accordingly, **Figure 1.2A** illustrates Markaz's vision, mission, and values, while **Figure 1.2B** illustrates the ethics and principles to which we adhere.

FIGURE 1.2A:
Markaz's Vision, Mission, and Values



FIGURE 1.2B:
Markaz's Ethics and Principles

- Ethics**
- Integrity and honesty
 - Deliverable promises
 - Confidentiality

Principles

It's about the client, not us:

We are in the business of meeting client objectives. We will never stop adding value to our clients by providing services of the highest quality and ethics, advising them on proper asset allocation and offering them the products that best meet their needs.

Return-generating innovation:

In our business, innovation is about opening new investment channels that otherwise would not be available. Over the last few years, we have consistently brought new investment channels to the market.

Our reputation is key:

At Markaz, our reputation is our biggest asset. We have been voluntarily operating under strict guidelines long before corporate governance was the norm. We instill our values of ethical dealings and objective reporting into our teams.

In addition to our aforementioned corporate strategy, we also abide by an integrated strategy that concerns our sustainable development impact - our Corporate Social and Economic Responsibility (CSER) strategy. We have adopted this strategy in a proactive manner to guide us towards assessing and improving our sustainability performance. Accordingly, a charter was founded, focusing on three pillars as illustrated in **Figure 1.2C** below.

FIGURE 1.2C:

Markaz Corporate Social and Economic Responsibility (CSER) Strategy

#	Markaz CSER Strategy Pillar	Brief
1	Building human capacity	Out of its belief that the sustainable future of Kuwait relies on individual skills and capabilities, Markaz is keen to cooperate with viable non-profit organizations and contribute to human capacity - building programs, to provide for and maintain sustainable progress.
2	Aligning our business environment with the principles of sustainable development	In fulfilling its economic responsibility, a special department was dedicated to publishing research. Markaz also collaborates with a number of global research institutes and experts in the field of economic policies to publish research on various topics of interest, addressing practical policies capable of implementation in Kuwait and the region.
3	Promoting good governance in the business environment	The public sector plays a vital role in the allocation and use of economic resources in Kuwait, given the importance of the government's expenditures and role in economic development. Efforts are deployed to promote the performance of the public sector, drive economic development and strengthen governance principles.

1.3 Our Offerings

102-2

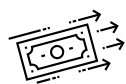
Markaz's offerings are in alignment with SDG 8 due to the decent work carried out by Markaz's departments concerning their offerings.



1.3.1 Markaz's Offerings

Derived from Markaz's vision and mission to be the choice of wealth creation through sustainable and prudent solutions, we aspire to meet and exceed our clients' expectations and needs through our tailored and diverse offerings.

Markaz's offerings are tiered to four areas of business activities, which include 1) Asset Management, 2) Investment Banking, 3) Real Estate, and 4) Research. These offerings are covered in more detail below.



1. Asset Management

In asset management, our offerings aim to meet each client's investment objectives, providing long and short-term wealth management, business development and asset allocations. This is accomplished by our expert team, through (a) the understanding of each client's needs, (b) quantitative and qualitative analysis, and (c) implementing investment strategies, all of which are managed based on pre-defined guidelines. Moreover, the value of Assets Under Management (AUM) by Markaz has increased by 10.7% from 2018 to 2019, as detailed in **Figure 1.3A**.

FIGURE 1.3A:

Markaz's Assets Under Management (AUM) Value



MOREOVER, MARKAZ'S ASSET MANAGEMENT OFFERINGS ARE SEGMENTED INTO:

Mutual Funds

- Mutual Funds – Equity: Midaf, Mumtaz, Forsa Financial, Markaz Arabian, and Markaz Islamic funds
- Mutual Funds – Fixed Income: Markaz Fixed Income Fund*
- Mutual Funds – Real Estate: Markaz Real Estate Fund and Markaz Gulf Real Estate Fund*

Portfolios (including Client and Proprietary)

- Portfolios: Private Equity, Fixed Income, and Real Estate Portfolios

*Private Placement Funds



2. Investment Banking

In investment banking, we focus on creating capital for our clients by acting as their agent or underwriter. This incorporates dispositions, financial restructuring, mergers, and acquisitions, as well as equity and debt financing. Moreover, as of 31st December 2019, Markaz successfully executed investment banking transactions worth over 4.3 billion USD.

Our offerings in investment banking encompass a range of sectors, including:

- Retail
- Financial services
- Logistics
- Real estate
- Manufacturing
- Oil and gas



3. Real Estate

Markaz's real estate portfolio offerings are divided into (a) Middle East and North Africa (MENA) and (b) International real estate. The real estate sectors that we cover are residential, commercial and industrial, with the focus on income-generating assets and development opportunities across the portfolios. Further details for each of our real estate markets are given below.

a. MENA Real Estate

- Manages 311.9 million KWD in assets in Kuwait, UAE, KSA, and Levant
- Operates through regional offices in Riyadh, Khobar, Dubai, and Abu Dhabi
- Manages part of the National Real Estate Portfolio, owned by Kuwait Investment Authority, with a value of up to 250 million KWD
- Has two main funds, where Markaz Real Estate Fund has an AUM of 79 million KWD across 17 properties and Markaz Gulf Real Estate Fund is a private placement

b. International Real Estate

- Conducts real estate transactions in the US through Mar-Gulf Management located in Los Angeles, California
- Involves Markaz and Mar-Gulf in the ownership and development of almost 123 properties for a total development and acquisition cost of over 1.68 billion USD
- Includes approximately 9,000,000 ft² of industrial warehouse space, 3,500,000 ft² of retail, 1,350,000 ft² of office space, and almost 3,400 apartment units
- Currently manages approximately 484 million USD of real estate assets across multiple funds by Markaz



4. Research

Regarding our research offerings, our subsidiary "Marmore" is fully devoted to providing innovative solutions by conducting research focused on the MENA region. This results in a rich database of conducted researches, covering a wide array of topics categorized into the following six main areas:

1. Economic research
2. Policy research
3. Regulatory and capital markets research
4. Industry research
5. Infrastructure research
6. Periodic research

Besides research, Marmore offers consulting services that are client oriented to meet their varied needs. These services encompass nine types of consultations:

1. Industry market assessment
2. White label reports
3. Database access
4. Company valuation
5. Due diligence/ business evaluation
6. Feasibility studies
7. Business plans
8. Directors intelligence support
9. C-Suite support at CXO level

1.3.2 New Product Cycle

Our service offerings often go through a specific development journey consisting of six main steps, from idea initiation to the final launch of the service. This business practice is implemented to ensure that each idea goes through proper governance and assessments, ultimately transforming each viable idea into a value-adding service, which we can then provide to our clients.

Initially, an idea is proposed internally or externally, which then goes through a series of discussions. Upon approval, the idea is further designed into a structured and developed "product". Upon development, the product is then assessed and screened for risks and validation. Once the product is validated, the next step is Management approval on the product and business plan. The execution team then sets the required policies, limits, licenses, and appropriate training associated with the product. Last, but not least, the newly developed product is then launched to the markets, along with its associated marketing campaigns. **Figure 1.3B** illustrates these steps, starting from idea initiation through to execution and launch.

FIGURE 1.3B:*Markaz New Product Cycle*

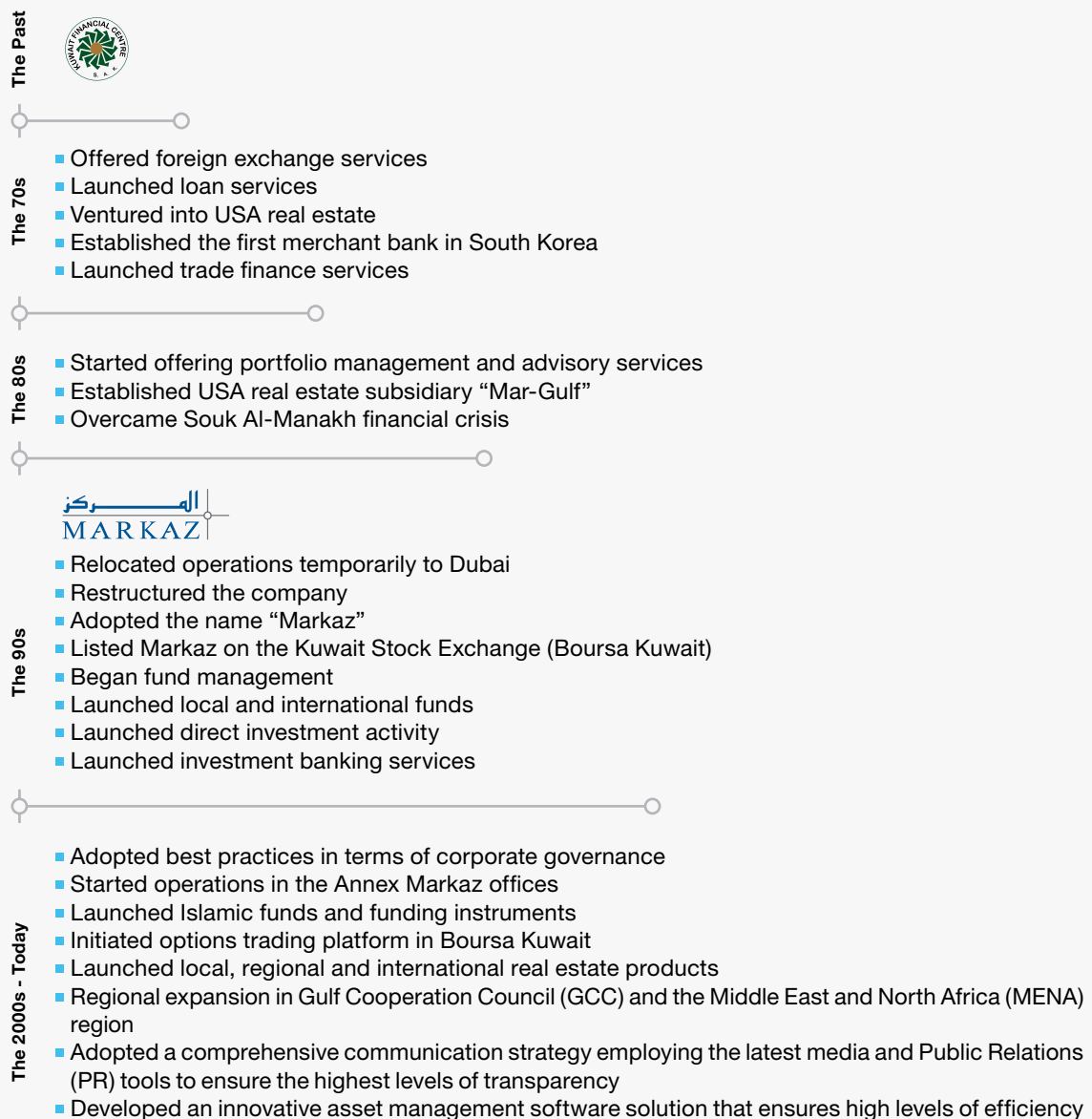
#	Steps	Brief	Parties Involved
1	Idea initiation	<ul style="list-style-type: none">■ Insights are captured■ Client approaches Markaz with a new product idea■ Internal discussion to decide if the idea would go forward	Internal or external stakeholders (i.e. employees, clients), and relationship manager
2	Design	<ul style="list-style-type: none">■ Idea of a new product is studied and structured	Development team
3	Validation	<ul style="list-style-type: none">■ The new product idea is sent to the risk team for screening and assessment against Markaz's risk appetite	Risk team, compliance, legal
4	Approval	<ul style="list-style-type: none">■ Management team reviews the new idea and business plan and decides whether to go ahead or not	Management
5	Execution	<ul style="list-style-type: none">■ Once approved, the idea is brought to life■ Execution team sets limits, policies, license(s), market constraints, and internal/external training	Execution team
6	Launch	<ul style="list-style-type: none">■ The new product is launched■ Marketing campaigns are planned to raise awareness and sell	Relationship manager, media, and communications team

1.4 Our Journey

102-10

Our 45-year journey of wealth creation has reflected the perception of compliance to best international practices and business trends, which, in turn, affirms our ethical reputation. This journey, displayed in **Figure 1.4** below, has involved exceptional performance by different generations, as we paved the way for establishing a foundation for sustainability development and innovative practices.

FIGURE 1.4:
Markaz Milestones



1.5 Awards and Recognitions

Markaz's awards and recognitions are in alignment with SDG 8, due to ensuring decent work and growth through the acquisition of awards and recognitions from regional and international organizations.



Markaz's ethical reputation and preeminence has been distinguished with 54 prestigious business awards and recognitions since 2007. Such awards and recognitions pay tribute to our dedication in providing quality services and investment opportunities, while also highlighting our role in breaking new grounds in the financial sector – all of which further strengthen our commitment to sustainable development. **Figure 1.5** below illustrates our awards and recognitions in 2019 and 2018.

FIGURE 1.5:

Awards and Recognitions

2019

- Kuwait Asset Manager of the Year, Global Investor Magazine
- Best Equity Fund in Kuwait - MIDAF, MENA Fund Manager
- Best Investment Bank, Global Finance
- Best Equity House, EMEA Finance (Europe, Middle East, and Africa)
- Best Local Investment Bank in Kuwait, EMEA Finance
- Best Asset Manager, EMEA Finance

2018

- Research Firm of the Year, Global Investor Magazine
- Best Investment Bank, Global Finance
- Most Innovative Financial Institution in Middle East, EMEA Finance
- Best Local Investment Bank in Kuwait, EMEA Finance
- Best Asset Manager, EMEA Finance



Our Approach to ESG / Sustainability



We understand that the social, economic and environmental challenges and opportunities are continuously growing, resulting in a need to provide innovative solutions to better address them. That is why we have adopted a holistic approach towards sustainable development, which accommodates many elements and provides comprehensive engagement with concerned stakeholders.

Markaz's sustainability approach is developed in accordance with and aligned to international and national frameworks, standards, and enablers. In particular, for this reporting period, we have focused on calculating our Sustainability Return on Investments (SROI) and growth in performance, which further highlights how our positive impact in sustainability affects not only our business, but the community and our valuable stakeholders as a whole.



UN Sustainable Development Goals (SDGs)

- 1 No Poverty
- 2 Zero Hunger
- 3 Good Health and Well-Being
- 4 Quality Education
- 5 Gender Equality
- 6 Clean Water and Sanitation
- 7 Affordable and Clean Energy
- 8 Decent Work and Economic Growth
- 9 Industry, Innovation and Infrastructure
- 10 Reduced Inequalities
- 11 Sustainable Cities and Communities
- 12 Responsible Consumption and Production
- 13 Climate Action
- 14 Life Below Water
- 15 Life on Land
- 16 Peace, Justice and Strong Institutions
- 17 Partnerships for the Goals



Kuwait National Development Plan (KNDP)

- Global Position
- Creative Human Capital
- High Quality Healthcare
- Sustainable Living Environment
- Developed Infrastructure
- Sustainable Diversified Economy

2. Our Approach to ESG / Sustainability

102-21, 103, 103-2

In determining Markaz’s holistic approach to sustainability development, we first assessed and identified which sustainability areas and elements concern our stakeholders the most, and attributed a significant impact on them and in return, our business. The latter was achieved through a materiality assessment, which involved the engagement of our stakeholders, as well as a benchmarking assessment.

Once the material topics and areas of concern had been identified and rated, they were then aligned to international and national frameworks and enablers. These include: The Global Reporting Initiative (GRI) standards, the UN Sustainable Development Goals (SDGs), and the Kuwait National Development Plan (KNDP), along with elements from Bursa Kuwait and the Principles of Responsible Investment (PRI). Specifically, the GRI and SDGs alignment reflected our sustainability impact in line with global scale directions. Following the GRI standards in reporting has a pivotal role in encouraging accountability, which is achieved through transparently disclosing our business practices. The GRI framework also promotes market competitiveness, elevates quality of sustainable communication to stakeholders and provides a global consistency and completeness. The KNDP and Bursa Kuwait alignments, on the other hand, reflected our sustainability impact in line with national scale directions. Markaz is not a PRI signatory yet; however, in line with PRI, we embed and acknowledge responsible investment. Therefore, the topics were also PRI aligned, which is also global-scale, and is investment specific and relevant to our business.

Nonetheless, for this second sustainability report, we have put the emphasis on Markaz’s contribution to SDGs and how our operations, business practices and achievements significantly impact the concerned goals. Such an approach was applied as the SDGs provide a road map for structuring growth in various areas in sustainable development. The 17 goals tackle various issues of concern, which are applicable globally and are fundamental to sustainability. Therefore, we have given more detail throughout this report on how Markaz’s sustainable development journey has contributed to the SDGs, as a means of responding to global sustainability challenges. It is worth mentioning that while our business practices cover several SDGs, links are set out to those we contribute specifically the most to. As a result of this alignment, Markaz’s most impactful response was in relation to SDG (8): “Decent work and economic

growth”; however, we cannot disregard the fact that our business practices affect other goals, as further outlined throughout the report. Consequently, we should highlight that such links help in harnessing business opportunities, elevating economic growth, and tackling social and environmental concerns, which ultimately addresses complex sustainability issues concerning not only Markaz, but serving also the 2030 global agenda. Such global cooperation and action further deepens our proactive stakeholder engagement and also raises awareness of sustainable development as a shared goal and contribution.

Additionally, in order to evaluate our non-financial performance and quantify it, we have performed a series of calculations that measure and assess our Sustainability Return on Investments (SROI). Details on each step of Markaz’s sustainability approach are given in the following sections.

2.1 Stakeholder Engagement

102-33, 102-40, 102-42, 102-43

At Markaz, we believe that catering to stakeholder needs and expectations cannot be achieved without establishing proper engagement. In order to sustain a long-lasting relationship with our internal and external stakeholders, we have to first identify their needs, prioritize their importance to both parties and respond to them effectively. As a result of such transparent engagement mechanisms, we are able to deliver excellence and quality in our executed innovative solutions.

Figure 2.1 illustrates Markaz’s applied approach to stakeholder engagement throughout the years. This includes both internal and external stakeholders and the engagement tools utilized for each stakeholder. Additionally, our stakeholders’ expectations are also illustrated in the figure. To highlight the importance of this, we view stakeholder engagement as a central practice in improving our sustainability performance across the various related dimensions, including the marketplace, workplace, community, and environment.

FIGURE 2.1:
Stakeholder Engagement

Stakeholder	Engagement Mechanism	Stakeholder Expectations	Stakeholder	Engagement Mechanism	Stakeholder Expectations
Shareholders/ Investors	<ul style="list-style-type: none"> ■ Annual reports ■ Sustainability reports ■ Website ■ Investors relations department ■ Investors roadshow ■ Ratings ■ Emails, phone calls ■ Board of Directors meetings 	<ul style="list-style-type: none"> ■ Transparency ■ High and sustainable financial return ■ Market value ■ Acceptable dividends ■ Minimize risk ■ Long and short-term profit ■ Anti-corruption, anti-money laundering, and fraud policies ■ Solid corporate governance 	Government and Regulators	<ul style="list-style-type: none"> ■ Reporting to each entity ■ Annual reports ■ Emails ■ Meetings ■ Phone calls ■ External audits ■ Policies ■ Participation in governmental plans ■ Financial institutions and associations ■ Events 	<ul style="list-style-type: none"> ■ Responsible conduct ■ Sound governance practices ■ Compliance ■ Transparency
Employees and Management	<ul style="list-style-type: none"> ■ Training ■ HR announcement ■ Markaz Engage ■ Staff meetings ■ Employee engagement events ■ Staff orientation ■ Workshops ■ Pivotal Exchange Forum ■ Performance evaluation and review ■ Action plans ■ Daily interactions (phone calls, emails, meetings) ■ Code of conduct ■ Policies ■ Social media ■ Markaz employee portal 	<ul style="list-style-type: none"> ■ Compensation ■ Compliance with Labor law rights ■ Diversity and equal opportunities ■ Recognition and rewards ■ Career development ■ Work-life balance and well-being ■ Occupational health and safety ■ Work ethics ■ Nationalization ■ Human rights 	Loaners (banks and bonds subscribers)	<ul style="list-style-type: none"> ■ Annual reports ■ Specific reporting ■ Emails ■ News ■ Meetings and interviews 	<ul style="list-style-type: none"> ■ Healthy financial sheet ■ Good reputation ■ Equity value
Clients	<ul style="list-style-type: none"> ■ Emails ■ Meetings ■ Phone calls ■ Reports ■ Website ■ Advertising and commercials ■ Contracts and invoices ■ Digital surveys ■ Social media 	<ul style="list-style-type: none"> ■ Responsive client service ■ Professional execution and expertise ■ Profitable investment options ■ Privacy and confidentiality ■ Economic value ■ Ongoing relationship management ■ Resources efficiency ■ Transparency ■ Manage investment portfolios and meet clients' goals with appropriate risk return trade off and diversification of investments 	Suppliers	<ul style="list-style-type: none"> ■ Website ■ Phone calls ■ Emails ■ Registration ■ Contracts and invoices ■ Policies ■ Direct meetings ■ Tenders and bidding 	<ul style="list-style-type: none"> ■ Professional and timely business practices ■ Responsible supply chain ■ Economic value ■ Ongoing relationship management ■ Transparency
Clients	<ul style="list-style-type: none"> ■ Emails ■ Meetings ■ Phone calls ■ Reports ■ Website ■ Advertising and commercials ■ Contracts and invoices ■ Digital surveys ■ Social media 	<ul style="list-style-type: none"> ■ Responsive client service ■ Professional execution and expertise ■ Profitable investment options ■ Privacy and confidentiality ■ Economic value ■ Ongoing relationship management ■ Resources efficiency ■ Transparency ■ Manage investment portfolios and meet clients' goals with appropriate risk return trade off and diversification of investments 	Community	<ul style="list-style-type: none"> ■ Website ■ Social media ■ Newspaper ■ TV advertising ■ Campaigns and events ■ Sponsorships ■ Partnerships ■ Philanthropy ■ Employee volunteering ■ Initiatives ■ Meetings 	<ul style="list-style-type: none"> ■ Business ethics and integrity ■ Transparency ■ Compliance ■ Responsible Kuwaiti institution that adds value to the economy and the society ■ Youth empowerment ■ Support local community ■ Community development

2.2 Materiality Assessment

103-1, 103-2, 103-3

A comprehensive materiality assessment was conducted to identify the most significant material topics for Markaz stakeholders, which are then highlighted throughout this report. Materiality assessment is a critical step in sustainability reporting, and especially for compliance with the GRI reporting framework. This assessment process is crucial in ensuring that the sustainability report has successfully reflected the material topics that are most significant to be transparently communicated to the concerned stakeholders. The assessment consists of a combination of stakeholder ratings, as well as a benchmarking analysis with best practices in investment banking and wealth management - ultimately deriving the materiality levels of each topic, ranging from low to high. The resulting materiality matrix and rankings for the 26 material topics are illustrated in **Figure 2.2A** and **Figure 2.2B**, showing a total of two low material topics, nine medium material topics, and 13 high material topics.

FIGURE 2.2A:
Materiality Matrix

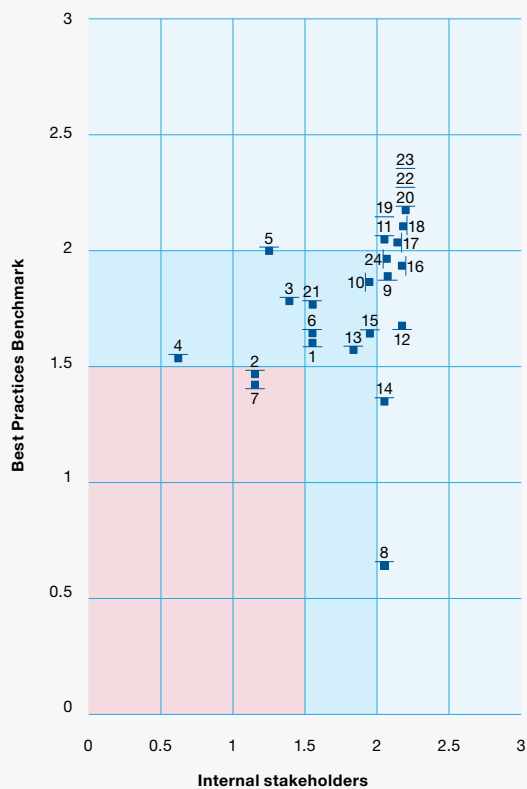


FIGURE 2.2B:
Material Topics and Ratings

Category / Theme	#	Material Topic	Level (High/Medium/Low)
Environment (E)	1	Waste Management	Medium
	2	Water Management	Low
	3	Energy Management	Medium
	4	Greenhouse Gas (GHG) Emissions	Medium
	5	ESG Related Investments	Medium
	6	Environmental Impact Assessment	Medium
	7	Indirect Environmental Impacts	Low
Social (S)	8	Kuwaitization / Nationalization	High
	9	Workforce Diversity	High
	10	Training & Development	Medium
	11	Human Resources Management	High
	12	Labor Standards: Compliance & Well-being	High
	13	Corporate Social Responsibility (CSR)	Medium
	14	Youth Empowerment	High
	15	Effective Communication	Medium
	16	Brand Value	High
	17	Innovation & Technology	High
Governance (G)	18	Business Ethics	High
	19	Risk & Opportunity Management	High
	20	Corporate Governance	High
	21	Sustainable Procurement	Medium
	22	Compliance, Reporting & Control	High
	23	Sustainable Financial Position	High
	24	Customer & Investor Experience	High

2.3 Alignment with Frameworks and Enablers

The next step in our sustainability approach was the alignment of the material topics to international and national sustainability frameworks, standards and enablers, as displayed in **Figure 2.3** below. The international frameworks include SDGs and the PRI. The SDGs highlight the company's contribution in line with the 17 sustainability-related Global Goals set by

the UN, whereas the PRI is industry-specific, outlining sustainability elements relevant to our finance sector. The alignment to national frameworks also includes the KNDP and the Boursa Kuwait. The KNDP alignment shows our sustainability contribution through the perspective of the nation's own sustainability directions. Finally, the Boursa Kuwait alignment shows our sustainability performance alignment to the voluntary sustainability disclosures for listed companies on this stock exchange, as Markaz is listed.

FIGURE 2.3:
Material Topic Alignments

Category	#	Material Topic	UN Sustainable Development Goals (SDGs)	Kuwait National Development Plan (KNDP)	Boursa Kuwait Sustainability Indicators	Principles for Responsible Investment (PRI)*
Environment (E)	1	Waste Management	12 Responsible Consumption 13 Climate Action 14 Life below Water 15 Life on Land	■ Global Positioning ■ Sustainable Living Environment	6. Environmental Policy 10. Waste Generated 11. Waste Recycled (%)	Principle 2 Principle 3
	2	Water Management	6 Clean Water and Sanitation 11 Sustainable Cities and Communities 12 Responsible Consumption 13 Climate Action 14 Life below Water 15 Life on Land	■ Global Positioning ■ Sustainable Living Environment	6. Environmental Policy 9. Water Use	Principle 2 Principle 3
	3	Energy Management	7 Renewable Energy 11 Sustainable Cities and Communities 12 Responsible Consumption 13 Climate Action 14 Life below Water 15 Life on Land	■ Global Positioning ■ Sustainable Living Environment	6. Environmental Policy 7. Energy Use	Principle 2 Principle 3
	4	Greenhouse Gas (GHG) Emissions	11 Sustainable Cities and Communities 12 Responsible Consumption 13 Climate Action 14 Life below Water 15 Life on Land	■ Global Positioning ■ Sustainable Living Environment	6. Environmental Policy 7. Energy Use 8. Carbon Emission	Principle 2 Principle 3
	5	ESG Related Investments	8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure 11 Sustainable Cities and Communities 12 Responsible Consumption 13 Climate Action 14 Life below Water 15 Life on Land	■ Global Positioning ■ Sustainable Living Environment ■ Diversified Economy ■ Developed Infrastructure	1. Annual Report 2. Sustainability Report 20. Community Investment	Principle 1 Principle 2 Principle 3 Principle 4 Principle 5
	6	Environmental Impact Assessment	7 Renewable Energy 11 Sustainable Cities and Communities 12 Responsible Consumption 13 Climate Action 14 Life below Water 15 Life on Land	■ Global Positioning ■ Sustainable Living Environment ■ Developed Infrastructure	6. Environmental Policy 7. Energy Use 8. Carbon Emission 9. Water Use 10. Waste Generated 11. Waste Recycled (%)	Principle 2 Principle 3
	7	Indirect Environmental Impacts	3 Good Health 6 Clean Water and Sanitation 11 Sustainable Cities and Communities 12 Responsible Consumption 13 Climate Action 14 Life below Water 15 Life on Land	■ Sustainable Living Environment	6. Environmental Policy	Principle 2 Principle 3

FIGURE 2.3:

Material Topic Alignments (continued)

Category	#	Material Topic	UN Sustainable Development Goals (SDGs)	Kuwait National Development Plan (KNDP)	Boursa Kuwait Sustainability Indicators	Principles for Responsible Investment (PRI)*
Social (S)	8	Kuwaitization / Nationalization	8 Decent Work and Economic Growth 10 Reduced Inequalities 11 Sustainable Cities and Communities 16 Peace, Justice, and Strong Institutions	<ul style="list-style-type: none"> ■ Global Positioning ■ Creative Human Capital ■ Developed Infrastructure 	12. Kuwaitization (%)	Principle 2 Principle 3
	9	Workforce Diversity	5 Gender Equality 8 Decent Work and Economic Growth 10 Reduced Inequalities	<ul style="list-style-type: none"> ■ Creative Human Capital ■ Diversified Economy ■ Developed Infrastructure 	15. Women in the Workforce (%)	Principle 2 Principle 3
	10	Training & Development	4 Quality Education 8 Decent Work and Economic Growth 10 Reduced Inequalities Partnerships for the Goals	<ul style="list-style-type: none"> ■ Global Positioning ■ Creative Human Capital ■ Diversified Economy 	16. Training Hours per Employee	Principle 2 Principle 3
	11	Human Resources Management	1 No Poverty 4 Gender Equality 8 Decent Work and Economic Growth 10 Reduced Inequalities 11 Sustainable Cities and Communities	<ul style="list-style-type: none"> ■ Creative Human Capital ■ Developed Infrastructure 	4. Full-time Employees 5. Employee Wages and Benefits 13. Youth Employment (%) 17. Employee Turnover (%)	Principle 2 Principle 3
	12	Labor Standards: Compliance & Well-Being	3 Good Health and Well-being 5 Gender Equality 8 Decent Work and Economic Growth 10 Reduced Inequalities 16 Peace, Justice, and Strong Institutions	<ul style="list-style-type: none"> ■ Creative Human Capital ■ Developed Infrastructure 	14. Injury Rate 18. Human Rights Policy 19. Code of Ethics	Principle 2 Principle 3
	13	Corporate Social Responsibility (CSR)	1 No Poverty 2 Zero Hunger 3 Good Health and Well-being 4 Quality Education 10 Reduced Inequalities 11 Sustainable Cities and Communities 16 Peace, Justice, and Strong Institutions 17 Partnerships for the Goals	<ul style="list-style-type: none"> ■ Global Positioning ■ High Quality Healthcare 	18. Human Rights Policy 20. Community Investment	Principle 2 Principle 3
	14	Youth Empowerment	4 Good Education 8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure 11 Sustainable Cities and Infrastructure	<ul style="list-style-type: none"> ■ Global Positioning ■ Creative Human Capital ■ Diversified Economy 	13. Youth Employment (%)	Principle 2 Principle 3
	15	Effective Communication	11 Sustainable Cities and Communities 17 Partnerships for the Goals	<ul style="list-style-type: none"> ■ Global Positioning 	1. Annual Report 2. Sustainability Report 19. Code of Ethics	Principle 2 Principle 3
	16	Brand Value	8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure 11 Sustainable Cities and Communities 12 Responsible Consumption and Production	<ul style="list-style-type: none"> ■ Global Positioning ■ Diversified Economy 		Principle 2 Principle 3

FIGURE 2.3:
Material Topic Alignments (continued)

Category	#	Material Topic	UN Sustainable Development Goals (SDGs)	Kuwait National Development Plan (KNDP)	Boursa Kuwait Sustainability Indicators	Principles for Responsible Investment (PRI)*
Governance (G)	17	Innovation & Technology	9 Industry, Innovation and Infrastructure 11 Sustainable Cities and Communities	<ul style="list-style-type: none"> ■ Global Positioning ■ Diversified Economy ■ Developed Infrastructure 		Principle 2 Principle 3
	18	Business Ethics	8 Decent Work and Economic Growth 10 Reduced inequalities 16 Peace, Justice, and Strong Institutions	<ul style="list-style-type: none"> ■ Global Positioning ■ Diversified Economy ■ Developed Infrastructure 	18. Human Rights Policy 19. Code of Ethics	Principle 2 Principle 3
	19	Risk & Opportunity Management	8 Decent Work and Economic Growth 16 Peace, Justice, and Strong Institutions	<ul style="list-style-type: none"> ■ Global Positioning ■ Diversified Economy ■ Developed Infrastructure 	22. Risk Management Committee and the Board Level	Principle 2 Principle 3
	20	Corporate Governance	8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure 16 Peace, Justice, and Strong Institutions 17 Partnerships for the Goals	<ul style="list-style-type: none"> ■ Global Positioning ■ Diversified Economy ■ Developed Infrastructure 	21. Board Independence (%) 22. Risk Management Committee and the Board Level 23. Non-Audit Fees 24. Voting Results 25. Links Between Executive Pay and Performance 26. Compliance with the CMA's Corporate Governance Regulatory Requirements	Principle 2 Principle 3 Principle 5
	21	Sustainable Procurement	8 Decent Work and Economic Growth 11 Sustainable Cities and Communities 12 Responsible Consumption and Production 17 Partnerships for the Goals	<ul style="list-style-type: none"> ■ Sustainable Living Environment ■ Diversified Economy 	3. Local Procurement Spending (%)	Principle 2 Principle 3
	22	Compliance, Reporting & Control	16 Peace, Justice, and Strong Institutions	<ul style="list-style-type: none"> ■ Global Positioning ■ Diversified Economy ■ Developed Infrastructure 	1. Annual Report 2. Sustainability Report 26. Compliance with the CMA's Corporate Governance Regulatory Requirements	Principle 2 Principle 3
	23	Sustainable Financial Position	1 No Poverty 8 Decent Work and Economic Growth 11 Sustainable Cities and Communities 12 Responsible Consumption and Production	<ul style="list-style-type: none"> ■ Global Positioning ■ Diversified Economy ■ Developed Infrastructure 	1. Annual Report	Principle 2 Principle 3
	24	Customer & Investor Experience	8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure 10 Reduced Inequalities 11 Sustainable Cities and Communities 12 Responsible Consumption and Production	<ul style="list-style-type: none"> ■ Global Positioning ■ Diversified Economy ■ Developed Infrastructure 		Principle 2 Principle 3

*Refer to index (8.4) for a description of the PRI principles.

2.4 Sustainability Return on Investment (SROI)

102-29

The SROI method allows Markaz to assess the sustainability outcomes of our various activities, in proportion to the initial contributed investments. The traditional form is the rate of return (ROI) calculation, which shows the financial return on an investment. However, the SROI methodology was developed to derive the non-financial (sustainability) outcomes from an investment, which would not normally be quantitatively measured or considered.

Our approach in calculating the SROI (wherever applicable) also has an impact on the SDGs, since the SDGs are based on indicator targets that the SROI is in line with and is considered as an enabler for assessing the contribution of Markaz towards SDGs. Additionally, the SROI involves the measurement of non-financial sustainability outcomes, such as environmental impact, social impact, training impact, satisfaction and indirect savings (cost, time, energy resources), among others. As part of the methodology, certain proxies are utilized to convert said intangible outcomes to measurable outcomes quantitatively before being able to conduct the full SROI assessment.

Throughout the report, we have distributed a total of 14 sustainability calculations. The topics that these relate to are provided in **Figure 2.4A**. Each of these are presented according to the template displayed in **Figure 2.4B**, showing for each the SROI topic, the SROI percentage result, the interpretation for the SROI percentage, the different value outcomes derived, and their alignments to the SDGs.

FIGURE 2.4A:
SROI Topics

#	SROI Topic
1	E-Waste
2	Community Investment and Events
3	Environmental Impact of Digitization
4	Employment
5	National Empowerment
6	Female Employment
7	Efficiency Impact of Digitization
8	Shareholder Dividends (to major shareholders)
9	Employee Training
10	Social Media
11	Graduate Development Program
12	Training for AML and Anti-Corruption
13	Employee Events
14	Employee Health and Safety

FIGURE 2.4B:
SROI Template

SROI Topic	SROI (%)	Interpretation	Value Outcomes	SDG Alignment
X	X%	X	X	X

Governance



Markaz's strong and effective governance is the foundation of its ethical and transparent business practices. Markaz deploys sound strategic management, and adheres to proper policies and principles, which in return reinforces our commitment to attaining sustainable development and contributing to ESG. Evidently, a company's solid governance is the essence of its resilience and accountability, and is key for strengthening long-term stakeholder relations, ultimately serving the purpose of providing innovative solutions to complement our journey of sustainable development.



UN Sustainable Development Goals (SDGs)
8 Decent Work and Economic Growth
16 Peace, Justice, and Strong Institutions



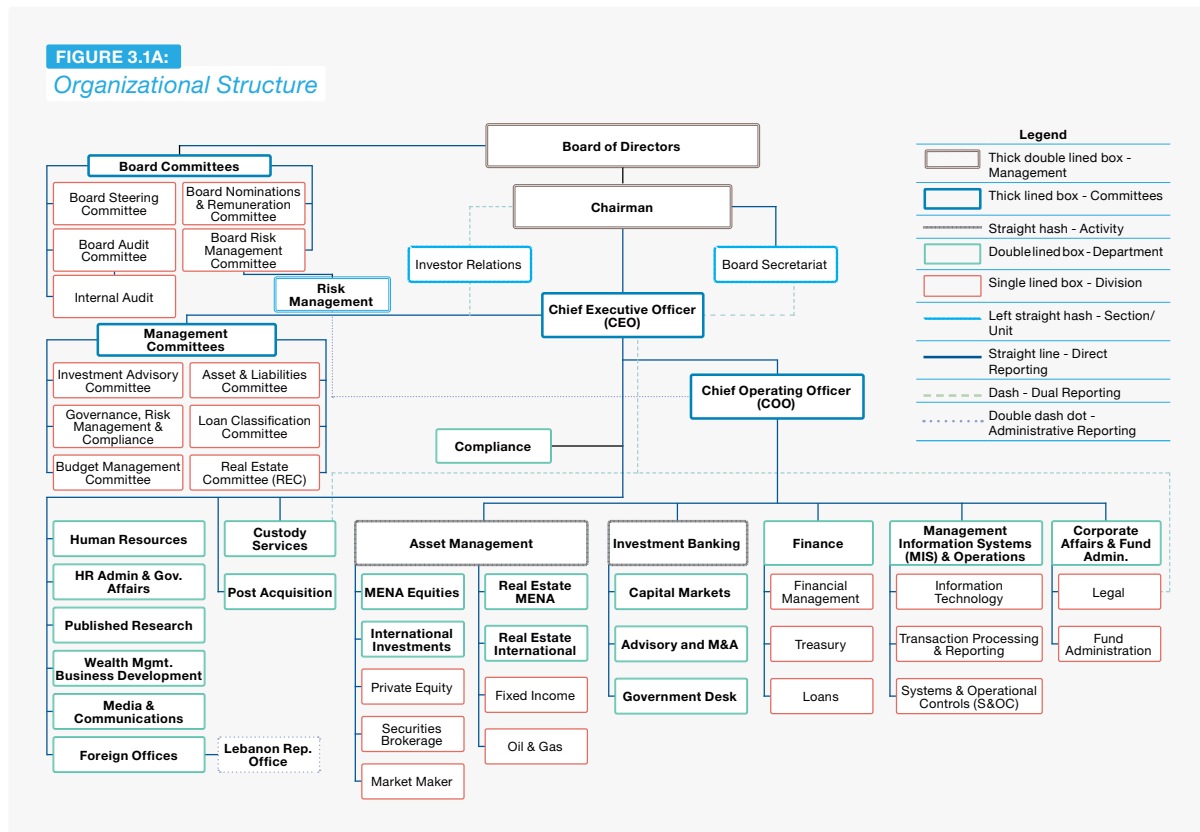
Kuwait National Development Plan (KNDP)
 Global Position
 Creative Human Capital
 Sustainable Diversified Economy

3.1 Corporate Governance

103-1, 103-2, 102-5, 102-18, 102-19, 102-20, 102-22, 102-23, 102-24, 102-26, 102-27, 102-28

Corporate governance is about assisting companies to achieve their goals, manage risks and assure compliance. Sound governance increases business sustainability and profitability by defining the relationship between stakeholders, management and the board of directors and influencing how the company is operating. The GRI framework has several disclosures concerning governance, and outlines the proper set-up for organizations to ensure their governance is in line with sustainable development. In addition to the GRI framework, the ESG rating criteria also tackles governance-related matters, especially in determining whether or not governance is a coherent part of an organization’s overall sustainability performance.

Taking this into account, the corporate governance of Markaz is presented in the following sections. Our organizational structure is illustrated in **Figure 3.1A** below.



3.1.1 Board of Directors

Markaz's Board of Directors (the "Board") and its committees are responsible for overseeing the management of the company. The Board has extensive authority and responsibility for overseeing and steering the organization to function in line with its strategic objectives and goals. The Board guides the establishment and approval of the organizational objectives, strategies, budgets, business plans and company policies.

Furthermore, the Board ensures that the Capital Markets Authority (CMA) rules are fully complied with and implemented, as it also ensures any other compliance and business matters impacted by Board level decisions and policymaking. The Markaz Board of Directors comprises 7 members, as listed in **Figure 3.1B** below with their names, capacity, qualifications, and experience.

FIGURE 3.1B:
Board of Directors

#	Board of Directors Members	Capacity: Executive / Non-Executive / Independent/ Secretary	Qualifications / Experience
1	Diraar Yusuf Alghanim	Chairman	Over 40 years in the financial sector. Professional accountancy qualification from Glasgow University
2	Humoud Sabah Al-Sabah*	Vice Chairman	Over 30 years of experience in the capacity of Chairman and member of the Board in contracting, telecommunication, and financial services companies
3	Faisal AbdulAziz Al-Jallal	Independent Member	Over 40 years of experience in the real estate and financial sectors. University degree from Alexandria University
4	Ayman Abdullatif Alshaya	Non-Executive Member	Over 30 years of experience in general trading, insurance, and financial sector. Bachelor's Degree in Mechanical Engineering from Kuwait University
5	Fahad Yaqoub Al-Jouan	Non-Executive Member	Over 30 years of experience in the general trading, industrial, and financial sectors. Bachelor's Degree in Business Administration from Eastern Washington University
6	Al-Seef Financial Brokerage Company (KSCC), represented by Fouzi Ebrahim Al-Mukaimi	Non-Executive Member	Over 30 years of experience in various sectors. Master of Professional Accounting from University of Miami, USA, and a Bachelor's Degree in Accounting from Kuwait University
7	Adel Mohammed Alghannam	Independent Member	Over 29 years of experience in the general trading and financial sectors. Bachelor's degree in Business Administration
8	Maha Abdul Salam Imad	Secretary	Qualified with Bachelor's of Science in Business Management
9	Fedaa Jamal Kittaneh	Assistant Secretary	Qualified with University Degree in Business Administration

**Note: Sheikh Humoud Sabah Al-Sabah passed away in November 2019 and Mr. Faisal AbdulAziz Al-Jallal was elected by the Board of Directors as the Vice Chairman on 18 December 2019.*

The Article of Association of Markaz defines that the Board will have 7 members. The majority of members should be non-executive, and the Board includes

independent members whose number does not exceed half of the Board members. The Board members are elected by the company's General Assembly (GA) for a

maximum tenure of three years, renewable for a similar period. Our Board meets at least six times in a year, with at least one meeting held per quarter.

Markaz has defined guidelines and policies for nominating and recruiting / electing the Executive Management and Board of Directors, which comply with Book 5 of the Capital Market Authority (CMA) Executive Regulations. The company ensures that it meets the CMA regulations, prescribing minimum educational qualification and experience in evaluating the Board and Executive Management members' nomination, selection, and election/recruitment. Besides compliance, we consider whether the Executive Management's work experience and skills help us attain our strategic vision.

Also, to ensure business continuity in the Board and Executive Management levels, we have adopted appropriate succession and backup plans for critical positions to manage any unforeseen events and circumstances.

3.1.2 Board Committees

Markaz's Board comprises four Board committees. The Board of Directors nominates and approves the Board committee members according to certain adhered procedures. The Board sets and approves the charters for each committee, corporate-wide policies and procedures, approvals of authorities along with their limits, and appropriate systems and internal control systems. A description of each Board committee is provided below.

1. Board Steering Committee:

This committee is responsible for efficiently monitoring the execution and progress of the strategy, as well as budgeting by the management. Additionally, it expedites and streamlines the decision-making process, while also monitoring the performance of the various business activities.

2. Board Audit Committee:

This committee is responsible for assisting the Board in the effective discharge of its responsibilities with respect to financial reporting, internal controls, and internal and external audit. Also, it is responsible for establishing the compliance culture of the company by ensuring the independence of the external auditors, as well as the fairness and integrity of the company's financial reports. Finally, the Board Audit Committee

must ensure that the internal controls within the company are sufficient and efficient.

3. Board Risk Management:

This committee is responsible for assisting the Board in fulfilling their oversight responsibilities for the risk management function of the company, such as identification, evaluation, monitoring and mitigation of various risks that the company is exposed to. It assists the Board in setting the company's risk strategy, risk appetite, and the overall risk management framework, as well as overseeing the Executive Management's application of these strategies.

4. Board Nomination and Remuneration Committee:

This committee is responsible for formulating policies and making recommendations to the Board on nominations of Board members and Executive Management members. In addition, the committee handles remuneration systems and policies.

3.1.3 Board of Directors and Executive Management Evaluation

One matter of governance that is often evaluated and reported concerns the evaluation of the Board of Directors and the Executive Management, which plays a vital role in embracing accountability and improvements for the future. Accordingly, the Board has defined guidelines for evaluating the Board members and Executive Management members. There are Board-approved criteria for evaluating the Board members, Board committees, and Executive Management members. The process is two-fold, where each Board member conducts a self-evaluation, as well as receiving a collective assessment by the Board. The Board committees, on the other hand, are assessed by the respective Board committee members.

3.1.4 Markaz Policies

A major role of the governing bodies is decision-making, while policymaking is the integral tool with which proper governance may be implemented, measured, assessed, monitored, and approved according to the decisions made. In this regard, we list in **Figure 3.1C** a selection of our 12 policies with a brief for each one, noting that 3 policies were revised and approved during 2018 and 2019 reporting period and 2 were done in early 2020.

FIGURE 3.1C:
Markaz Policies

#	Policy	Date of Latest Approval	Brief
1	Anti-bribery, corruption, and fraud policy	December 17, 2014	Policy safeguarding against bribery, corruption, and fraud.
2	Code of conduct for prevention of insider trading	January 15, 2020	Policy safeguarding against insider dealing, defined as the illegal practice of trading on the stock exchange to one's own advantage through having access to confidential information.
3	Complaints policy	March 17, 2019	Policies and procedures manual concerning complaints received by clients.
4	Compliance policies and procedures	July 1, 2016	Policy and procedures for compliance.
5	Conflict of interest policy and procedures	January 15, 2020	Policy and procedures safeguarding against conflicts of interest, whereas lack of independence or objectivity may lead to unethical business practice.
6	Markaz's code of conduct	May 9, 2016	Policy stating the Company's responsibilities towards its stakeholders (clients, counter-parties, regulators etc).
7	Policy for prevention of leakage of confidential information	July 1, 2016	Policy preventing the leak of confidential information, including clients' personal and sensitive information.
8	Policy on investor complaints	March 25, 2018	Policy on handling complaints from investors (shareholders).
9	Policy on related party transactions	March 25, 2018	Policy on handling transactions by related parties, which are defined by the International Financial Reporting Standards (IFRS) as "a person or an entity that is related to the reporting entity: A person or a close member of that person's family [...]."
10	Risk Management policies and procedures	January 30, 2017	Policies and Procedures (P&P) concerning the Risk Management Department
11	Whistle-blower policy	May 9, 2016	Policy sets out the guidelines and procedures for raising good faith concerns of malpractices or unethical practices reported by any external and internal stakeholders of the Company.
12	Standards of professional conduct	May 9, 2016	Policy setting out professional standards to manage employee work conduct and behavior.

3.2 Business Ethics 102-17, 103-1, 103-2

Our reputation is our biggest asset, which is demonstrated in how important our ethics are in both our strategic direction as well as our operational day-to-day business. We have been voluntarily operating under strict guidelines long before corporate governance was the norm. We have instilled our values of ethical dealings and objective reporting into our teams.

Furthermore, with a management team that has one of the lowest turnover rates among our peers, our shareholders and clients recognize that 50 years from today we would continue to conduct our business with the same ethical commitment as we have today. Specifically, we have sustained our ethical reputation by setting up the highest standards on corporate

governance, transparency, and disclosures to regulators and the public.

Therefore, we have strictly enforced our code of conduct and ethical practices in our investment and business operations, and have committed to our clients in safeguarding their assets. Our "Markaz Code of Conduct" and "Standards of Professional Conduct" set the key principles underlying our business ethics. These principles are in line with the industry's best practice standards and emphasize professionalism in the asset management and investment banking business. These include, specifically, certain rules against insider trading (where an unethical firm or individual may illicitly deliver information to manipulate stock market investment practices).

Additionally, our business ethics include our commitment to preserving the integrity of the capital

markets, our fiduciary duties to our clients and confidentiality requirements, among others.

To emphasize the transparency side of ethics, the “Markaz Code of Conduct” and the “Standards of Professional Conduct” are disseminated widely and shared with relevant stakeholders, as well as being diligently applied to all employees, Board members, subsidiaries, managed funds, and applicable stakeholder and business areas.

Moreover, our investment policy and code of conduct define our employees’ duties of loyalty, prudence, and care; accordingly, all our employees are required to act for the benefit of clients and place our clients’ interests before their own interests. All employees are required to sign the confidentiality declaration and confirmation of review and adherence to various policies. Any unethical incident cases are handled by the Human Resources (HR) Department in coordination with the Risk and Compliance Department, resulting in the needed disciplinary actions.

Furthermore, employees are expected to maintain fairness and objectivity in all dealings with clients, especially when providing investment analyses and recommendations, taking investment actions, or engaging in any other professional activities. Further general investment guidelines define that traders should treat client portfolios fairly. In this regard, it is considered that clients have similar risk return preferences equally, especially when allocating daily trades and maximizing the returns of all managed client portfolios.

Another part of business ethics includes the communication mechanisms available for providing advice about ethics, lawful behavior and organizational integrity to various stakeholders. These are provided below, divided among internal mechanisms for internal stakeholders, and external mechanisms for external stakeholders. Accordingly, all whistle-blowing complaints are directly monitored by the Chairman and Head of Risk Management for appropriate reporting to the Board.

Internal Mechanisms:

- Whistleblower Policy (allowing stakeholders to report any ethical concerns)
- Applicable Complaints mechanism (allowing different stakeholders to report their grievances)
- Other communication channels (meetings, email, phone, etc.)

External Mechanisms:

- Complaints and whistle-blowing mechanism (allowing external stakeholders to report their complaints and unethical practices)
- Other communication channels (meetings, email, phone, etc.)

3.3 Compliance

103-1, 103-2, 207-1, 207-2, 207-3, 207-4

We have put a comprehensive compliance framework in place to ensure that our activities are compliant with applicable regulations, as well as with internal policies. The Compliance Department is responsible for ensuring overall regulatory compliance, including implementation of adequate controls and governance frameworks through established policies and procedures. The department carries out periodic testing and monitoring activities to ensure that firm-wide processes and controls are effective. The department also ensures overall compliance with Anti-Money Laundering (AML) regulations by setting appropriate policies and procedures. Moreover, the Compliance Department is responsible for responding to client complaints. The Compliance Department aims to strengthen all compliance systems through increased automation, whilst continuing to ensure the ongoing effectiveness of existing internal controls and processes. In this regard, there are independent control functions, such as risk management, compliance and internal audit, which ensure that the company is complying with the established policies and regulations, and is managed with appropriate risk management practices and mitigation measures.

In addition to the Compliance Department, the Financial Management Department also ensures full compliance with financial reporting submissions and disclosures of material information.

Markaz has diligently adhered to all applicable regulations. Particularly, we are governed by four major regulatory authorities in Kuwait, which are:

- The Kuwait Capital Markets Authority (CMA)
- The Central Bank of Kuwait (CBK)
- Boursa Kuwait
- Kuwait Ministry of Commerce & Industry (MOCI)

In other jurisdictions, we are regulated by applicable regulators, with which we have also complied. For example, our Bahrain-based funds comply with the regulations of the Central Bank of Bahrain (CBB). In addition, we are in compliance with the tax laws per jurisdiction of our operations, including both direct and indirect tax compliance. However, for the purposes of this report, this is not disclosed in detail as the majority of our operations are in Kuwait, where tax elements are not very material for us and our stakeholders.

3.4 Anti-Money Laundering (AML) and Anti-Corruption

103-1, 103-2, 205, 206

Markaz's business practices related to ethics, anti-money laundering, and anti-corruption are in alignment with SDG 8 due to their pivotal role in ensuring decent work and growth while guarding against the applicable corruption and money laundering risks and while being in compliance with our ethics and principles.



Markaz's business practices related to ethics, anti-money laundering and anti-corruption are in alignment with SDG 16 due to ensuring that the company remains a peaceful, just and strong institution while guarding against the applicable corruption and money laundering risks and adhering to policies.



Markaz has adopted a zero-tolerance attitude towards unethical and illicit business practices, implementing policies and practices that are firmly anti-fraud, anti-corruption, anti-bribery, and Anti-Money-Laundering (AML). In addition, Markaz's operations are in adherence to proper compliance, business ethics, integrity, and transparency. This is especially important for Markaz since, generally in the industry, the risk is especially heightened for intermediary agents in the financial sector, who must be aware of both their own ethics, as well as the ethics of the parties they deal with.

With our continued efforts in anti-corruption and AML, we also recognize that these efforts are strongly aligned with our sustainability direction. Focusing specifically on sustainability frameworks, our anti-corruption and AML practices are in line with GRI Standard # 205: Anti-Corruption, including the 3 disclosures in this category, as well as SDG 8 (Decent Work and Economic Growth) and SDG 16 (Peace, Justice, and Strong Institutions). Besides sustainability frameworks, this approach is also in line with our third company-wide principle - "Our Reputation is Key" - as anti-corruption and AML measures solidly preserve and enhance our reputation among stakeholders.

Concerning the compliance aspects, as an investment banking and asset management institution supervised by the Capital Markets Authority (CMA) and the Central Bank of Kuwait (CBK), Markaz has stricter policies and regulatory procedures on complying with AML regulations regarding its dealing with clients and business transactions. We have adopted a stricter Know-Your-Customer (KYC) process on our client on-boarding procedure, while also ensuring continuous monitoring

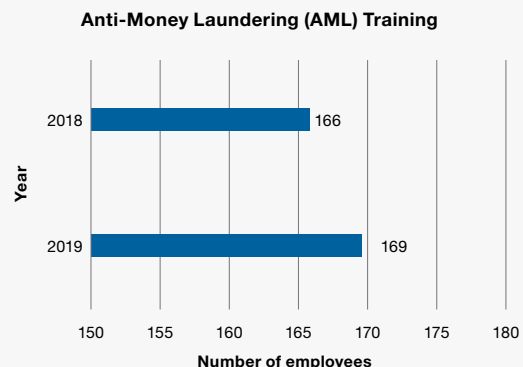
of clients' activities. All employees are required to review the above policies and commit to their adherence.

Besides policymaking, implementation and monitoring into business practice, Markaz also ensures that employees are appropriately aware and trained on anti-corruption and AML areas. In this regard, **figure 3.4** below illustrates the number of employees Markaz trained in AML for 2019 and 2018.

MARKAZ RECORDED ZERO INCIDENTS OF CORRUPTION, FRAUD AND MONEY-LAUNDERING IN 2019 AND 2018



FIGURE 3.4: Anti-Money Laundering (AML) Training



In addition, the SROI calculation for Markaz’s AML training is shown below.


SROI Topic	▶ Training for AML
SROI (%)	▶ 450%
Interpretation	▶ 4.50 KWD sustainability value created from each 1 KWD invested into training for AML
Value Outcomes	▶ Training Value
SDG Alignment	▶  

3.5 Risk Management

103-1, 103-2, 102-11, 102-15, 102-16, 102-30


Markaz’s risk management activities are in alignment with SDG 8 since they are ensuring decent work and growth while mitigating the risks that would impede business work and growth.

▶



Markaz’s risk management activities are in alignment with SDG 16 since they are ensuring that the company remains a peaceful, just and strong institution while mitigating the risks that would impede business work and growth.

▶



Applying a robust approach to risk and opportunity management is essential to exhibiting sustainable development practices in the company. In this regard, Markaz acknowledges this significance by establishing a comprehensive and structured risk management framework approved by the Board of Directors, who set the acceptable risk appetite and tolerance limits. Markaz Executive Management actively seeks to manage the risks in line with the corporate strategies and objectives. All new investments, products and services are subjected to rigorous risk assessments and evaluations from an optimal risk-taking point of view.

At Markaz, the highest governance body reviewing the effectiveness of risk management is the Board Risk Management Committee (BRMC). This committee is assigned by the Board with the responsibility of overseeing the risk management activities of the company, such as identification, evaluation, monitoring, and mitigation of the risk that the company is exposed to.

3.5.1 Risk Mitigation Measures & Controls

Markaz’s risk management is in the form of three main controls: preventive, to attempt to prevent the risks; detective, to identify the risk once or if it occurs; and corrective, to manage the risk once or if it occurs. As a preventive control, we have defined an appropriate risk appetite and tolerance limits for ensuring that key risk indicators are within defined limits. Furthermore, when there is a breach or excess over the limits, it is reported for appropriate corrective action by the management (detective and corrective controls).

There are also control units such as compliance, risk management, and middle office functions. Such units monitor the adherence to internal and regulatory policies, as well as monitor the risks and limits for identifying any breaches and violations and report them to the management.

The BRMC at the Board level reviews the scope and structure of the risk management framework and ensures that risk mitigation measures and controls are implemented.

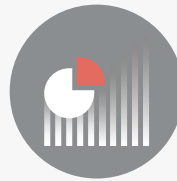
The insured risks at Markaz include Investment Managers Insurance policy, including Directors and Officers (D&O), and Professional Indemnity (PI) insurance. The total amount spent on insurance premiums of all kinds during 2019 was 253,614 KWD, while a total of 233,269 KWD was spent on insurance in 2018 - which is an 8.7% increase. The positive impact of this is that it signifies that we are investing more into mitigating (specifically, transferring) our risk through insurance.

3.5.2 Business Continuity

One part of risk management that is essential for sustainable development is business continuity. Accordingly, the Markaz Board has approved a robust business continuity plan. The plan was formulated to prepare the company in the event of extended service outages caused by factors beyond our control (e.g. natural disasters, man-made events, etc.), especially with respect to maintaining sufficient capital to ensure continuity of its activities, and to fulfill its binding legal obligations.

The plan also calls for restoring services to the widest extent possible in a minimum period, in order to minimize the negative impact on stakeholders, employees and investors by continuing business activities as much as possible in the event of emergency situations arising. Through business continuity, we also aim to enhance our brand image and reputation. Accordingly, reputation risk is monitored and reported to the BRMC on a quarterly basis.

Economy



Markaz continues to launch innovative financial products and deliver healthy returns as part of its commitment to sustainable growth and development. Our investors are becoming increasingly sophisticated, attuned to global market conditions and with broad investment requirements. Therefore, we are responsible for assessing our performance both in terms of financial and non-financial areas. By doing so, we ensure that our stakeholders' satisfaction is maintained and our market share is further enhanced.



UN Sustainable Development Goals (SDGs)

- 8 Decent Work and Economic Growth
- 9 Industry, Innovation and Infrastructure
- 12 Responsible Consumption and Production
- 17 Partnerships for the Goals



Kuwait National Development Plan (KNDP)

- Global Position
- Developed Infrastructure
- Sustainable Diversified Economy

4.1 Economic Impact

103, 201-1

Markaz's economic impact aspects are in alignment with SDG 8, due to ensuring decent work and economic growth for the company, as well as its concerned stakeholders.



One of the features of a sustainable organization is that it makes a positive economic impact on itself as well as on its internal and external stakeholders. Markaz takes this a step further by assessing the economic impact that it has on stakeholders, including shareholders, employees, community, etc. These are specifically outlined in **Figure 4.1**, showing our direct economic impact on each different area. In total, we recorded a total contribution impact of 2,873,808 KWD during 2019, compared to 2,750,100 KWD in the previous year.



Besides the economic impact on stakeholders, the economic performance of the company itself must also be assessed, as it is important in determining the overall sustainability of an organization for future generations. Concerning this, Markaz has delivered topline performance with total revenues of 23.49 million KWD during 2019 compared to 15.30 million KWD in 2018. This was delivered through the cooperation and performance of all our departments. Specifically, the Asset Management has successfully delivered growth of 12.6% year-on-year to generate fees of KWD 8.11 million.

FIGURE 4.1:

Direct Economic Impact per Area

Contribution Area	2019 Contribution (KWD)	2018 Contribution (KWD)
Shareholder dividends	2,391,009	2,391,009
Total amount paid to Kuwait Foundation for the Advancement of Sciences (KFAS)	67,242	22,400
Total amount paid to National Labor Support Tax (NLST)	194,086	129,653
Community investment and events in KWD	63,190	53,870
Total amount paid towards employee events in KWD	15,708	15,459
Expenditure towards all health & safety improvements	142,573	137,709
Total Direct Economic Impact	2,873,808	2,750,100

Additionally, the SROI calculation for Markaz's shareholder dividends is presented below.

SROI Topic	Shareholder Dividends (to major shareholders)
SROI (%)	101%
Interpretation	1.010 KWD sustainability value created from each 1 KWD invested into shareholder dividends
Value Outcomes	*Financial comfort *Monetary value
SDG Alignment	 

4.2 Stakeholder Relations

102-44

Markaz's approach towards maintaining stakeholder relations is in alignment with SDG 8 due to ensuring decent work and growth while keeping the concerned internal and external stakeholders involved, engaged and consulted to help grow Markaz.



Markaz's approach towards maintaining stakeholder relations is in alignment with SDG 17 due to partnering with the company's internal and external stakeholders (through involvement, engagement, and consultation) to contribute better to the goals.



Markaz is committed to building and sustaining long-term relations with its stakeholders, since they are central in our journey in sustainable development. This is accomplished by understanding our stakeholders' needs and expectations, which enables us to best serve their interests, as well as create and maximize value - all of which are achieved through fairness and integrity.

This approach to stakeholder relations comes from our realization that it is often not sufficient for organizations to only engage with stakeholders, but also elevate efforts to sustain relations and ensure continual positive impacts on them.

In line with this reasoning, we have grouped our stakeholders into two categories - internal stakeholders within Markaz, and external stakeholders outside of Markaz. Internal stakeholders include employees, management and shareholders / investors, while external stakeholders include clients, suppliers, the community, and government entities. **Figure 4.2** explains how Markaz impacts and handles stakeholder relations. Each stakeholder is aligned to separate Business Units (BUs). **Figure 4.2** also shows both the operational day-to-day BUs, as well as BUs that would be involved in case any issues with stakeholders that are to be escalated. Please note: this shows the BUs with the most direct impact on stakeholder relations, although other BUs may have a more indirect or lesser degree of impact on stakeholder relations.

FIGURE 4.2:
Stakeholder Relations

Stakeholder Category	Stakeholder	Relations Impact Aspects	Markaz Related Business Units (Operational)	Markaz Related Business Units (Escalation)
Internal	Employees and Management	<ul style="list-style-type: none"> Relations with employees and management are impacted by 2 main Business Units (BUs) for communication, feedback, concerns, etc. Matters may be escalated to Executive Management or Board of Directors, depending on gravity. 	<ul style="list-style-type: none"> Human Resources Media and Communications 	<ul style="list-style-type: none"> Executive Management Board of Directors
	Shareholders/ Investors	<ul style="list-style-type: none"> Relations with shareholders / investors are impacted by 4 main BUs, for reporting, communication, transparency, feedback, concerns, etc. Matters may be escalated to Executive Management or Board of Directors, depending on gravity. 	<ul style="list-style-type: none"> Executive Management Investor Relations Media and Communications Board Secretariat 	<ul style="list-style-type: none"> Board of Directors Executive Management
External	Clients	<ul style="list-style-type: none"> Relations with clients are handled by 7 BUs, the majority of which are BUs that provide services to clients (including prospective clients), and handle any communication, feedback, and concerns that they may have. The MIS and Operations support client relations through the use of technology, especially for reporting and transparency. Media and Communications impact client relations through media channels and Public Relations (PR) aspects. Matters may be escalated to Executive Management and Board of Directors, depending on gravity. 	<ul style="list-style-type: none"> Asset Management Investment Banking Management Information Systems (MIS) and Operations Corporate Affairs and Fund Administration Investor Relations Wealth Management and Business Development Media and Communications 	<ul style="list-style-type: none"> Executive Management Board of Directors
	Suppliers	<ul style="list-style-type: none"> Relations with suppliers are impacted by 4 main BUs. MIS and Operations handle relations with any outsourced / third-party suppliers for technology. Risk, and Compliance handle relations with suppliers concerning Investment Management Insurance (IMI). Media and Communications handles matters with suppliers through media channels and public relations (PR) aspects. Human Resources handles matters with suppliers concerning employees' requirements. Matters may be escalated to Executive Management and Board of Directors, depending on gravity. 	<ul style="list-style-type: none"> Management Information Systems (MIS) and Operations Media and Communications Risk, and Compliance Human Resources 	<ul style="list-style-type: none"> Executive Management Board of Directors
	Community	<ul style="list-style-type: none"> Relations with the community are impacted by 2 main BUs. Media and Communications handles matters with the community through mass media channels and PR aspects. Published Research handles relations with the community based on the research published to it. Matters may be escalated to Executive Management and Board of Directors, depending on gravity. 	<ul style="list-style-type: none"> Media and Communications Published Research 	<ul style="list-style-type: none"> Executive Management Board of Directors
Government Entities	<ul style="list-style-type: none"> Relations with government entities are mainly handled by 5 main BUs. Specifically, Human Resource Administration and Government Affairs handles employee compliance matters (i.e. Kuwait Labor Law). Financial Management is involved with financial matters for government entities (i.e. taxes). Compliance is involved with ensuring that we comply with the government entities' regulations (i.e. CBK, CMA, etc.). Government Business Relations is involved with relations with government entities for advisory and investment purposes. Matters may be escalated to Executive Management and Board of Directors, depending on gravity. 	<ul style="list-style-type: none"> Human Resource Administration and Government Affairs Government Business Relations (Investment Banking) Financial Management Corporate Affairs and Fund Administration Compliance 	<ul style="list-style-type: none"> Executive Management Board of Directors 	

4.3 Innovation 103-1,103-2

<p>Markaz's innovation and digitization aspects are in alignment with SDG 8 due to employing technology to improve work and business practices and ultimately grow the company's performance, benefitting both internal and external stakeholders involved.</p>	
<p>Markaz's innovation and digitization aspects are in alignment with SDG 9, especially over the company's contribution to the "innovation" aspect of "industry, innovation and infrastructure". This involved utilizing innovative technology to improve work and business practices and ultimately growth of the company in its performance.</p>	
<p>Markaz's innovation and digitization aspects are in alignment with SDG 12 due to the company's more responsible production and consumption, resulting in various savings and efficiency yielded from the automation of innovative technology.</p>	

In line with our theme, "Sustainability through Innovative Solutions", we recognize that the smart use of technology and innovative approaches are key achievements in driving an organization's sustainable development journey. Looking specifically at technology, this leads to various resources and time savings, leaving a positive environmental impact. Furthermore, technology results in the minimization of human error and the enhancement of quality, which increases the satisfaction of clients, leading to various business and stakeholder positive outcomes. Additionally, the use of technology has various employee outcomes, as employees get to hone their skills, and their time is utilized more efficiently and effectively.

The development of innovative products, services, and technologies is a prerequisite for maintaining economic competitiveness. Accordingly, Markaz is actively driving operational system advances and adopting innovation practices to ensure a strong and positive economic impact. In line with this, we have created the following innovative investment channels, which further support our sustainable development.

Markaz Fund for Excellent Yields (Mumtaz)

In 1999, Markaz established the Mumtaz Fund, the first domestic mutual fund in Kuwait. Until then, investors in Kuwait who wanted to enjoy the benefits of investing in a mutual fund had to go offshore. There were no domestic funds, so in 1999 Markaz started a trend. It wanted to present Kuwait's retail investors with the opportunity of long-term capital appreciation

by investing in Kuwait's blue-chip companies. Also, Markaz wished to offer diversification and professional management to locals.



Markaz Real Estate Fund (MREF)

Even as Kuwait entered the new millennium, investors were investing in real estate to generate stable income and returns. This investment was mainly carried out through the acquisition, management and disposal of properties. The most promising segments of the country's real estate market were not accessible to small-scale investors. In 2003, Markaz addressed this gap through the Markaz Real Estate Fund (MREF), Kuwait's first real estate investment fund. MREF enabled small investors to earn stable and recurring returns by investing in properties within the state of Kuwait, in compliance with the Islamic Shari'ah.

Kuwait Commercial Markets Complex Company "KCMCC" Bond

In 2003, Kuwait Commercial Markets Complex Company "KCMCC" was seeking finance for its Build-Operate-Transfer "BOT" projects. This action provided Markaz with an opportunity to engineer another innovation. It raised money by issuing bonds and backed it with the BOT. It was a win-win arrangement at its very best.



Forsa Financial Fund

Markaz wanted to create and develop a market for options in Kuwait. In 2002, it raised the idea of establishing an options market in Boursa Kuwait. After three years, during which Markaz submitted a comprehensive study on the options markets and the required amendments to making this instrument viable, we received approval to offer "Call Options" contracts in March 2005, which resulted in the creation of the Forsa Financial Fund.

4.3.1 Promoting Innovation and Digitization

There are various ways that Markaz promotes innovation and digitization. These include meetings with honorary individuals in the fields of financial technology (Fintech), sponsorship of Fintech sessions, collaborations with non-profit, non-governmental institutions, and innovation-supporting workshops. All of these are described below:

Innovation in Financial Services Discussions

Committed to technology-led innovations in the field of financial services, Markaz met in 2019 with key business founders with significant profiles in investment and entrepreneurship to explore global investment trends. The meeting included Mr. Reid Hoffman, Co-

founder of LinkedIn and PayPal, Mr. Mark Pincus, Founder of Zynga and Tribe.net, and Mr. Michael Thompson, Founder, Managing Member and Portfolio Manager for BHR Capital.

The meeting discussed the latest investment trends and global case studies. The guests also presented to Markaz Executive Management potential investment opportunities for the company and select clients.

Financial Technology (Fintech) Session Sponsorship

Markaz sponsored the sixth session on banking and finance titled “Fintech and Blockchain”, at the Arab British Economic Summit 2019 in London.

Kuwait Foundation for the Advancement of Sciences (KFAS) Collaboration

Marmore MENA Intelligence (Marmore), the research arm of Markaz, collaborated with the Kuwait Foundation for the Advancement of Sciences (KFAS), which is Kuwait’s non-profit, non-governmental scientific center, supporting the progress and advancement of science and technology. This collaboration had focused on creating and releasing a study titled “FinTech: Future of Financial Services”. The key findings of the report were presented in a talk organized by KFAS on September 22, 2019.

Innovation Workshop

Markaz organized a case study-based workshop for its Leadership Team and employees on “Winning through Digital Innovation” in 2018. The workshop highlighted Markaz’s ongoing commitment to technology-led innovation and built on our various leading-edge investment products. The workshop had a pragmatic format covering the entire digital ecosystem, with discussion topics including the international fintech landscape, digital wealth management, real estate technologies, challenges across customer engagement, and the new product development process.

4.3.2 Automation and Technology

Markaz has been constantly enhancing its Information Technology (IT) capabilities with the implementation of advanced IT infrastructure both in terms of software and hardware upgrades. As part of this approach, Markaz has initiated several initiatives to automate business processes for enhancing employee productivity and cost efficiency. Currently, we have reached a state where almost all of our processes are fully automated. Accordingly, **Figure 4.3A** lists the technologies implemented in 2018 and 2019, showing a total of 15 technologies implemented - 10 in 2019, and 5 in 2018.

FIGURE 4.3A:

Technologies Implemented

#	Technology	Year of Implementation	Brief
1	Cloud Platforms - Azure & Amazon		Implementation of cloud platforms for Microsoft Azure and Amazon. This included email, SharePoint, Microsoft Office, etc., being migrated to Microsoft Azure (M365). The mobility offered by Azure has been a real advantage for our always-moving business users to continue being connected to the office, eliminating all allied restrictions.
2	Advanced Backup Mechanism - IDPA & Avamar		Use of software for advanced backup and recovery mechanisms, including Dell EMC Avamar and Integrated Data Protection Appliance.
3	Digital Platform Yardi e-Payment & e-Contracts		Implemented a digital gateway to enable real estate customers (and back office) to conduct payments and other real estate services remotely without the need for any human intervention. This was done through the Yardi solution implemented in 2018.
4	MS SPP Workflows are added		Workflows have been developed to automate Purchase Orders (PO) and Expense Memos for the use of the IT Department, hosted on Microsoft (MS) 365 cloud platform.
5	SAP Planning and Budgeting		Implementation of a Systems Applications and Products (SAP) for planning and budgeting.
6	Compliance Manager		Implementation of a compliance system to automate alerts for compliance related tasks.
7	ZAK Market Making Solution		Implemented market-making solution from ZAK Solutions for Company Systems K.S.C.C.
8	Markaz Robo Advisor-iMarkaz	2019	<p>During the course of 2019, Markaz's pioneering Management Information Systems (MIS) team, in collaboration with a team of highly qualified analysts and leading international service providers, commenced the implementation and launch of a new tool, "iMarkaz". The launch of iMarkaz came as part of our ongoing efforts to enhance all aspects of the investment experience of our clients.</p> <p>iMarkaz aims to allow potential investors to build their investment portfolios within minutes and connects them to Markaz experts who will ensure the portfolios fulfill their financial objectives efficiently. The new platform aims to provide investment advice to investors based on their financial goals, risk profile, and investment preferences in an easy and efficient way. It provides investment recommendations suitable to all classes of investors, from retail to private, and offers conventional, as well as Shariah-compliant, securities, including Markaz elite products and best international Exchange Traded Funds (ETFs). Our customers can also use the app to gain exposure to multiple asset classes, including equities, fixed income, real estate and alternatives securities, as well as markets around the world, including developed markets and emerging markets.</p> <p>Coordinating with a reputed developer, Markaz has developed and deployed Robo Wealth Adviser as part of iMarkaz. The product is expected to evolve further into a comprehensive client onboarding platform. The platform is running on Amazon cloud hosted in the regional datacenter, ensuring proximity.</p>
9	Vestio		<p>Vestio is a state-of-art, end-to-end wealth management solution that is developed in-house, and currently is competing with big international software solutions in the market including SunGard, Advent Systems Inc., ProsperoSystem, and others.</p> <p>Vestio is a full-fledged wealth management solution, which consolidates all Markaz's core activities and services under a single platform that delivers the Segmentation, Targeting, and Positioning (STP) approach. It contains the following models: Customer Relationship Management (CRM), portfolio and fund management (front and back office), trading engine, automatic reporting, legal and contract management, and others. Specifically, legal cases and contracts management are automated in the Vestio application, enhancing the tracking and monitoring capabilities of legal cases and contractual obligations of Markaz.</p>
10	Digital Signature		Markaz has recently implemented a digital signature application, whereby documents are submitted to single or multiple approvers for their digital signature remotely, thus ensuring the integrity of the signed documents while working away from the office.

FIGURE 4.3A:
Technologies Implemented (continued)

#	Technology	Year of Implementation	Brief
11	MS SharePoint Workflows	2018	Implementation that allows a large volume of payments for international and MENA real estate operations to be initiated, approved and processed through Microsoft (MS) SharePoint application, without any paper-based memo circulation. MS SharePoint has been identified as the suitable cloud platform and .Net as the coding framework. The flexibility offered by MS SharePoint has allowed us to progress with multiple workflows assisting in accomplishing the aim of paperless office procedures.
12	Gateway Upgrades		Implemented upgrades to gateway connections between networks and internet.
13	Cloud-Based VPN Solution for Branch Offices (Meraki)		Implementation of a cloud-based virtual private network (VPN) for branch offices, from Cisco Meraki.
14	Wi-Fi Network Upgrade		Implemented upgrades to the Wi-Fi network.
15	Yardi		Yardi is a widely used property management solution, which was implemented by Markaz in 2018 to enhance the efficiency and experience of managing Mena Real Estate projects and properties.

CASE STUDY

Outcomes of Innovation



Overview:

Markaz has automated a number of procedures and processes, including internal back-office technologies, as well as external front-office technologies dealing with customers. In total, we have seen the implementation of 15 technologies in the time period: 5 in 2018 and 10 in 2019. This drive towards innovation and digitization comes with various benefits and outcomes, in line with our set objectives.



Objectives:

1. Minimization of human error
2. Increased quality

3. Efficiency and decreased use of time and resources (especially paper)
4. Ensuring data security and integrity
5. Engagement with stakeholders
6. Capacity building of employees' skills



Outcomes:


Our investment in digitization has put us on the right track concerning our digitization objectives. Generally, the automation of different procedures shows high quality with fewer errors due to reduced human intervention. Stakeholders, especially customers, are becoming engaged, as seen with iMarkaz, for example. Employees using all of these

technologies are able to hone and build their skills. Finally, the digitization efforts had led to various positive environmental impacts, which are examined further in the environmental section. Specifically, concerning time efficiency, we were able to record significant time savings from substantially decreased reporting times due to automation. These decreased reporting times are due to time savings in three different areas of reporting, as shown in **Figure 4.3B** below.

FIGURE 4.3B:
Time Savings

Internal reporting of portfolio positions sent by Transaction Process Reporting (TPR) to respective portfolio managers	▶ decreased from 4 hours to 10 minutes on a daily basis
Reporting to international real estate clients and private equity clients	▶ decreased from 5 working days to 10 minutes on a monthly basis
Monthly reporting to portfolio clients	▶ decreased from 2 days to 15 minutes

Furthermore, the SROI calculation for the impact of digitization on efficiency is as follows

SROI Topic	Efficiency Impact of Digitization
SROI (%)	75%
Interpretation	0.75 KWD sustainability value created from each 1 KWD invested into report digitization and efficiency.
Value Outcomes	*Time Saving
SDG Alignment	

4.3.3 Data Privacy and Security

418-1

Markaz’s sustainable development in digitization is not only accomplished through investing in technology, but also through deploying the adequate IT security controls associated with such technology. Such security controls mitigate known vulnerabilities and ensure zero security breaches.

Open Web Application Security Project (OWASP) Top 10 best practices are being strictly followed. Moreover, periodic assessments including external and internal Vulnerability Assessment and Penetration Testing (VAPTs) are often used in practice to evaluate the level of system security, and improve it where needed. Multiple security governance practices, including External VAPT, and Infiltration/Exfiltration, were performed during the last two years.

Furthermore, we have adopted an International Standards Organization (ISO) stipulated Information Security framework and standards. Our IT security is primarily based on three core principles - Confidentiality, Integrity, and Availability - to protect our information and network security. In this regard, we have defined in-depth policies and practices to cover our information security governance, risk management, network security, access management, backup and recovery management, and various other elements of IT security.

The IT Department is currently progressing with further ISO-certification readiness. ISO prerequisites, including asset classification and risk assessment, are in progress, whereas revamping IT policies, procedures, framework, guidelines, and baselines are all completed.

Besides department-wide certifications and practices, the IT team includes members with multiple levels of certifications, including:

- Cisco Certified Internetwork Expert (CCIE)
- Certified Information Systems Security Professional (CISSP)

- Information Technology Information Library (ITIL)
- Microsoft Certified Systems Engineer (MCSE)
- Cisco Certified Network Professional (CCNP)
- Certified Ethical Hacker (CEH)
- Computer Hacking Forensics Investigator (CHFI)
- VMware certification, etc.

As a result of all our efforts towards data security and privacy, **Markaz has received 0 complaints on customer privacy in 2018 and 2019**. Furthermore, we have neither recorded nor experienced any incidents relating to data leaks or loss.

4.3.4 IT Policies and Procedures

Markaz has an effective IT governance program, which enforces industry standards and best practices through effective policies and procedures. As mentioned earlier, IT policies and procedures are prerequisites of certain ISO standards and we have successfully revamped our IT policies, procedures, framework, guidelines, and baselines.

The IT policies and procedures contain governance mechanisms that have been put in place, including: identity management, access controls, data leakage prevention, Virtual Private Network (VPN), network admission control, next-generation firewalls, and an intrusion prevention system, etc. Moreover, the establishment of an effective log correlation mechanism allows the IT team to proactively act on security threats/issues.

4.4 Brand Values

Markaz’s brand values are in alignment with SDG 8 due to the company’s decent work and growth, as well as further supporting the company’s growth through the way that the brand impacts and communicates to stakeholders.



Markaz’s brand values are a vital factor that influences our journey to excellence and sustainable development. Accordingly, our brand values result from the adherence and manifestation of a foundational amalgam of our vision, mission, values, ethics, and principles. Additionally, brand values are impacted greatly by our solid governance, ethical practices, and measurements. Markaz’s continuous and effective stakeholder engagement is essential in maintaining our brand reputation.

Moreover, in recognition of this crucial link between brand values and stakeholders, Markaz has conducted a professional brand audit with an independent third-party. Such an audit is performed every three years to evaluate our brand perception in the market, as well as to outline how we may improve according to the audit results. The brand audit covers market perception

through social media monitoring, intensive meetings with stakeholders, internal workshops with key members of Markaz and one-to-one meetings with the Executive Management, among others.

According to the 2019 brand audit, Markaz was seen to be truthful, transparent, consistent, professional and conservative. Furthermore, Markaz was perceived to be amongst the top three market leaders in this sector.

4.5 Procurement

103-1, 103-2, 102-9, 102-10, 103, 204-1

Markaz's procurement practices, especially those showing an emphasis on local procurement, are in alignment with SDG 8 due to Markaz implementing responsible practices for the company's decent work and growth.



Markaz's procurement practices, especially those showing an emphasis on local procurement, are in alignment with SDG 17 due to our partnering with suppliers, especially local suppliers, to work towards sustainable elements of business practices.



Part of sustainable development is the integration of socially responsible elements into an organization's procurement practices. For example, a positive approach towards procuring supplies locally would help support the local economy and community, which Markaz has successfully achieved as well.

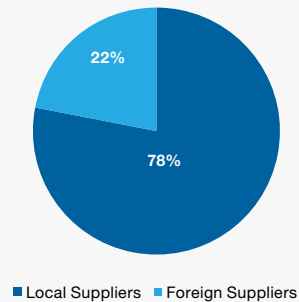
In line with this approach, Markaz's supply chain management philosophy revolves around diligently mapping business process workflows, various procurement processes and enabling technologies. Markaz has integrated sustainability into procurement

practices, ensuring that both financial and non-financial criteria are used to select suppliers. Hence, Markaz's procurement code sets down the formal and tacit processes of procurement, which helps the company to adhere to all legal and labor practices.

Specifically, one procurement matter that we measure and assess quantitatively includes our emphasis on local suppliers. Accordingly, we have tracked the ratio of local to foreign suppliers, encouraging local procurement as part of our commitment to contributing to effective economic impact in Kuwait. As a result, during the reporting period, Markaz made purchases from a total of 223 different suppliers (in the form of direct purchases and contracts). These were, in turn, allocated between 175 local suppliers in Kuwait (78%), and 48 foreign suppliers outside of Kuwait (22%), as illustrated in **Figure 4.5** below.

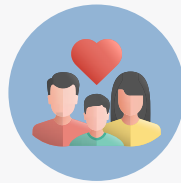
FIGURE 4.5:

Procurement - Local vs. Foreign Suppliers





People



An essential part of sustainable development includes the efforts we display to our people. It is fundamental that we establish a work environment that enables performance development, enriches progress, encourages creativity, and ensures effectiveness. Therefore, this has resulted in delivering state-of-the-art, innovative solutions that ultimately serve our diverse clients in the midst of competitive markets. There is no doubt that proper human resource management is critical to any company's sustainable development journey, as is shown throughout this section.



UN Sustainable Development Goals (SDGs)

- 1 No Poverty
- 3 Good Health and Well-Being
- 4 Quality Education
- 5 Gender Equality
- 6 Clean Water and Sanitation
- 8 Decent Work and Economic Growth
- 10 Reduced Inequalities
- 11 Sustainable Cities and Communities



Kuwait National Development Plan (KNDP)

- Global Position
- Creative Human Capital
- High Quality Healthcare

5. People

102-8, 401-1, 402, 404, 405

At Markaz, we believe that our 45-year journey of success and inclusive growth is a result of our people. The competencies, diversity, and engagement of our team members are the core of our operational excellence and sustainable development.






Likewise we always ensure that we maintain a diverse pool of stakeholders and clients, and that all are treated ethically, and given an equal opportunity regardless of their demographic backgrounds (i.e. age, nationality, gender, religious beliefs). As previously mentioned elsewhere in this report, we ensure that all our operations and engagements are transparent and in accordance with our values and ethical reputation.

As for our human capital, we always aim at attracting and retaining creative and professional individuals, who are committed to delivering exceptional and innovative solutions for our clients, community, and environment – and who are devoted to Markaz’s values and ethical reputation.

Therefore, we continue to foster an innovative and diverse working environment that aims to sustain employee development, creativity, engagement, and effectiveness. Furthermore, we embrace a culture that creates opportunities for professional growth and optimizes employee potential, in which team members can excel in delivering innovative solutions for Markaz’s clients and exceed their expectations.

5.1 Diversity

103-1, 103-2, 405,1

Diversity in Markaz is in alignment with SDG 1, as employment is one way to alleviate poverty, especially across a diverse range of ages, genders and nationalities.	
Diversity in Markaz is in alignment with SDG 5, especially through assessing the gender allocations in the workforce and ultimately aiming to better represent both genders in the workforce.	
Diversity in Markaz is in alignment with SDG 8 since the diversity of employees’ age, gender, and nationality is ultimately geared to performing decent work and growth in the company as a whole through a range of experiences, and backgrounds.	
Diversity in Markaz is in alignment with SDG 10 since the diversity of employees’ age, gender, and nationality ultimately all aim to reduce socioeconomic inequalities among the different demographics, by assessing and better representing each one.	
Diversity in Markaz is in alignment with SDG 11 since the diversity of employees ultimately gives back to the cities, and communities in which the company operates, contributing to a sustainable impact across the demographics represented in the workforce.	

Having a diverse and equal / fair working environment is one of the factors contributing to sustainable development. We believe that a diverse workforce results in more creativity and added value in our solutions, which are tailored according to each one of our diverse clients and stakeholders.

During the past two years (2019 and 2018), Markaz has had a total number of 160 and 166 employees respectively. Further breakdown of the total number of employees is illustrated in **Figure 5.1A**, indicating the diversity of our

team in terms of nationality and gender. The number of employees who left Markaz during this reporting period (2019 and 2018) is 57.1% less compared to our previous reporting period (2017 and 2016).

FIGURE 5.1A:
Employee Demographics

By Employment Contract	2019				2018				% Change (2019-2018)	
	Nationality: Kuwaiti		Nationality: Non-Kuwaiti		Nationality: Kuwaiti		Nationality: Non-Kuwaiti		Total Kuwaiti	Total Non-Kuwaiti
	Men	Women	Men	Women	Men	Women	Men	Women		
Permanent	40	9	74	37	41	11	78	36	-5.8%	-2.6%
Temporary	-	-	-	-	-	-	-	-		
Total Staff	40	9	74	37	41	11	78	36	Total All Employees	
	49		111		52		114		-3.6%	

Gender Diversity

One of the key aspects in diversity is gender; in this regard, Markaz aims to attract and empower women in its workforce. Our female employees are treated fairly and equally and are fully supported to utilize their potential and further develop their skills. This is highlighted in the number of women we have in managerial level positions, which accounts for 17 females for both 2019 and 2018. **Figure 5.1B** illustrates the gender diversity in our workforce, which shows the allocation in 2019 is 29% females and 71% males. **Figure 5.1C** illustrates the allocation of our diverse workforce in 2018.

FIGURE 5.1B:
2019 Gender Diversity

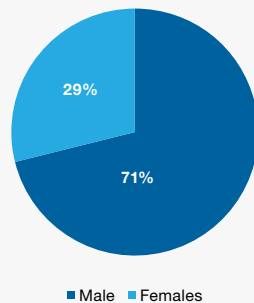
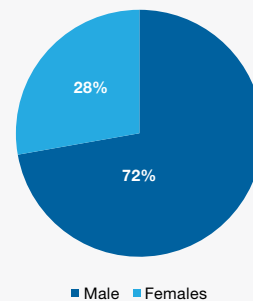


FIGURE 5.1C:
2018 Gender Diversity



Additionally, a SROI calculation was performed for Markaz's female employment. This is given below.

SROI Topic	Female Employment
SROI (%)	29%
Interpretation	0.290 KWD sustainability value created from each 1 KWD invested into female employment.
Value Outcomes	*Employment value - *Employee satisfaction - *Female employment - *Financial comfort value
SDG Alignment	

Age Diversity


At Markaz, diversity goes beyond gender; it also includes diversity in terms of age, which further shapes our success by sharing professional experiences and knowledge across different age groups. **Figure 5.1D** illustrates the breakdown of Markaz’s diverse age groups in terms of employment career levels and gender, for both 2019 and 2018. By comparing both years, there is a 12.8% increase in the number of executives of all age groups.

FIGURE 5.1D:
Age Diversity in 2018 and 2019

Employees by age and employee category	2019									2018								
	Men			Women			All Genders			Men			Women			All Genders		
	<30	30-50	>50	Total	<30	30-50	>50	Total	All ages	<30	30-50	>50	Total	<30	30-50	>50	Total	All ages
Entry level	9	2	0	11	5	2	0	7	18	13	1	0	14	5	4		9	23
Junior	11	15	9	35	2	13	2	17	52	9	19	10	38	1	14	2	17	55
Senior	2	34	6	42	0	9	4	13	55	2	35	7	44	0	8	5	13	57
Executive	0	19	7	26	0	6	3	9	35	0	16	7	23	0	4	4	8	31
Total	22	70	22	114	7	30	9	46	160	24	71	24	119	6	30	11	47	166

5.2 National Empowerment 103-1, 103-2, 414-1, 414-2

Markaz’s national empowerment and representation in the workforce is in alignment with SDG 1, as it is one way to contribute towards alleviating poverty in the nation and community in which the company operates.



Markaz’s national empowerment and representation in the workforce is in alignment with SDG 8, as it is geared to ultimately perform decent work, and achieve company growth through the skills and experience of national demographics.



Markaz’s national empowerment and representation in the workforce is in alignment with SDG 11, as it is one way to give back to the cities and communities in which the company operates, ensuring their sustainability through the employment of their workforce.

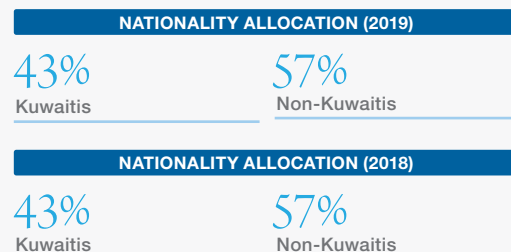


Part of Markaz’s contribution and commitment to the community is the hiring of national talents. We are aware of the positive impact nationalization creates on the local community and how it is aligned to international and national frameworks and enablers.

In both 2019 and 2018, national employees accounted for 43% of Markaz employees. This is regarded as a

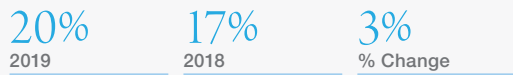
positive impact, since Markaz exceeds the mandatory minimum employment quota of 40% in the finance and investment sector. **Figure 5.2A** illustrates the nationality allocation of Markaz for both 2019 and 2018.

FIGURE 5.2A:
Nationality Allocation in 2019 and 2018





Furthermore, **Figure 5.2B** illustrates that the percentage of nationals in managerial positions has increased by 3% compared to the previous year (2018), accounting for a managerial nationalization rate of 20% in 2019.

FIGURE 5.2B:
Nationalization Rate (Management and Above) in 2019 and 2018





In addition, the SROI calculation of Markaz’s national empowerment is given below.

SROI Topic	National Empowerment
SROI (%)	22%
Interpretation	0.220 KWD sustainability value created from each 1 KWD invested into national empowerment.
Value Outcomes	*Employment value *Employee satisfaction *Financial comfort value
SDG Alignment	 

5.3 Knowledge Transfer and Development

413

Markaz’s knowledge transfer and development activities are in alignment with SDG 4, due to the quality and educational aspects resulting from employee skills training and growth. 

Markaz’s knowledge transfer and development activities are in alignment with SDG 8, since the employee skills training and growth ultimately contribute to ensuring that the company exhibits decent work and growth, through a knowledgeable and experienced workforce. 

Markaz considers the development of its workforce essential in meeting and exceeding the needs of its clients. Both knowledge transfer and training are key factors embedded within our human resources strategy. We manage to sustain our employees’ preparedness and professionalism by providing them with appropriate training and up-to-date know-how.

We believe that our greatest investment lies in our workforce. Accordingly, Markaz significantly fosters opportunities and training programs that aim to help with career advancements, technical skills development,

ethics and integrity compliance, regulatory instructions and much more. To ensure that our employees have the necessary training programs and core business-enabling skills and are at pace with regulations updates, Markaz conducts a competency assessment every two years. As a result of such assessments, we develop our Personal Development Plans, which are specifically developed for each employment career stage and level.



The training programs and knowledge transfer are conducted through various approaches including workshops, seminars, virtually (e-learning), and mentoring, among others, while the lecturers / trainers are both in-house and outsourced, such as from Ernst & Young (EY), Leoron, CODED, and Nestor Advisors. In addition, we encourage a culture of self-development and professional certification.

Employee development is provided to our entire workforce regardless of their career level. **Figure 5.3** illustrates the total number of training hours provided for Markaz’s employees according to their employment level and gender for both 2019 and 2018. The figure shows that in 2019, the total training hours reached 1,080 hours, which represented an increase of 9.4% compared to the 2018 figure of 987.5 hours.

FIGURE 5.3:
Training Hours in 2018 and 2019

Total hours of training received	2019		2018		% Change (2019-2018)	
	Men	Women	Men	Women	Men	Women
Entry level	232.5	172.5	250	160	-7%	7.8%
Junior	157.5	67.5	160	55	-1.6%	22.7%
Senior	157.5	67.5	130	70	21.2%	-3.6%
Executive	157.5	67.5	130	32.5	21.2%	107.7%
Total per Gender	705	375	670	317.5	5.2%	18%
Total	1,080		987.5		9.4%	

The full detailed list of training courses conducted during 2019 and 2018 is provided in index (8.3). Additionally, in 2019, Markaz invested a total of 48,842 KWD in employee development, which is a 25% increase compared to the 2018 figure of 39,076. The latter can be interpreted in the below SROI calculation regarding Markaz’s development and knowledge transfer activities.

SROI Topic	Employee Training
SROI (%)	158%
Interpretation	1.58 KWD sustainability value created from each 1 KWD invested into employee training.
Value Outcomes	*Training Value
SDG Alignment	 

It is also worth mentioning that Markaz’s Board also undergoes specific training programs on various topics associated with regulations and ethics. Such topics include: anti-money laundering, disclosure

obligations, legal development (issuing and amending laws, instructions from regulatory authorities such as CMA and Boursa Kuwait), as well as topics related to developments in the financial sector.

CASE STUDY

Approach to Equal Rights and Employee Development

Department: Human Resource (HR) Department

Overview:
 Markaz selection, promotion and development opportunities are based on the profile and progress of each employee in the context of their role in the business. Training is principally oriented towards industry knowledge and specific skills. We treat staff equally; all development is based on job requirements and individual gaps. We do not currently train specifically to gender-related issues, such as developing women managers, for instance, as our small size and already positive distribution of female staff at all levels reflects an even-handed approach. We are currently developing a competency framework to focus our development on business outcomes and leadership, and will in that context be able to address issues where gender has a recognized career path impact, and seek to strengthen any gaps we undoubtedly have. The media

for training will also be expanded into a mix of classroom, online and self-directed learning, which will provide a level playing field for development objectives for all our employees, regardless of personal circumstances or responsibilities. We are a multi-cultural company, and aside from the specific development of Kuwaiti nationals within our Graduate Training Scheme, we do not direct training to any specific ethnic group, language priorities or nationalities.

Objectives:
 Our objectives are straightforward: we want to focus our development on learning that will directly impact both immediate and longer-term business growth and efficiency, and provide a structure for career paths and professional growth, in both hard and soft skills, that will be open for any employee to progress both

at Markaz and in our industry, at a pace that matches their interest and potential.

Outcomes:
 At this point, our outcomes are specifically related to training and market awareness that fit our medium-term business needs. In 2019, we conducted a Markaz-wide “Capability Snapshot”, which was a manager-assessed identification of every colleague, calibrating performance, and potential for further growth. We are using this to weight reward, recognition, and development actions appropriate to each person’s career stage. We have also used it to provide a first indicator of our company’s readiness for digital acceleration, identifying to what degree individuals and Markaz have a high, medium, or low technology mindset.

5.4 Employee Engagement

102-43

Markaz’s employee engagement approach is in alignment with SDG 8, since the employee satisfaction and motivation resulting from the engagement reflects on the company to ensure decent work and growth, benefitting the company and the stakeholders involved.



We believe that proactive employee engagement is the essence of sustaining motivation, quality deliverance and workplace wellbeing. Thus, we are always transparently engaging with our employees through creative and open communication methods, and through employee events and activities. Our methods of engagement include our internal newsletter “Engage”, employee engagement surveys, events, and platforms, among others.

As part of Markaz’s employee engagement, we

launched “The Breakfast Meeting” initiative where executive management and key employees gather twice a month. Such an engagement tool aims at providing project updates, exchanging professional views and trends in the markets, and achieving strategic objectives.

Additionally, since 2015, Markaz has had a platform where each of our prime employees are encouraged to present and discuss business-related ideas, while senior executive management listen and discuss the feasibility of integrating the ideas within Markaz. The platform is called “Markaz Pivotal Forum”, and it aims to share knowledge and promote creativity and constructive communication. A total of 9 forums were held in 2019 and 2018, adding to a total of 16 forums since 2015, in which 25 ideas were presented and 23 topics were discussed. Out of these, 12 ideas were transitioned into initiatives, as shown in **Figure 5.4A**.

FIGURE 5.4A:

Markaz Pivotal Forum - Ideas and Topics

List of Topics

No. Topics & Updates	By
1 Issues Facing GCC Banks	Aliya Sattar
2 Federal Reserve Increase of the Discount Rates	Khaled Al-Mubarak
3 High Value Private Equity Trend	Ahmad Al-Shalfan (MENA Equities)
4 Geopolitical Risks in the Middle East Region	Humoud Al-Sabah (Published Research)
5 M&A Activities in the GCC Region	Abdulrazzaq Razooqi (Corporate Finance)
6 Economic Outlook for the Year 2016	Hussein Abdullah (Capital Markets & Fixed Income)
7 Bursa Kuwait Rally	Mohamed AlAbdulkader (MENA Equities)
8 Real Estate Option Contracts and Its Effect in Urban Planning	Ahmad Hayat (Investment Banking)
9 Money Market	Ali Al-Shamali (Treasury)
10 Training at Harvard Business School	Humoud Al-Sabah (Published Research)
11 Digital Disruption	Sondos Saad (Media & Communications)
12 Marmore App	Murtaza Pattherwala (Manager, Published Research)
13 CFA Society Kuwait	Mohammed Al Sumaie (Trainee, PBD)
14 Seaports: A Traditional Pillar of Economic Growth	Mohammed Malallah (Trainee)
15 Economic Diversification	Abdullatif Al Adwani (Trainee)
16 Pivotal Forum Implemented Ideas	Alrazi Al-Budaiwi (Media & Communications)
17 Better Job Opportunities for Kuwaitis	Sherifa Ben Salamah (Trainee)
18 Impact of Fintech on Job Market	Rawan Almarzooq (Trainee)
19 Integrating the Technical with the Fundamental	Abdulaziz Al-Roumi (Trainee)
20 Impact of Digitization on Investment Banks	Abdulrahman Al-Awadhi (Trainee)
21 Emerging Markets: Finding a Conservative Approach	Abdulmohsen al Mudhaf (Trainee)
22 The Automotive Industry	Mohammed Al Baqsami (Trainee)
23 Digital Healthcare	Abdulredha Khorsheed (Trainee)

List of Ideas

No. Ideas	By	Status
1 Leveraging Reputation to Promote Sales	Ahmad Al-Shalfan	Ongoing
2 Creating Markaz Newsletter	Alrazi Al-Budaiwi	Done
3 Kuwait Real Estate Market	Mohammed Al-Adsani (Real Estate)	Ongoing
4 Creation of Projects Teams	Dalal Al-Mukaimi	Ongoing
5 Internal Training by Employees to Their Colleagues	Alrazi Al-Budaiwi	Ongoing
6 Markaz Employee Engagement Activities	Bassel Hammad (MENA Real Estate)	Ongoing
7 Five Ideas to Improve Engage Newsletter	Abdullah Al-Wazzan & Dalal Al-Shatti (Trainees)	Done
8 Kuwaiti Licensed Companies Guide	Mariam Al-Saffi (Trainee, Legal Department)	Ongoing
9 Real Estate Investment Trust (REIT)	Dekheel Al-Dekheel	Ongoing
10 Markaz Client App	Abdulmohsen Al-Refai (Trainee, TPR)	Done
11 How to Get the Maximum of Entrepreneurship	Azzan Al-Zawawi (Trainee)	No
12 Treasury Systems Impact on Operations Efficiency	Ali Al-Shamali (Treasury)	No
13 Knowledge Management	Salma Shams Eddin (Legal)	No
14 PPP in Kuwait: Across Departmental Activity	Bashar Khan	No
15 The Kuwaiti Islands Project Between Dream and Reality	Bandar Bouresly (Trainee)	No
16 Trade: Share Ideas and Buy Power	Rawan Khaja (Trainee, MCD)	No
17 The Future of Kuwait's Education	Ms. Selma Khailil & Ms. Farah Al-Adsani (Nuqat)	No
18 Developing a Venture Capital Subsidiary at Markaz	Khaled Al-Dousari (Trainee)	No
19 Investing in Sports Sectors	Ali al-Dakheel (Trainee)	No
20 Business Incubator at Markaz	Fedhah Al-Khaled (Trainee)	No
21 Job Crafting	Aljazi Al Tawari (Trainee)	No
22 Strategy & Business Development	Fawaz Al-Buaijan	No
23 Performance Coaching	Mariam Al-Marzouq	No
24 Workplace Ergonomics	Rahaf Algharballi (Trainee)	Ongoing
25 Adding Meaning To Meetings	Abdullah Albanwan (Trainee)	Ongoing

As mentioned earlier, our employee engagement includes events and activities, as illustrated in **Figure 5.4B** and **Figure 5.4C** for both 2019 and 2018 respectively. A total of 21 employee engagement events were highlighted, allocated among 10 events in 2019 and 11 in 2018.

FIGURE 5.4B:

Employee Engagements Events - 2019



#	Event	Venue
1	Open Day	Marina Hotel
2	National Day	Markaz Premises
3	Graish 2019	Markaz Premises
4	Ghabga 2019	Regency Hotel
5	Breakfast Meetings	Employee Engagement
6	Pivotal Forums	Employee Engagement
7	Beat the Heat - July month	Markaz Premises
8	45 th Anniversary Cupcake Day	Markaz Premises
9	Breast Cancer Awareness	Markaz Premises
10	Year End	Symphony Style Hotel

FIGURE 5.4C:

Employee Engagements Events - 2018

#	Event	Venue
1	Markaz Open Day	Movenpick
2	National Day Celebration	Markaz Premises
3	Ghraish	Markaz Premises
4	Markaz Ghabga	Symphony Style Hotel
5	Breakfast Meetings	Markaz Premises
6	Pivotal Forums	Markaz Premises
7	Little Assistant Event by HR	Markaz Premises
8	Markaz World Cup Competition Winner	Markaz Premises
9	Tropical Ice Cream Day by HR	Markaz Premises
10	Breast Cancer Awareness	Markaz Premises
11	Year End 2018	Four Seasons

Additionally, the SROI calculation below shows the sustainability impact of the employee engagement events.

SROI Topic	Employee Events
SROI (%)	456%
Interpretation	4.36 KWD sustainability value created from each 1 KWD invested into employee events.
Value Outcomes	*Employee satisfaction
SDG Alignment	 

Employee Satisfaction



One of Markaz’s highlights in employee engagement is the employee engagement survey that we conduct. This was carried out by a third party. The results of the survey showed that “very high internal communication” had an exceptional 85% response rate (the third party considers 60% to be a typically high response rate both in our region and globally). The survey also identified and confirmed the areas in which we are doing well, and those that we should continue to improve in.

Employee Benefits

401-2

We continuously provide our employees with various benefits including health insurance, ticket allowances, retirement provisions and indemnities, as well as disability and invalidity coverage-all of which comply with the Kuwait Labor Law. Additionally, as part of our compliance with the Kuwait Labor Law, our maternity leave, annual leave and sick leave policies are in line with the law and abide to it. Regarding the employee health insurance, Markaz provides it for employees, as well as their spouses and two children up to a maximum of 22 years of age. The same extension also applies regarding air tickets.

In addition, an SROI calculation for Markaz employment is given below.

SROI Topic	Employment
SROI (%)	22%
Interpretation	0.220 KWD sustainability value created from each 1 KWD invested into employment.
Value Outcomes	*Employment value *Employee satisfaction *Financial comfort value
SDG Alignment	 

5.5 Performance Management

Markaz's performance management process is in alignment with SDG 8, since it is a continuous assessment of the quality of the human capital, whereas improvements from well-managed performance reflect positively on the company's decent work and growth.



At Markaz, all our employees are treated fairly and equally, therefore our approach to performance management and compensation is independent of our employees' ethnicity, gender, and demographic background and includes all Markaz employees.

Prior to 2019, our performance evaluation used to be conducted once a year at the end of each calendar year, in order to evaluate our employees' performance level against Key Performance Indicators (KPIs). In 2019, our Human Resource (HR) Department and senior managers started working together to create a consistent competency framework that describes whether an employee is at the "Entrant", "Emerging", "Experienced", or "Expert" level. This framework will be applied in our "People Ladders Progress", which includes employee selection, career paths, increments, succession, promotions and individual capability assessment and development planning. Markaz submitted this performance framework in Q4 2019, and it was implemented at the full coverage of mid-year appraisals.

Regarding our performance management policy, this is within our performance management scheme. The mechanisms we adhere to are the following: business results are calculated to a weighted pool for bonus awards (75% to revenue centers, 25% to enabling centers). Each pool is allocated according to the contribution to revenue departments and in per capita blocks to enabling departments. Individuals receive bonuses from divisions within the pool and according to personal (appraisal) performance rating. Adjustments are made by department heads and by management before execution, to ensure equality and fairness among employees. Additionally, in order to follow the best practices in deciding and implementing different compensation schemes, we hired an external company to analyze the market and provide us with their salary scheme proposal. A new pay scale, which is "market based", is currently under review by the Board of Directors.

In addition to our employee performance management, developing our core leadership competencies and assessing senior leaders is also one of the key elements within our performance evaluation and management. This is essential in ensuring that they have a solid foundation in core management skills, which are in line with their responsibilities and career path. Such leadership competencies are built based on Markaz clients' expectations and on our operating values, which sustain our performance excellence.

Last but not least, we plan to continue in our sustainable development journey with the emphasis on promoting the performance of our employees, optimizing their innovative oriented solutions and skills, in order to effectively serve our people and the investment and financial sector.

5.6 Retention and Turnover

401

Markaz's assessment of employee retention and turnover is in alignment with SDG 8, since the proper management of these human capital features, especially those promoting optimal levels of high retention and low turnover, reflect positively on the company's decent work and growth.



Markaz measures its employee retention since it impacts performance and efficiency, and it affects sustainable development and the community by being the employer of choice. This is accomplished through analyzing our employee turnover and new hire rates.

Figure 5.6 illustrates the total number and rate of Markaz's employee turnover and new hires during the reporting period, categorized by age group and gender.

Looking at the results given in **Figure 5.6**, the female employee turnover decreased by 12.5% compared to the previous year, 2018. Additionally, the turnover for the age group (30-50) decreased by 16.7% compared to 2018. Regarding the total net change in employees (turnover minus new hires), there was a positive net change in 2018 of 2 additional employees. However, in 2019, the net change was a decrease of 6 employees.

FIGURE 5.6:
Employee Turnover and Retention

Category	2019				2018				% Change (2019-2018)	
	New Employees		Turnover		New Employees		Turnover		New Employees	Turnover
	Number	Rate	Number	Rate	Number	Rate	Number	Rate		
Gender										
Female	6	12.9%	7	15.1%	6	12.6%	8	16.8%	0%	-12.5%
Male	12	10.3%	17	14.6%	16	13.6%	12	13.6%	-25%	41.7%
Total	18	11.04	24	14.72	22	13.33	20	13.33	-18.2%	20%
Age Group										
Under 30	15		15		16		14		-6.3%	7.1%
30-50	3		7		5		6		-40%	16.7%
Over 50	0		2		1				-100%	
Total	18	0	24		22	0	20		-18%	20%

5.7 Employee Health and Safety

403-2

Markaz's efforts towards ensuring employee health and safety are in alignment with SDG 3, as it is a contribution of good health and well-being to the main internal stakeholder for the company (employees), and by extension any other stakeholders in the premises.



Markaz's efforts towards ensuring employee health and safety are in alignment with SDG 6, as ensuring clean water and sanitation benefits the main internal stakeholder for the company (employees), and by extension any other stakeholders in the premises.



At Markaz, our occupational safety and employee health are essential to us. Several measurements and procedures are taken into consideration in ensuring the wellbeing of our employees. These include maintaining high hygienic standards of office cleanliness, fireproofed cabinets and files storage, and regular floors disinfection procedures. In addition to this, fire alarm systems are continuously checked, A/C, water and pipelines are maintained on a regular basis, and all main doors have security access.

As means of raising health awareness, we offer our employees medical insurance, as well as discounts at health clubs and a football academy.

One of our employee health and safety highlights for both 2019 and 2018 is that zero incidents and injuries were reported. Also, as an indication of our commitment

towards health and safety improvements, the expenditure on them increased by 3.5% in 2019 compared to 2018, as illustrated in **Figure 5.7**.

FIGURE 5.7:
Investment into Health and Safety Improvements



Additionally, the SROI calculation for Markaz's employee health and safety is shown below.

SROI Topic	Employee Health and Safety
SROI (%)	712%
Interpretation	7.12 KWD sustainability value created from each 1 KWD invested into employee health and safety.
Value Outcomes	*Health impact
SDG Alignment	

Social



In order to fulfill our commitment to providing inclusive innovative solutions, we focus on the local community as well, as it is a core component in sustainability development and in ESG - making it integral to be measured, assessed, and improved. At Markaz, we understand the essence and magnitude that our community engagement holds; thus, we always aim to cater not only for the economic needs of our nation but, just as importantly, its social necessity as well. Accordingly, we strongly believe that leaving a positive impact on the community and focusing on engagement will ensure our sustainable growth goes hand in hand with our stakeholders.



UN Sustainable Development Goals (SDGs)

- 1 No Poverty
- 3 Good Health and Well-Being
- 4 Quality Education
- 8 Decent Work and Economic Growth
- 11 Sustainable Cities and Communities



Kuwait National Development Plan (KNDP)

- Global Position
- Creative Human Capital

Our journey towards sustainable development would not be successful without our excellence in social responsibility. We focus on key community issues, which are embedded within our Corporate Social and Economic Responsibility (CSER) strategy. This strategy consists of 3 pillars, which are: 1) Building human capacity, 2) Aligning our business environment with the principles of sustainable development and 3) Promoting good governance in the business environment. Therefore, with such strategic focus we are able to integrate our expertise and innovative solutions into our community and further aid in its sustainable development, which ultimately serves our nation's development plan for 2035.

Furthermore, in this chapter, we have showcased our social involvement for the reporting period of 2019 and 2018, highlighting our contribution and impact on the society and youth, in addition to our social method of engagement.

6.1 Social Contribution and Impact

103-1,103-3, 203-2

<p>Markaz's social contribution and impact is in alignment with SDG 1, as some community contributions are related to poverty alleviation, entrepreneurship, training, youth empowerment, health care affordability, educational affordability, and refugee assistance.</p>	
<p>Markaz's social contribution and impact is in alignment with SDG 3, as some community contributions are related to healthcare, including Loyac, Kuwait Red Crescent Society (KRSC), KAACH, CCCL, and others.</p>	
<p>Markaz's social contribution and impact is in alignment with SDG 4, as some community contributions are related to educational support, including Kuwait University sponsorship, Bareeq sponsorship, and others.</p>	
<p>Markaz's social contribution and impact is in alignment with SDG 11, as the contributions are a way to give back to the cities and communities in which the company operates, ensuring a more sustainable and positive relationship with community stakeholders.</p>	

We consider our social contribution and impact vital and an essential element in enabling communities to prosper. Our social contribution has many forms, which involve cooperation with reputable non-profit organizations and includes events, sponsorships and donations.

In 2019 and 2018, Markaz has contributed to a

number of reputable organizations and activities, which are summarized in **Figure 6.1A** and **Figure 6.1B**, respectively. Both years' contribution involved the focus areas of culture, education, sports, health, and partnerships with international experts on sustainable development, along with economic and civil society associations.

FIGURE 6.1A:
Social Contribution in 2019

Social Category	Partner Entity	Brief
Health	UNHCR	Supporting displaced / refugee families in Yemen through the UNHCR Cash Assistance Program.
	Kuwait Association for the Care of Children in Hospitals (KACCH)	Supporting the Child Life program, which provides highest standards of care to sick children and their families.
	Children's Cancer Center Lebanon (CCCL)	Supporting children suffering from cancer in Lebanon.
	Kuwait Red Crescent Society (KRCS)	Supporting children with special needs in collaboration with Fawzia Al-Sultan Group, which aims to help those who cannot afford the treatment fees.
Education	Kuwait Red Crescent Society (KRCS)	Supporting under-privileged children and covering the school fees of 5000 students.
	Bareeq Program by Al-Nowair	Sponsoring this comprehensive education program that aims to spread positive thinking behavior through a variety of simple activities among high school and university students. The program also offers scholarships to the best teachers to Berkley University as well as an award to the best school and university that applies it.
	Foundation of Hope	Supporting children with special needs and learning difficulties.
	Kuwait University	Sponsoring students at the College of Engineering and Petroleum, with their projects.
	Indian English Academy School (IEAS)	Supporting the distinguished, under-privileged students of the school.
Culture	LOYAC	Strategic partnership with Loyac supporting their cultural programs throughout the year.
	LOYAC Academy of Performing Arts (LAPA)	Supporting LAPA's cultural events such as the Capharnahum movie that highlights the issue of street children.
	Nuqat Conference	Supporting the regional conference of Nuqat, a nonprofit organization for creative growth, communication, inspiration & education.
	Al Bayan Bilingual School	Sponsoring the National Day Carnival that aims to promote good citizenship values and raise funds for the Parent Teacher Association activities and the Maker Space initiative supporting innovation in science, technology, mathematics, engineering and arts.
	Kuwait Writers Association	Supporting the association's "How to Write A Novel" workshop by the novelist Najwa Barakat.
Sports	AC Milan Soccer Academy	Sponsoring the AC Milan Soccer Academy, which trains and develops football skills for several players.
	Kuwait Banking Association	Supporting the KBA Marathon that aims to raise awareness on the importance of health and sports.
	ABS Students	Supporting "ABS Rebound", an event organized by the youth with the goal of uniting them in one community. The main theme of the event was car-related, as they had shows and activities at Sirbb circuit.
Partnership with International Experts on Sustainable Development	Media International Advertising FZ LLC	Participating in the Global Finance Round Table Conference representing the non-banking financial sector.
	First Magazine Limited	Participating in the publication of the 120 th anniversary of the Friendship Treaty of 1899.
	Twelve Events to Organize Exhibitions	Participating in Kuwait Financial Technology "Fintech" Conference.
Partnership with Economic Associations & Civil Society Organizations (CSOs)	Arab British Chamber of Commerce	Supporting Arab British Economic Summit (ABES) 2019, highlighting the shared vision of cooperation and friendship between the British and Arab business communities.
	Global Events Partners LTD	Participating in the "New Kuwait Summit", organized by The Supreme Council for Planning and Development and The Ministry of Information.

FIGURE 6.1B:
Social Contribution in 2018


Social Category	Partner Entity	Brief
Health	Kuwait Association for the Care of Children in Hospitals (KACCH)	Supporting the Child Life program, which provides highest standards of care to sick children and their families.
	Children's Cancer Center Lebanon (CCCL)	Supporting children suffering from cancer in Lebanon.
	Kuwait Red Crescent Society (KRCS)	Supporting unprivileged, vulnerable people affected by social conflicts, wars, or natural disasters.
	Lean Start Co.	Supporting Kuwait Crohn's Disease Fighters Awareness Camp.
Education	Indian Community School	Sponsoring the distinguished students at the school with scholarships.
	Kuwait Red Crescent Society (KRCS)	Supporting unprivileged, low-income families.
	Foundation of Hope	Supporting children with special needs and learning difficulties.
	Kuwait University	Sponsoring the 14 th Annual Career Exhibition organized by the College of Business Administration. Also stationery for students was provided by the Social Solidarity Fund.
Culture	Nuqat	Sponsoring the cultural development forum titled "The Human Capital: Investing in Creativity for Social Impact".
	LOYAC	Strategic partnership with Loyac supporting their cultural programs throughout the year.
	LOYAC Academy of Performing Arts (LAPA)	Sponsoring "Kelmetain w Bas" play honoring the Kuwaiti actor Abdulhussain Abdulreda's journey.
Sports	AC Milan Soccer Academy	Sponsoring the AC Milan Soccer Academy, which trains and develops football skills for several players.
	Kuwait Tennis Federation	Supporting Tennis Magazine.
Partnership with International Experts on Sustainable Development	BLS Global Limited	Supporting the Europe-GCC Trade & Investment Guide.
	Kuwait Investment Forum	Supporting "Kuwait Investment Forum" organized by Kuwait Direct Investment Promotion Authority (KDIPA).
Partnership with Economic Associations & Civil Society Organizations	Euromoney Trading Ltd.	Participating in the Euromoney Kuwait Conference.
	Kuwait Association of Accountants & Auditors	Participating in the 6 th Conference of Accountants & Auditors.

In addition to the aforementioned contributions, Markaz has had a great impact on Small and Medium Enterprises (SMEs) of Kuwait. **Figure 6.1C** illustrates our key contributions to SMEs in 2019 and 2018.

FIGURE 6.1C:
Small-Medium Enterprises (SME) Contribution

2019	2018
<p>Fikra Proud partner of "Fikra" program, an intensive training program that aims to empower a new generation of Kuwaiti entrepreneurs and provide them with the tools they need to develop their business ideas into successful established businesses.</p>	
<p>CODED Markaz also collaborated with CODED program to provide customized training workshop to Markaz "Graduate Development Program", covering introductory concepts for financial technology (Fintech) and fundamentals of founding tech startups.</p>	<p>Kuwait Investment CO. Markaz participated as a gold sponsor at "Maker Faire Kuwait", which aims to enable young individuals to develop their innovative ideas which serve the society.</p>
	<p>Association of Small and Medium Enterprises of Kuwait Markaz sponsored the B2B4SME Forum, which aims to create a platform for SMEs to interact with each other and with leading corporations.</p>

In addition, the SROI calculation for Markaz’s social contribution is given below.

SROI Topic	Community Investment and Events
SROI (%)	2%
Interpretation	0.02 KWD sustainability value created from each 1 KWD invested into community investment and events.
Value Outcomes	*Social contribution
SDG Alignment	

6.2 Youth as an Active Player

103-1, 103-2, 413

<p>Markaz’s youth-related activities are in alignment with SDG 1, especially as the youth empowerment, internship, education, and training efforts ultimately have an impact on alleviating poverty for future generations.</p>	
<p>Markaz’s youth-related activities are in alignment with SDG 8, both in terms of equipping the youth with the skills and knowledge needed to grow in their work practices, as well as in contributing to the company’s own decent work and growth, with the employment of interns.</p>	
<p>Markaz’s youth-related activities are in alignment with SDG 11, as one of the ways to contribute to the cities and communities in which the company operates by providing its youth with the empowerment, internship, education and training necessary for them to grow.</p>	

As one pillar of our CSER strategy is “Building Human Capacity”, we therefore target youth development, not only through our previously mentioned activities, but also through our “Markaz Graduate Development Program (MGDP)”, which targets fresh national graduates. Additionally, Markaz offers an internship program that differs with each student, depending on his/her major and qualifications.

6.2.1. Markaz Graduate Development Program

The MGDP equips fresh university graduates with comprehensive technical and interpersonal skills that serve their development and in deciding the career path they wish to follow. The program is tailored for a period

of 12 months in which the graduates are exposed to our daily work and interact with our expert professionals and trainers.

Our graduate program consists of 2 phases: a theoretical phase (phase 1) and a practical phase (phase 2). This is explained in more detail below:

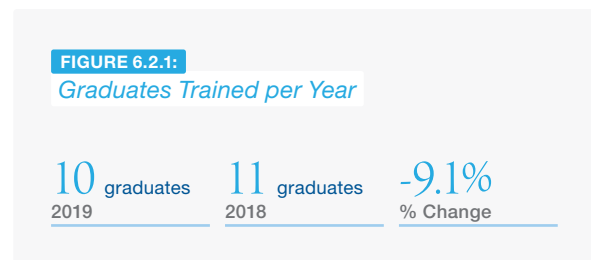
Phase 1:

This theoretical phase involves department rotations, which result in a general overview of the work scope and flow, and strengthens the graduates’ basic knowledge and skills. In phase 1, the graduates’ interests and progress are evaluated.



Phase 2:

This practical phase involves allocating the graduates to different departments and further offering intensive training to familiarize them with the executed job. The graduates are given tasks that allow them to build and develop their technical skills, including: working on case studies, financial analysis, research, and much more.

The graduates also receive a letter of experience and a course completion certificate, along with the valuable exposure they have gained. **Figure 6.2.1** illustrates the number of fresh graduates that Markaz has trained.



The SROI calculation for the MGDP program is given below.

SROI Topic	Graduate Development Program
SROI (%)	438%
Interpretation	4.38 KWD sustainability value created from each 1 KWD invested into fresh university graduates’ employment.
Value Outcomes	*Youth impact
SDG Alignment	 

6.2.2. Internship Program

As mentioned earlier, part of our CSER and youth development is our internship program. Depending on each student's qualifications and major, the internship program will differ, with individual students assigned to the relevant departments. Through this program, students are exposed to different working environments and skills. Our internship program will aid students in maintaining their extra academic credits, expose them to a practical working environment, further enhance their knowledge foundation and equip them with skills and innovative tools for their future employment. On completion of the internship program at Markaz, the students receive a letter of internship completion.

Our internship program is not only a way for us to engage with the youth, but it is also an effective tool for us to share our professional innovative solutions with the younger segments of the community, so that this knowledge impacts future generations, further enabling sustainable growth in the community.

6.3 Engagement Channels

102-43

Markaz's usage of engagement channels to better engage with stakeholders is in alignment with SDG 11, as it ensures a sustainable relationship among the company, the cities and communities in which it operates.

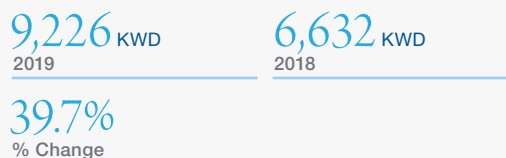


We realize that to efficiently engage with the community and our stakeholders, we should possess and develop communication channels. To keep our stakeholders and community updated, we always manage to come up with innovative and interactive engagement channels. Our engagement channels include: Markaz's quarterly newsletter "Engage", website, events, research and social media accounts.

In this regard, we invest greatly in our engagement channels. **Figure 6.3A** illustrates the amounts we invested in 2019 and 2018, in terms of maintaining social media accounts as well as the marketing expenditures. Note that the social media expenditure in 2019 increased by 39.7% compared to 2018, highlighting our commitment to communicating with our stakeholders and the community.

FIGURE 6.3A:
Social Media and Marketing Investment per Year

EXPENDITURE TOWARDS CREATING AND MAINTAINING ALL SOCIAL MEDIA ACCOUNTS:

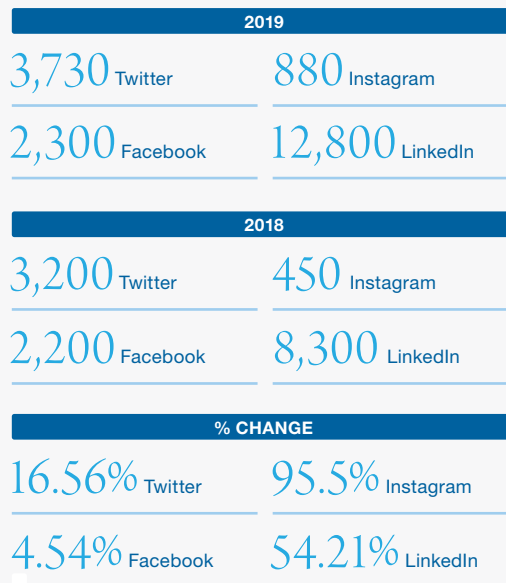


MARKETING EXPENDITURE:



Regarding the number of followers that Markaz has on social media, this is illustrated in **Figure 6.3B**, which also indicates that our followers have increased greatly in 2019 compared to 2018 figures.

FIGURE 6.3B:
Social Media Followers per Platform per Year





Additionally, we believe that our social media pages are vital in reflecting our commitment to sustainability / ESG topics, and that is why several elements related to such topics are communicated through our channels. **Figure 6.3C** illustrates our social media posts regarding sustainability / ESG, for both 2019 and 2018.

FIGURE 6.3C:
Sustainability / ESG Related Social Media Posts per Year

Social Media Post Topic	ESG Element	Caption in Social Media Post
2018		
Fikra Program	Social	"The partnership with the "Markaz" program of social and economic responsibility goes beyond the concept of providing financial aid, as it adopts interaction and integration as a strategy that seeks to achieve measurable goals that are consistent with the principles of sustainability." *
Nuqat - Human Capital Forum	Social	"Mr. Ali Khalil, COO, Markaz will participate as a panel moderator for The Human Capital Forum, organized by @Nuqat which will be held on 24-25 January 2018 at Sheikh Jaber Al-Ahmad Cultural Centre. Stay tuned for his panel."
Corporate Governance	Governance	"Corporate Governance practices are an integral part of Markaz identity"
International Women's Day	Social	"Happy International Women's Day!"
KDIPA	Social	Mr. Manaf A. Alhajeri, CEO, Markaz, participates in the "Investment Opportunities - Lucrative Options in Dynamic Sectors" during Kuwait Investment Forum.
World Water Day	Environment	"Clean water is a blessing. Make every drop count."
FIKRA Final Ceremony	Social	Markaz is a proud partner of FIKRA program. The final ceremony will be held on April 2018.
Lapa Loyac	Social	Markaz is a golden sponsor of "Kelmetain w Bas" play by LAPA.
AC Milan	Social	Markaz is proud to partner with AC Milan Soccer Academy.
Breast Cancer Awareness	Social	"Detect and Protect Promote Breast Cancer awareness amongst your colleagues and loved ones with a simple gesture, reminding them that early detection saves lives. <ul style="list-style-type: none"> ■ Schedule regular check-ups ■ Lead a healthy life ■ Be physically active ■ Control your weight ■ Spread the Awareness"
ASMEK B2B4SME	Social	"We are pleased to invite you to the Trade Exchange Forum for Small and Medium Enterprises in Al-Shaheed Park 2 on December 5, 2018"
2019		
Research Paper in Al-Qabas Newspaper	Social	Markaz: Capital Markets role in Kuwaiti Economy is not enforced and there is a need for a clear national investment policy that encourages local investor and funds.
AC Milan	Social	"Markaz is proud of its continuous partnership with AC Milan Academy- Kuwait."
Governance Program	Governance	"Markaz hosted a tailored governance program offered by Nestor Advisors."
FIKRA	Social	"Markaz is proud of its continuous partnership with Fikra program. The final ceremony of 4th edition was held yesterday at Sheikh Jaber Al-Ahmad Cultural Centre, where the entrepreneurs had the opportunity to showcase their projects to investors and media."
FIKRA	Social	"Do you have an innovative idea? Fikra Program provides you with the tools you need to start your own business."
Breast Cancer Awareness	Social	"Markaz organized a lecture in collaboration with Cancer Awareness Nation (C.A.N.) on 'Breast Cancer Symptoms and Early Detection.' The lecture provided an overview of the disease and awareness of the symptoms and signs related to it. It also illustrated ways to prevent the disease."

*Content language of original post has been translated into English.

The SROI calculation for Markaz's social media is given below.

SROI Topic	Social Media
SROI (%)	298%
Interpretation	2.98 KWD sustainability value created from each 1 KWD invested into social media.
Value Outcomes	*Satisfaction value
SDG Alignment	 

Additionally, as previously mentioned, one of our engagement methods is our research collaborations. Markaz is devoted to publishing research in areas concerning the financial sector, workforce, and economic structure, among several others. Such papers are shared with the community and decision makers, encouraging their engagement and discussions. This results in practical innovative solutions which serve our sustainable development journey and the community, in turn. One of our subsidiaries is "Marmore", which publishes research in the areas of investment banking and asset in the MENA region. **Figure 6.3D** illustrates a list of our published researches in the year of 2019 and 2018.

FIGURE 6.3D:

Research Publications per Year

#	Research Title	Date
1	GCC Markets outlook remains muted mainly due to adjustments to low oil prices	10-Jan-18
2	Markaz: Oil rally lifts the regional markets	6-Feb-18
3	Marmore: Expats remittance tax in Kuwait is a new expelling force to highly qualified labor and leads to parallel markets for remittances	9-Apr-18
4	Markaz: GCC Corporate Earnings grew by 16% in 2017	1-May-18
5	Marmore: Credit Growth to rebound in 2018	23-May-2018
6	Markaz: Oil price retrieves as OPEC+ indicate output expansion	3-Jun-18
7	Markaz: GCC Surges backed by Oil	03-Jul-2018
8	Markaz: GCC Aggregate Bonds and Sukuk market increase by 10% in H1 2018 led by Qatar Issuances	31-Jul-18
9	Markaz: Kuwait & GCC Markets continue to outperform in July	02-Aug-2018
10	Markaz: Kuwait and GCC Markets give up some of the gains in August	04-Sep-2018
11	Markaz: Liquidity spikes ahead of Kuwait FTSE inclusion and Kuwait's All Share Index fell by 0.83% during the month	02-Oct-2018
12	S&P GCC index marginally up 0.1% for October	04-Nov-2018
13	Markaz: Kuwait Stock Market Positive in November among GCC Markets	03-Dec-2018
14	Saudi's petrochemical sector leads the top GCC M&A transactions during Q4 2018	29-Jan-2019
15	Markaz: GCC markets gear up for additional foreign inflows	03-Feb-2019
16	Markaz: GCC stock markets' performance diverges in February	05-Mar-2019
17	Marmore-Markaz: Consultants bring high influence on policies but variable on implementation in the GCC economies	31-Mar-2019
18	Markaz: Riding on global euphoria; performance of most GCC markets improve	08-Apr-2019
19	Markaz: Oil Rally Fuels Stock Markets in GCC	05-May-2019
20	Markaz: A topsy-turvy May for GCC Markets	11-Jun-19
21	Markaz: Kuwait Stock Market continues to be the best performer	01-Jul-2019
22	Markaz: GCC Markets lifted by the rally in UAE and Kuwait equities	04-Aug-19
23	Markaz: GCC markets feel the impact of trade war	01-Sep-2019
24	Markaz: Geopolitics influence GCC Markets in September, Oil turns volatile	02-Oct-2019
25	Markaz: Saudi Arabia pulls down GCC Equities, Kuwait bucks the trend	10-Nov-2019
26	Markaz: GCC markets break their losing streak as Aramco's mega IPO draws closer	02-Dec-2019

Environment



A sustainable environmental impact cannot be achieved without the availability of innovative solutions; this is why we strive to operate as responsibly as possible and assess our impact wherever applicable. By doing so, we manage to ensure sustainable economic growth that is based on conscientious practices, which further elevates our sustainable development journey and contribution to ESG.



UN Sustainable Development Goals (SDGs)

- 6 Clean Water and Sanitation
- 7 Affordable and Clean Energy
- 12 Responsible Consumption and Production
- 13 Climate Action
- 14 Life below Water
- 15 Life on Land








Kuwait National Development Plan (KNDP)

- Global Position
- Sustainable Living Environment

Part of Markaz’s journey towards sustainable development is its positive impact on the environment, especially since it is a fundamental factor in ESG. Although our operations are considered to be mainly financial and service-based, we are embracing environmental stewardship - particularly through diligent integration in our internal office’s practices, and digitization initiatives. Markaz has initiated several actions regarding waste management, especially in paper waste, and through the application of technology and digitization. Our environmental impact was measured by the assessment of three factors: waste management (paper and e-waste), water management and greenhouse gases (GHG) emissions - which are covered in further detail in this chapter.

7.1 Waste Management

302, 303, 306-1, 306-2, 306-3, 306-4, 306-5

Markaz’s waste management activities are in alignment with SDG 7, especially with the energy savings derived from the adoption of innovative technologies, and better management of paper and electronic waste.	
Markaz’s waste management activities are in alignment with SDG 12, especially with the responsible consumption and production of resources, which is now made more efficient due to the adoption of innovative technologies, and better management of paper and electronic waste.	
Markaz’s waste management activities are in alignment with SDG 13, especially with the greenhouse (GHG) emissions savings derived from the adoption of innovative technologies, and better management of paper and electronic waste.	
Markaz’s waste management activities are in alignment with SDG 14, especially with the water savings derived from the adoption of innovative technologies, and better management of paper and electronic waste.	
Markaz’s waste management activities are in alignment with SDG 15, especially with the tree savings derived from the adoption of innovative technologies, and better management of paper and electronic waste.	

Markaz’s environmental stewardship is highlighted through its waste management and reduction efforts, such as the company’s focus on paper waste reduction as a primary goal to reach a paperless work environment. Electronic waste is also one of the categories that Markaz addresses, but as a secondary goal. Consequentially, in October 2018, Markaz launched a plastic recycling campaign as part of its internal environmental awareness.

7.1.1 Paper Waste

103-1, 103-2, 306-1, 306-2, 304-3

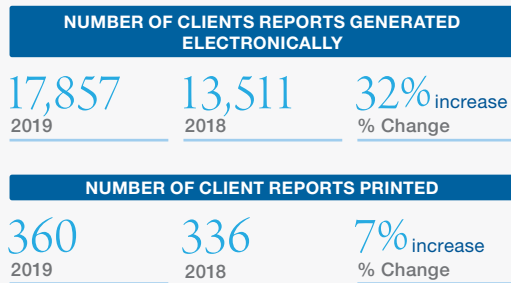
Due to the nature of our work, paper is the main waste generated in our offices. Awareness of limiting paper consumption is regularly highlighted to our staff and in our operations. Markaz manages paper waste through digitization and automated services that aim

to reduce / eliminate the consumption of paper. Such actions include processing of office documents and client reports electronically, implementing e-signatures on a large scale to cover all internal memos and workflow - thus eliminating the need to circulate paper memos, agreements and other documents. We also cut our internal paper consumption through double sided printing and by changing staff printing habits, such as using technology in meetings.

Accordingly, **Figure 7.1.1A** illustrates the number of client reports generated electronically in 2019 and 2018, respectively, along with the number of client reports that were printed each year. There was a 32% increase in the number of reports generated electronically, compared to 2018. As for the printed reports, there was a 7% increase compared to 2018. Although the number of reports in general have increased (both printed and electronic), the

electronically generated reports have increased much more than those printed, indicating that the majority of our reports are generated electronically, as shown in both years. In essence, we are dedicated to reducing paper use not only in our internal operations, but also with our clients through our automated services provided.

FIGURE 7.1.1A:
Reports Generated Electronically and Reports Printed



We believe that the transition into a paperless working environment improves the security workflow of confidential documents and creates a positive impact on the environment by reducing the consumption of resources, landfill area and saves energy. The resulting impact on the environment is highlighted in **Figure 7.1.1B** below:

FIGURE 7.1.1B:
Environment Outcomes of Electronic Reports

Year	Paper Generated Electronically	Environmental Impact / Savings
2019	17,857	Water usage: 1,900 gallons Total energy: 2.3 million BTUs GHG: 0.73 MT
2018	13,511	Water usage: 1,450 gallons Total energy: 1.7 million BTUs GHG: 0.55 MT

In addition, the SROI calculation of Markaz’s paper waste management is given below.

SROI Topic	Environmental Impact of Digitization
SROI (%)	2%
Interpretation	0.020 KWD sustainability value created from each 1 KWD invested into digitization.
Value Outcomes	*GHG Saving *Energy Cost Saving *Water Emissions Saving *Water Cost Saving *Paper Cost Saving
SDG Alignment	

7.1.2 E-Waste
103-1, 103-2, 306-1,306-2, 304-3


As part of Markaz’s approach to waste management, we have disposed off 300 units of electronics in 2019 in an environmentally responsible manner. This approach was executed as means of e-waste collection and disposal. The e-waste items consisted of various obsolete hardware including hard-disks, printers, PCs, cables etc.

Our e-waste management resulted in various positive environmental outcomes, as illustrated in **Figure 7.1.2**.

FIGURE 7.1.2:
Environment Outcomes of E-Waste




Area	Amount (MT)
GHG emissions reduced	0.56
Total metals	0.0595

Additionally, the SROI calculation for Markaz's e-waste management is given below.

SROI Topic	E-Waste
SROI (%)	0.27%
Interpretation	0.003 KWD sustainability value created from each 1 KWD invested into e-waste.
Value Outcomes	*GHG Saving
SDG Alignment	 

7.2 Water Management

103-1,103-2,303-1,303-3, 303-4, 303-5

<p>Markaz's water management activities are in alignment with SDG 6, especially due to the installation of water purifiers, and completion of the internal campaign "International Water Day" among employees.</p>	
<p>Markaz's water management activities are in alignment with SDG 12, especially with responsible water consumption through the water savings derived from the adoption of innovative technologies, and better management of paper waste, as well as other efforts to ensure clean water and sanitation.</p>	
<p>Markaz's water management activities are in alignment with SDG 14, especially with the water savings derived from the adoption of innovative technologies, and better management of paper waste, as well as other efforts to ensure clean water and sanitation.</p>	

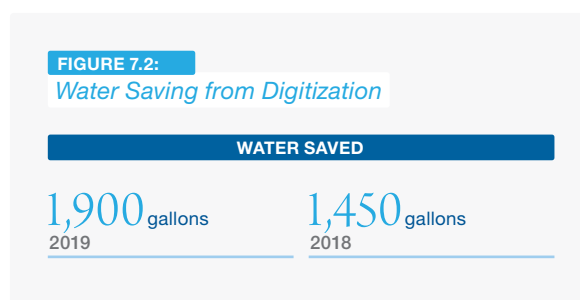
Markaz is aware that water consumption and management is one of the topics associated with sustainable development. However, taking into consideration our internal activities and operations, our water consumption is relatively minimal. The water consumption at our facility includes mainly employee usage and facility cleaning purposes.

As part of Markaz's compliance with providing clean water and sanitation, we have installed water purifiers (Coolpex) in all our premise's floors for drinking purposes. The systems are directly connected to the water pipeline of the building; therefore it is difficult to measure the water consumption per employee. However, our water savings efforts are covered in the previous waste management section.

Furthermore, in 2018 on the "International Water Day", Markaz conducted an internal campaign for its employees.



The campaign included the distribution of glass bottles to everyone working at Markaz. Each bottle carried the message of "Clean water is a blessing. Make every drop count" to encourage our employees to monitor their water consumption and raise their environmental awareness.

As a result of our paper waste management initiatives, we were able to save a considerable amount of water consumption, as illustrated in **Figure 7.2** below.



7.3 Greenhouse Gas (GHG) Emissions

103-1,103-2,305-1,305-2,305-3,305-4, 302-1

<p>Markaz's assessment of greenhouse gas (GHG) emissions is in alignment with SDG 12, reflecting responsible consumption and production through the measurement and assessment of Scope 2 and 3 GHG emissions—including CO₂e, SO_x, and NO_x—as well as recording GHG savings from waste management (paper and e-waste).</p>	
<p>Markaz's assessment of greenhouse gas (GHG) emissions is in alignment with SDG 13, especially reflected in the measurement and assessment of Scope 2 and 3 GHG emissions—including CO₂e, SO_x, and NO_x—as well as recording GHG savings from waste management (paper and e-waste).</p>	

GHG are various harmful gaseous compounds that, when emitted to the atmosphere, result in negative environmental impacts that affect climate change. The assessment consisted of measuring and reporting two scopes of GHG, which included Scope 2 and Scope 3. Note that Scope 1 is not applicable to Markaz since it refers to the directly contributing GHG emissions through an owned source, such as owned vehicles. Scope 2 refers to the indirect emissions generated from purchased/used energy of the company; however, Scope 3 refers to the indirect emissions resulting from the company's non-owned or non-controlled activities/operations. Details on each of Markaz's GHG scopes are provided in the subsequent sections.

7.3.1 Scope 2

In 2019 and 2018, Markaz operated from two locations, the Universal Tower and the Al Duaij building. Scope 2 is usually derived from grid electricity consumption, which is estimated with consideration of the number of employees, at a total of 3,519,690 Kwh across both years, as per **Figure 7.3.1A**. Accordingly, this translates to Scope 2 Greenhouse Gas (GHG) emissions, measured as Carbon Dioxide equivalent (CO₂e), Sulfur Oxide (SO_x), and nitrogen oxide (NO_x), displayed in **Figure 7.3.1B**.

FIGURE 7.3.1A:

Energy Consumption per Year

Year	Energy (kWh)
2018	1,792,234.8
2019	1,727,455.2
Total	3,519,690.0

FIGURE 7.3.1B:

Scope 2 Greenhouse Gas (GHG) Emissions - per Year

Year	CO ₂ e	SO _x	NO _x
	MT CO ₂ e	g SO _x	g NO _x
2018	1,263.3	7,254.6	1,263.3
2019	1,217.7	6,992.4	1,217.7
Total	2,481.0	14,246.9	2,481.0

7.3.2 Scope 3

Markaz's assessment for Scope 3 included the emissions generated from air travels (international and local flights) and rented cars (non-owned by Markaz). Concerning the rented cars, Scope 2 GHG emissions were calculated from the fuel expenditure on the rented cars, yielding amounts for CO₂e, SO_x, and NO_x, displayed in **Figure 7.3.2A**. In terms of air travel, the trips displayed in **Figure 7.3.2B** were translated into GHG emissions, resulting in CO₂e, SO_x, and NO_x amounts, which are shown in **Figure 7.3.2C**. Finally, **Figure 7.3.2D** sums up both facets of Scope 2 GHG emissions, yielding total results from both rented cars and air travel. For example, we can see that our total Scope 3 GHG emissions yielded 711.6 MT CO₂e across both years.

FIGURE 7.3.2A:

Scope 3 - Greenhouse Gas (GHG) Emissions - Rented Cars

Year	CO ₂ e	SO _x	NO _x
	MT CO ₂ e	g SO _x	g NO _x
2018	191.6	1,100.1	191.6
2019	191.6	1,100.1	191.6
Total	383.2	2,200.2	383.2

FIGURE 7.3.2B:

Air Travel Trips per Year

2019			
Departure Location	Destination Location	Class	# of Trips
Kuwait	GCC	Business Class	118
Kuwait	International	Business Class	27
Total			145

2018			
Departure Location	Destination Location	Class	# of Trips
Kuwait	GCC	Business Class	102
Kuwait	International	Business Class	11
Total			113

FIGURE 7.3.2C:

Scope 3 - Greenhouse Gas (GHG) Emissions - Air Travel

Year	CO ₂ e	SO _x	NO _x
	MT CO ₂ e	g SO _x	g NO _x
2018	197.8	1135.8	197.8
2019	190.7	1094.8	190.7
Total	388.4	2230.6	388.4

FIGURE 7.3.2D:

Scope 3 - Greenhouse Gas (GHG) Emissions - Air Travel and Rental Cars

Year	CO ₂ e	SO _x	NO _x
	MT CO ₂ e	g SO _x	g NO _x
2018	389.4	2,235.9	389.4
2019	382.2	2,194.9	382.2
Total	771.6	4,430.8	771.6

7.3.3 Total Greenhouse Gas (GHG) Emissions

The GHG emissions assessment includes the total GHG representation. This step indicates which of the scopes contributed the most to climate change and which has resulted in the highest footprint. **Figure 7.3.3A** illustrates the combined totals of Scope 2 and Scope 3. Accordingly, across all 3-emission gases (CO₂e, SO_x, and NO_x), Scope 2 has shown to account for the highest portion of GHG emissions.

FIGURE 7.3.3A:
Total Greenhouse Gas (GHG) Emissions - Scope 2 + 3

Year	GHG Scope 2			GHG Scope 3			GHG Scope 2 and 3		
	CO ₂ e	SO _x	NO _x	CO ₂ e	SO _x	NO _x	CO ₂ e	SO _x	NO _x
	MT CO ₂ e	g SO _x	g NO _x	MT CO ₂ e	g SO _x	g NO _x	MT CO ₂ e	g SO _x	g NO _x
2018	1,263.3	7254.6	1,263.3	389.4	2,235.9	389.4	1,652.7	9,490.5	1,652.7
2019	1,217.7	6992.4	1,217.7	382.2	2,194.9	382.2	1,599.9	9,187.2	1,599.9
Total	2,481.0	14,246.9	2,481.0	771.6	4,430.8	771.6	3,252.6	18,677.8	3,252.6

In addition to the aforementioned total GHG, as a result of our digitization and waste management practices, the GHG emissions were further reduced by an estimated 1.85 MT CO₂e, as illustrated in **Figure 7.3.3B**.

FIGURE 7.3.3B:
Greenhouse Gas (GHG) Emissions Savings

GHG Emissions Saving	MT CO ₂ e
GHG emissions reduced from e-waste management	0.56 MT
GHG emissions reduced from paper waste management	2019: 0.73 MT 2018: 0.55 MT
Total:	1.84 MT

7.4 Indirect Environmental Impact

103-1,103-2,301,304

Markaz's indirect environmental impact is in alignment with SDG 13, especially through the indirect environment climate action, and greenhouse gas (GHG) aspects resulting from the avoidance of certain investments that have a negative environmental impact (i.e. coal mines, fossil fuels, tobacco, etc.).



So far in this chapter, we have measured and assessed the environmental impacts that we have directly contributed to or prevented. However, being positioned in the financial sector, entities in this sector also have indirect sustainability impacts, stemming from their investment decisions and strategies. For example,

a financial institution that has invested in a successful renewable energy company (e.g. solar, hydropower/hydroelectric, geothermal, wind energy) has indirectly incurred various environmental benefits and savings. On the contrary, a financial institution investing in conventional energy (e.g. coal, oil, gas) has indirectly incurred various negative environmental impacts.

This reasoning is also considered by Markaz. Accordingly, Environmental, Social, and Governance (ESG) factors are potentially screened in Assets Under Management (AUM) when deciding whether or not, and how, to invest and manage an asset. However, ESG factors are not yet formulated into formal, written criteria, policy, or methodology for AUM screening. Specifically, although the investment does not notably define the ESG criteria in its investment guidelines and policies, Markaz has never directly participated/invested in investments relating to tobacco or pollution (i.e. coal mines, fossil fuels, etc.). Therefore, this screening attitude is a good start in continuing to embed ESG matters into our investment decisions in the future.

Markaz's investment decisions broadly consider the long-term sustainability and CSER goals and principles. We have adopted a Corporate Social and Economic Responsibility (CSER) strategy in a proactive manner, and therefore have defined a charter for that objective focusing on 3 pillars: 1) building human capacity, 2) aligning business environment with the principles of sustainable development, and 3) promoting good governance in the business environment. Markaz's investment decisions broadly consider the long-term sustainability and CSER goals and principles, whereas environmental considerations are also embedded into the social responsibility.

Appendices



8.1 GRI Index

GRI Standard Disclosure Number	Individual Disclosure Items	Page / Information
102-1	Name of organization	Kuwait Financial Centre (Markaz)
102-2	Activities, brands, products, and services	10-Aug
102-3	Location of headquarters	8
102-4	Location of operation	8
102-5	Ownership and legal form	9
102-6	Markets served	8
102-7	Scale of the organization	Annual report
102-8	Information on employees and other workers	42-50
102-9	Supply chain	32, 39
102-10	Significant changes to the organization and its supply chain	No Significant changes
102-11	Precautionary principles or approach	Integrated within risk management approach-28
102-12	External initiatives	Kuwait National Development Plan (KNDP) United Nations Sustainable Development Goals (UNSDGs)
102-13	Membership of associations	Union of Investment Companies <ul style="list-style-type: none"> ■ Institute of International Finance ■ Chairman's Club Kuwait ■ The Gulf Bond and Sukuk Association ■ Kuwait Financial Market Association ■ Society of Human Resource Management
102-14	Statement from decision-makers	2-4
102-16	Values, principles, standards, and norms of behavior	9
102-17	Mechanisms for advice and concerns about ethics	27-28
102-18	Governance structure	24
102-20	Executive-level responsibility for economic, environmental and social topics	Media and Communication Department
102-21	Consulting stakeholders on economic, environmental and social topics	16-18

GRI Standard Disclosure Number	Individual Disclosure Items	Page / Information
102-22	Composition of the highest governance body and its committees	25
102-23	Chair of the highest governance body	25
102-24	Nominating and selecting the highest governance body	26
102-25	Conflicts of interest	27
102-26	Role of highest governance body in setting purpose, values and strategy	2019 Annual Report
102-27	Collective knowledge of highest governance body	2019 Annual Report
102-30	Effectiveness of risk management processes	30
102-36	Process for determining remuneration	2019 Annual Report
102-38	Annual total compensation ratio	2019 Annual Report
102-40	List of stakeholder groups	17
102-41	Collective bargaining agreements	Labor unions are not prevalent
102-42	Identifying and selecting stakeholders	17
102-43	Approach to stakeholder engagement	17
102-44	Key topics and concerns raised	18-21
102-45	Entities included in the consolidated financial statements	Financial Statements in the annual report. There is no consolidation, as we are reporting on Markaz only
102-46	Defining report content and topic boundaries	1
102-47	List of material topics	18
102-48	Restatements of information	1
102-49	Changes in reporting	No changes, reporting in accordance in accordance with the Global Reporting Initiative (GRI) Standards: Core Option
102-50	Reporting period	2018-2019
102-51	Date of most recent report	June _2017
102-52	Reporting cycle	2 years
102-53	Contact point for questions regarding the report	info@markaz.com

GRI Standard Disclosure Number	Individual Disclosure Items	Page / Information
102-54	Claims of reporting in accordance with the GRI Standards	1
102-55	GRI content index	The GRI content is provided here
102-56	External assurance	This report did not undergo external assurance, but all financial data is subject to external assurance
103	Waste management	18-21, 60-61
103	Water management	18-21, 62
103	Energy management	18-21, 62
103	Greenhouse gas (GHG) emissions	18-21, 62-64
103	ESG related investments	18-21
103	Environmental Impact Assessment	18-21
103	Indirect environmental impact	18-21, 64
103	Kuwaitization / nationalization	18-21, 44-45
103	Workforce diversity	18-21, 42-44
103	Training & development	18-21, 45-46
103	Human resources management	18-21
103	Labor standards compliance & wellbeing	18-21, 50
103	Corporate Social Responsibility (CSR)	18-21, 52-58
103	Youth empowerment	18-21, 55
103	Effective communication	18-21, 56
103	Brand value	18-21, 38
103	Innovation & technology	18-21, 34-38
103	Business ethics	18-21, 27-28
103	Risk & opportunity management	18-21, 30
103	Corporate governance	18-21, 24-27
103	Sustainable procurement	18-21, 39
103	Compliance, reporting & control	18-21, 28-29
103	Sustainable financial position	18-21, 32
103	Customer & Investor experience	18-21, 32-33
201-1	Direct economic value generated and distributed	32

GRI Standard Disclosure Number	Individual Disclosure Items	Page / Information
202-2	Proportion of senior management hired from the local community)	44
203-2	Significant indirect economic impacts	32
204-1	Proportion of spending on local suppliers	39
205-1	Operations assessed for risks related to corruption	29
205-2	Communication and training about anti-corruption policies and procedures	29
205-3	Confirmed incidents of corruption and actions taken	zero incidents
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	29
207-1	Approach to tax	2019 Annual report
207-3	Stakeholder engagement and management of concerns related to tax	17
301-1	Materials used by weight or volume	60-61
302-1	Energy consumption within the organization	62
303-1	Interactions with water as a shared resource	62
303-2	Management of water discharge-related impacts	62
304-2	Significant impacts of activities, products, and services on biodiversity	Not relevant to Markaz
304-3	Habitats protected or restored	Not relevant to Markaz
305-2	Energy indirect (Scope 2) GHG emissions	62-64
305-3	Other indirect (Scope 3) GHG emissions	63-64
305-4	GHG emissions intensity	64
305-5	Reduction of GHG emissions	62-64
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	62-64
306-1	Waste generation and significant waste-related impacts	60-61

GRI Standard Disclosure Number	Individual Disclosure Items	Page / Information
306-2	Management of significant waste-related impacts	60-61
307-1	Non-compliance with environmental laws and regulations	There were no instances of non-compliance with environmental laws and regulations
308-1	New suppliers that were screened using environmental criteria	Not relevant to Markaz
401-1	New employee hires and employee turnover	50
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	48
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Zero occupational health and safety incident/ injuries accrued
403-3	Workers with high incidence or high risk of diseases related to their occupation	Not relevant to Markaz
404-1	Average hours of training per year per employee	45
404-2	Programs for upgrading employee skills and transition assistance programs	70-71
404-3	Percentage of employees receiving regular performance and career development reviews	All Markaz employees
405-1	Diversity of governance bodies and employees	43-44
405-2	Ratio of basic salary and remuneration of women to men	No relevant gender pay gap in Markaz
406-1	Incidents of discrimination and corrective actions taken	No incidents of discrimination in Markaz during the reporting period
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not relevant to Markaz
408-1	Operations and suppliers at significant risk for incidents of child labor	Markaz follows all local regulations related to Human Rights in areas where it operates. Markaz neither condones nor permits child labor, and no instance of such practices have been reported

GRI Standard Disclosure Number	Individual Disclosure Items	Page / Information
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Markaz follows all local regulations related to Human Rights in areas where it operates. Markaz neither condones nor permits compulsory labor, and no instance of such practices have been reported
410-1	Security personnel trained in human rights policies or procedures	Not relevant to Markaz
411-1	Incidents of violations involving rights of indigenous peoples	Not relevant to Markaz, and no incidents of violations accrued
412-1	Operations that have been subject to human rights reviews or impact assessments	Not relevant to Markaz
412-2	Employee training on human rights policies or procedures	Not relevant to Markaz
413-1	Operations with local community engagement, impact assessments, and development programs	52-58
413-2	Operations with significant actual and potential negative impacts on local communities	Markaz has no negative impact on local communities
414-1	New suppliers that were screened using social criteria	Not relevant to Markaz
414-2	Negative social impacts in the supply chain and actions taken	Not relevant to Markaz
415-1	Political contributions	No political contribution
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No such incidents of non-compliance reported
417-2	Incidents of non-compliance concerning product and service information and labeling	No such incidents of non-compliance reported
417-3	Incidents of non-compliance concerning marketing communications	No such incidents of non-compliance reported
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	38
419-1	Non-Compliance with Laws and Regulations in The Social and Economic Area	No such incidents of non-compliance reported

8.2 Boursa Kuwait Index

Sustainability Dimensions	Sustainability Topics	Sustainability Indicators	Disclosure	Pg.
Economy	<ul style="list-style-type: none"> ■ Market efficiency ■ Economic contribution ■ Local economy ■ Workforce 	1. Annual report	Yes	Annual report published separately
		2. Sustainability report	Yes	All pages
		3. Local procurement spending (%)	Yes	39
		4. Full-time employees	Yes	43
		5. Employee wages and benefits (KWD)	Yes	48
Environment	<ul style="list-style-type: none"> ■ Environmental management ■ Energy management ■ Atmospheric emissions ■ Water management ■ Waste management 	6. Environmental policy	Yes	
		7. Energy use	Yes	62
		8. Carbon emission	Yes	62-64
		9. Water use	Yes	62
		10. Waste generated	Yes	60-61
		11. Waste recycled (%)	Yes	60-61
Social	<ul style="list-style-type: none"> ■ Kuwaitization ■ Employment ■ Health and safety ■ Diversity and inclusion ■ Training and development ■ Human rights ■ Business integrity ■ Community initiatives 	12. Kuwaitization (%)	Yes	44-45
		13. Youth employment (%)	Yes	55
		14. Injury rate	Yes	50
		15. Women in the workforce (%)	Yes	43
		16. Training hours per employee	Yes	45
		17. Employee turnover (%)	Yes	49-50
		18. Human rights policy	Yes	
		19. Code of ethics	Yes	27-28
		20. Community investment	Yes	32
		Governance	<ul style="list-style-type: none"> ■ Board of directors ■ Audit and internal controls ■ Shareholder rights ■ Executive remuneration 	21. Board independence (%)
22. Risk management committee at the board level	Yes			26
23. Non-audit fees (%)	No			
24. Voting results	No			
25. Links between executive pay and performance	No			
26. Compliance with the CMA's Corporate Governance regulatory requirements	Yes			26, 28-29

8.3 Training Index

2018-Training course	Hours	# of participants	Total hours per course	Department	Level
Professional Media Training	7.5	2	15.0	MENA Equities/Media	Senior/Executive
Taking Control with Time Management	15	10	150	MGDP	Entry Level
Writing and Presenting Skills	7.5	10	75	MGDP	Entry Level
Successful Negotiation Skills	15	12	180	MGDP	Entry Level
Teamwork	7.5	12	90	MGDP	Entry Level
Compliance and Ethics Program	7.5	4	30	Investment Banking	Senior/Executive
Masterclass on Portfolio Construction and Optimization	37.5	1	37.5	International Investments	Junior
Urban Organizing and Managing Construction in Kuwait	22.5	4	90	Real Estate MENA	Junior/Senior
FX/MM Workshop - Bourse Game	37.5	1	37.5	MGDP	Entry Level
Financial and Valuation Modeling Boot Camp	30	2	60	MENA Equities/ Investment Banking	Entry Level/Junior
CMA Module 10	15	12	180	Compliance/Risk/TPR/HR/ FMD	Entry Level/Junior/Senior/ Executive
Private Public Partnership	22.5	1	22.5	Investment Banking	Senior
VAT For GCC - In-House	7.5	12	90	FMD/RED/Compliance/Legal	Junior/Senior/Executive
CMA Electronic Portal	7.5	3	22.5	Compliance/CAFD	Junior/Senior
FATCA & CRS Regulations - inhouse	7.5	11	82.5	Risk/Compliance/CAFD/ TPR/PBD/	Entry Level/Junior/Senior/ Executive
Managing Family Offices - Trust Services Masterclass	15	14	210	IID/PBD/Compliance/ CAFD/IB/	Entry Level/Junior/Senior/ Executive
Certified Information Systems Security Professional CISSP	45	1	45	IT	Executive
Fintech Training	15	20	300	PBD/RED/IB/IID/ Compliance/IT/Media/ Research/MIS/TPR	Entry Level/ Junior/Senior/ Executive
English Business Writing Course	90	1	90	CAFD	Entry Level
IFRS Training	7.5	1	7.5	FMD	Executive
Certified Finance Specialist	60	1	60	MENA Equities	Entry Level
Asset Allocation	22.5	1	22.5	MGDP	Entry Level
Anti-Money Laundering Course - Financial Crime	2.5	166	415	All Markaz	Entry Level/Junior/Senior/ Executive
Fundamentals of Fixed Income	15	2	30	IB/MGDP	Entry Level/Junior

2019-Training course	Hours	# of participants	Total hours per course	Department	Level
Portfolio Management	30	2	60	Mena Equities	Entry Level/Junior
Equity Investment Management	22.5	1	22.5	Mena Equities	Entry Level
Project Management Workshop	22.5	15	337.5	IB/CAFD/TPR	Entry Level/Junior/Senior/Executive
Business Etiquette & Time Management	15	8	120	MGDP	Entry Level
Financial Modeling Bootcamp	30	1	30	IB	Entry Level
Communication and Presentation	15	18	270	IB/treasury/FMD/RED/PBD/HR	Entry Level/ Junior/Senior
CODED	22.5	9	202.5	MGDP	Entry Level
Advanced Skills Workshop	15	12	180	Management/RED/MENA Eq/CAFD/TPR/FMD/IT/IB/PBD	Junior/Senior
Markaz Nominee Director Development Program	7.5	24	180	CAFD/Research/RED/IB/Compliance/PBD/Mena Equities/Risk/IID	Junior/Senior/Executive
Executive Secretary Update 2019	15	1	15	Management	Junior
Presenting and Public Speaking	15	9	135	MGDP	Entry Level
Kuwait Public Tender	30	1	30	Research	Entry Level
Governance and Stewardship	15	4	60	CAFD/HR/Compliance	Junior/Executive
Effective Management Skills for Administrative	15	1	15	Management	Junior
Dates of workshops for evaluating new projects of the development plan 2020/2021	22.5	1	22.5	Research	Entry Level
Board Secretary	22.5	2	45	Management/CAFD	Senior
Ci-Net Training Session (admins)	7.5	2	15	HR/FMD	Senior
Innovation and Creativity	15	7	105	MGDP	Entry Level
Financial Statement Analysis	22.5	2	45	Mena Equities/PBD	Entry Level/Junior
Microsoft Azure Administrator	30	1	30	IT	Senior
Automated Investment Portfolio Reporting System	7.5	2	15	TPR	Junior/Executive
Annual IRS Update 2019	15	1	15	FMD	Executive
“Administrative and Technical Procedures for General Assemblies”	7.5	1	7.5	Management	Junior
AWS Technical & Sysops admin	30	1	30	IT	Senior
Informa Training	30	1	30	MIS & Operations	Executive
Private Equity Bootcamp	15	11	165	IB	Entry Level/Junior/Senior/Executive
Anti-Money Laundering Course - Financial Crime	2.5	169	422.5	All Markaz	Entry level/Junior/Senior/Executive
Explaining and Applying the Public Tenders	7.5	11	82.5	Management/CAFD/RED/Research/IB/HR	Entry Level /Junior/Senior/Executive
Certified Cloud Security Professional	37.5	1	37.5	IT	Executive

8.4 PRI Principles Index

#	Description
Principle 1	We will incorporate ESG issues into investment analysis and decision-making processes.
Principle 2	We will be active owners and incorporate ESG issues into our ownership policies and practices.
Principle 3	We will seek appropriate disclosure on ESG issues by the entities in which we invest.
Principle 4	We will promote acceptance and implementation of the principles within the investment industry.
Principle 5	We will work together to enhance our effectiveness in implementing the principles.
Principle 6	We will each report on our activities and progress towards implementing the principles.