



Strategic Operational Transition Powered by ESG

Sustainability Report
2020-2021



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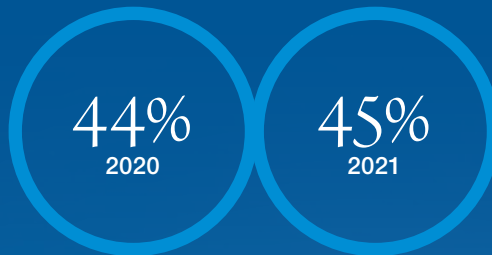
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Key Sustainability Highlights (2020 -2021)



of operation



Kuwaitization rate



Increase in females in managerial positions



Increase in female employment



Total regulatory related training hours



Total employee training hours



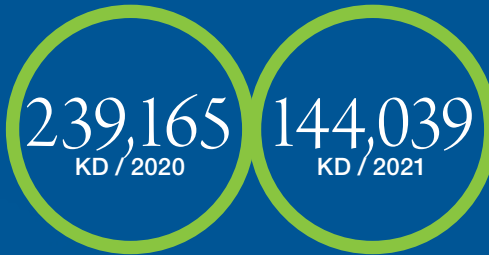
Workplace COVID-19 transmission cases



Increase in number of local suppliers



Water saved due to paper recycling



Amount spent on community initiatives in KD



Total kg of paper recycled



Greenhouse gas (GHG) emissions avoided due to paper recycling



Total scope III greenhouse gas (GHG) emissions



Energy saved due to paper recycling





About the Report

As a testament to our commitment to continual integration of sustainability into every aspect of our business, we present Markaz's 3rd Sustainability Report. This report covers the reporting period from January 2020 to December 2021, specifically concerning Markaz's operations in Kuwait unless stated otherwise. Similar to our previous editions, report development is in accordance with the Global Reporting Initiative (GRI) Standards: Core option (i.e. disclosing at least all the core GRI standards). The report is also aligned to the United Nations Sustainable Development Goals (SDGs), the Kuwait National Development Plan (KNDP), and Bursa Kuwait.

The report comes as part of Markaz's commitment to disclose sustainability performance actions that advance the integration of Environment Social and Governance (ESG) criteria into every aspect of our operations. With this report, we underpin our ongoing commitment to transparency in communication with all stakeholders on the risks and opportunities we face.

Support

Our 2020-2021 Sustainability Report development was supported by RSM Albazie Consulting W.L.L

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Chairman's Message



First and foremost, Markaz has emerged stronger from the pandemic that brought unprecedented uncertainty and business disruptions around the world. Our perseverance and performance in the face of the upheaval of COVID-19 are compelling proof of Markaz's resilience, adaptability and market positioning. Against this backdrop, Markaz's 2020-2021 Sustainability Report is a true showcase of our journey to success over the past two years. It delves into the extensive measures we took to adapt to the unforeseen and fast-evolving global health situation and ensuing events and mirrors Markaz's ability to maintain business as usual during testing times, all thanks to our well-structured, dedicated, and cooperative staff.

We are proud to have been able to earn and maintain the trust of our esteemed stakeholders and clients throughout the past 47 years in business, and as we move into another era of accomplishments, we are steadfast in our commitment to remain their partner of choice. Indeed, our stakeholders' trust has been our primary source of motivation toward maintaining sustainability and withstanding external challenges. With this in mind, we will continue to place sustainability and environment, social and governance (ESG) at the center of our operations and strategic planning. We recognize the benefits that high ESG performance brings to society, the environment, and the economy, which in turn will positively impact Markaz.

During the period between 2020 and 2021, Markaz has undertaken a strategic operational transition powered by ESG. This transition paved the way for corporate governance strengthening, environmental and social initiatives, as well as digital transformation.

"We fully understand our vital role as a leading asset management and investment banking institution in attracting and allocating assets that will create a sustainable future."

bilities through training and professional development initiatives.

The COVID-19 pandemic has accelerated our transition, through activating our Business Continuity Plan (BCP) procedures and amending them to address any disruption arising from unusual events such as lockdowns. Our digital transformation process gained momentum due to the unprecedented circumstances. At the onset of COVID-19, our team members joined forces to step up their efforts in implementing our digital transformation plans to allow for convenient and efficient remote working. All training and meetings were held virtually, and the provision of laptops and remote working applications facilitated smooth and effective communication across departments.

As we press on with our mission, we fully understand our vital role as a leading asset management and investment banking institution in attracting and allocating assets that will create a sustainable future. We are in a unique position to make an impact by maintaining our position as trusted stewards of our investors' capital.

Diraar Yusuf Alghanim
Chairman

Chief Executive Officer Message



It is with much pleasure that I introduce Markaz's 3rd Sustainability Report, under the theme of "Strategic Operational Transition Powered by ESG." The significance of this report is that it covers a period of turbulence

experienced on a global level due to COVID-19 and climate change. At Markaz, we considered the pandemic a unique opportunity to excel in sustainability and ESG performance, and were able to remain well-positioned, all thanks to our professional and dedicated staff.

This report affirms our deep-rooted understanding that safeguarding economic, environmental and social assets is a prerequisite for a healthy economy and the generation of sustainable returns in the future. With this understanding, we were able to remain steadfast during the COVID-19 upheavals. In this report, we highlight our success story in effectively managing our business continuity and contingency measures. In addition, we state Markaz's ESG-related disclosures in line with our ongoing commitment to transparency with our esteemed stakeholders. The report is aligned to various national and international frameworks, including Global Reporting Initiative (GRI) standards, United Nations Sustainable Development Goals (SDGs), the Kuwait National Development Plan (KNDP), and the Bursa Kuwait ESG Reporting Guide.

At Markaz, we invest in the growth of our local economy through developing local talent. We also believe in the strength and resilience an organization gains through diversity in terms of gender, nationalities, physical abilities, and age. Thus, our policies and procedures set the basis for equal rights among employees, in turn cultivating diversity and yielding benefits for Markaz and the communities where we are based. We also empower women by encouraging them to step up and take on managerial positions. In 2021, 25% of managerial positions were filled by women. We further focused on increasing the number of Kuwaiti employees with a Kuwaitization rate of 45%.

We strongly believe that to build a better tomorrow, we need to nurture the youth of today. Hence, regardless

"Over the past two years, we have continued to make progress on many fronts, including the environment"

of the massive challenges we faced in the past two years, the Markaz Graduate Development Program (MGDP) continued with the same effectiveness but at an 87% lower cost than the usual on-site program. It is worth

adding that we hired four of the program graduates to our various departments.

Resilience and adaptation are two of the most outstanding qualities of Markaz that were put to the test during the past two years. Our digital transformation plan was boosted in response to COVID-19 and technological advancement has accelerated as well. In keeping with our commitment to building sustainable wealth for our clients and partners, we have been actively pursuing technological innovation to introduce new products and services that will offer superior value to investors. One groundbreaking technological advancement was the launch of iMarkaz, which cemented our stellar reputation as a pioneer of groundbreaking investment banking and asset management solutions in Kuwait and the wider region.

Over the past two years, we have continued to make progress on many fronts, including the environment. We seek to reduce our carbon footprint in terms of paper recycling and supporting electric vehicles. One of our outstanding initiatives was the installment of electric vehicle charging stations at two of our properties in Kuwait. We also recycled 2,000 kg of paper during the past two years, which has saved 43,000 US gallons of water, 9,964 kWh of energy, and 7.56 MT CO₂e of GHG emissions prevented.

Lastly, we are pleased to present this comprehensive report to our internal and external stakeholders who are the underlying factor of our continuous success and who give us the ability to remain in line with new trends in the market that assures maximum customer satisfaction, longer tenancy, lower turnover, and higher occupancy.

Ali H. Khalil
Chief Executive Officer

1

16

PEACE, JUSTICE
AND STRONG
INSTITUTIONS



3

GOOD HEALTH
AND WELL-BEING



HIGH QUALITY
HEALTH CARE

8

DECENT WORK AND
ECONOMIC GROWTH



GLOBAL
POSITION



DEVELOPED
INFRASTRUCTURE



SUSTAINABLE
DIVERSIFIED
ECONOMY




About Markaz



In this section we provide an overview of Markaz, as well as a summary of our history, locations, key achievements and drivers, and strategic directions. We describe how Environmental, Social and Governance (ESG) is defined at Markaz, our marketplace excellence and how we managed our operations effectively during COVID-19.



UN Sustainable Development Goal (SDGs)

-  Good Health and Well-Being
-  Decent Work and Economic Growth
-  Peace, Justice and Strong Institutions



Kuwait National Development Plan (KNDP)

-  Global Position
-  Healthcare
-  Infrastructure
-  Economy

About Kuwait Financial Centre “Markaz”

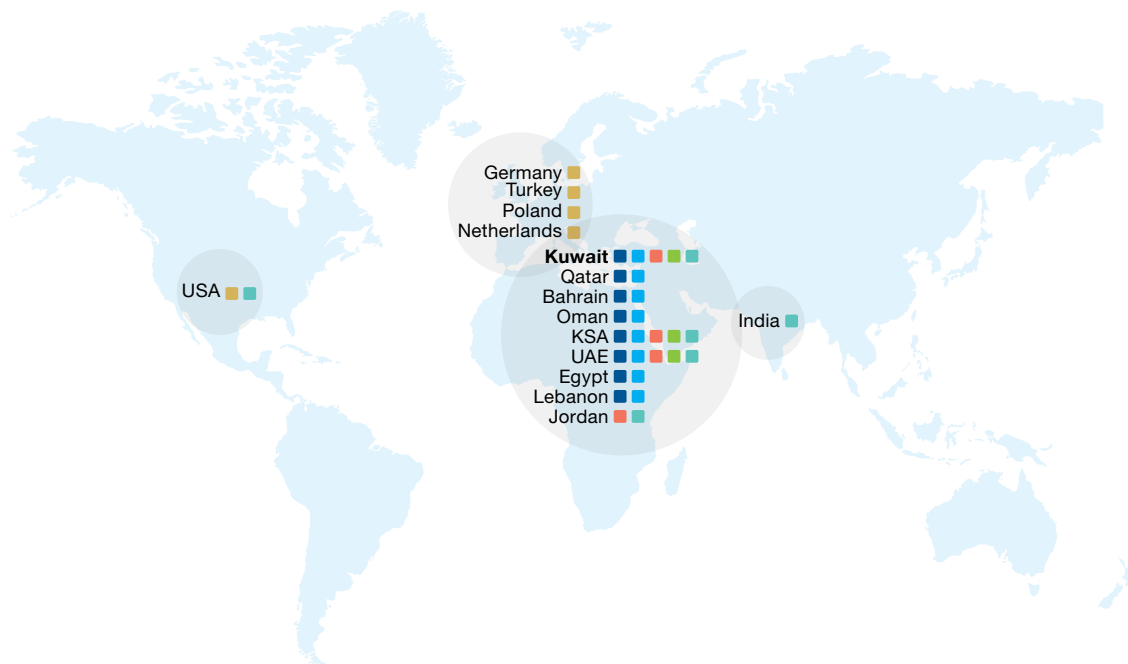
Kuwait Financial Centre “Markaz” is a renowned asset management and investment banking institution. Ever since our establishment in 1974, we have been regional leaders in the field. In 1997, our shares have been listed on the Boursa Kuwait. As of December 2021, our Assets Under Management (AUM) amounted to KD 1.04 billion. Our wide range of services include asset management, investment banking, real estate, and research.

Our Countries of Operations

Markaz is headquartered in Kuwait; our team consists of over 190 employees, spread over offices across 13 countries as shown below.



FIGURE 1.1:
Markaz Countries of Operations



- Equity
- Fixed Income
- MENA Real Estate Investments
- Offices
- Banking Advisory
- International Real Estate Investment

Our History

Markaz was established after the 1973 oil boom with a mission to channel oil wealth into Kuwait's infrastructure and investment opportunities across the world. Following this, our first merchant bank was established in South Korea. In 1978 we launched our US real estate investment activity in Los Angeles. By 1979, we had acquired a majority stake in Bank of Lebanon and Kuwait. In the 1990s, we recovered from our losses caused by the 1990 Iraqi invasion and the Kuwait stock market crash of the 1980s and embarked on a restructuring process. In 1997, our restructuring was complete, and in 1999, we started managing funds with the launch of the first money market fund and first mutual fund/ savings plan in Kuwait. A detailed timeline of our history is provided in **figure 1.2**.

FIGURE 1.2:
Our History

The 70s

- Establishment of Kuwait Financial Centre "Markaz"
- Establishment of the first merchant bank in South Korea in partnership with Hyundai Engineering and Construction
- Launch of real estate investment activity in Los Angeles, USA
- Acquisition of a significant share in Lebanon and Kuwait Bank
- Establishment of the International Trade Finance Department

The 80s

- Overcoming the crisis of the unofficial stock market - (Almanakh)
- Launch of share and bond trading in Kuwait
- Commencement of Portfolio Management

The 90s

- Surviving the Iraqi Invasion of the State of Kuwait
- Public listing of Markaz on the Kuwait Stock Exchange
- Launch of Asset Management Function
- Launch of Investment Banking Function
- Start of our management of investment funds, through the launch of the first Kuwaiti money market fund and the first equity fund

The 2000s

- Establishment of the Risk Management and Compliance Department
- Launch of the real estate investment activity in Kuwait
- Establishment of the Client Relations and Marketing Department
- Launch of the Atlas Exchange Traded Fund (ETFs) Portfolio, the first ETF product in Kuwait
- Establishment of the options trading system on the Kuwait Stock Exchange (KSE), to become the Middle East's first and only options market maker
- Launch and management of first-rated bonds in Kuwait
- Establishment of a representative office in Beirut, Lebanon
- Establishment of a real estate investment subsidiary in KSA
- Development of the Markaz Volatility Index (MVX)
- Establishment of the department for published financial and economic research
- Establishment of a representative office in Doha, Qatar
- Establishment of the Oil and Gas Department
- Development of luxury residential units in Lebanon
- Establishment of Aradi Development Limited Liability Company (LLC)
- Launch of joint projects in Syria
- Establishment of a subsidiary in Jordan
- Establishment of a representative office in Algeria to evaluate investment opportunities

The 2010s

- Markaz started to operate in the UAE, where it manages 3 residential projects in Abu Dhabi
- Marmore Middle East North Africa (MENA) intelligence incorporated in India as a majority-owned subsidiary of Markaz
- Launch of Markaz Gulf Real Estate Fund
- Launch of Markaz MENA Islamic Fund
- Kuwait, Investment Authority designates Markaz to establish and manage the National real estate portfolio with a maximum value of KD 250 million
- Launch of iMarkaz, the first investment robo-advisor in Kuwait
- Launch of Markaz opportunistic portfolios
- Launch of Markaz Market Maker services



1.1 Awards and Recognition

Markaz has ended 2021 with 5 new major financial industry awards, marking 2021 as another year of leading asset management and investment services rendered to clients across the MENA region. Markaz received these accolades from EMEA (Europe, Middle East, Africa) Finance, Global Finance and Global Investor magazines. This string of high-profile awards can be attributed to Markaz's innovative practices, sustainable growth and resilience in the pandemic and post-pandemic market, geographical reach across over 13 countries, unrivaled customer satisfaction and more.

In 2020, Markaz won the Best Corporate Social Responsibility Award in Kuwait, Best Asset Manager in Kuwait and Best Investment Bank in Kuwait from the regional EMEA Finance Magazine's Middle East Banking. In 2021, EMEA Finance named Markaz the "Best Investment Bank in Kuwait", "Best Asset Manager in Kuwait" for the 9th consecutive year, and the winner of the "Sustainability Award in the Middle East." Additionally, Markaz was named the "Best Investment Bank in Kuwait" by Global Finance Magazine for the 11th time in 12 years. It was also honored with the "MENA Real Estate Asset Manager of the Year" title by Global Investor Magazine.

Awards and Recognitions



Best Asset Manager in Kuwait
9th Consecutive year



Best Investment Bank Award
11th time in 12 years



Best Investment Bank in Kuwait
9th Consecutive year



MENA Real Estate Asset Manager of the Year



Awards won by
Markaz since 1974

1.2 Strategic Directions

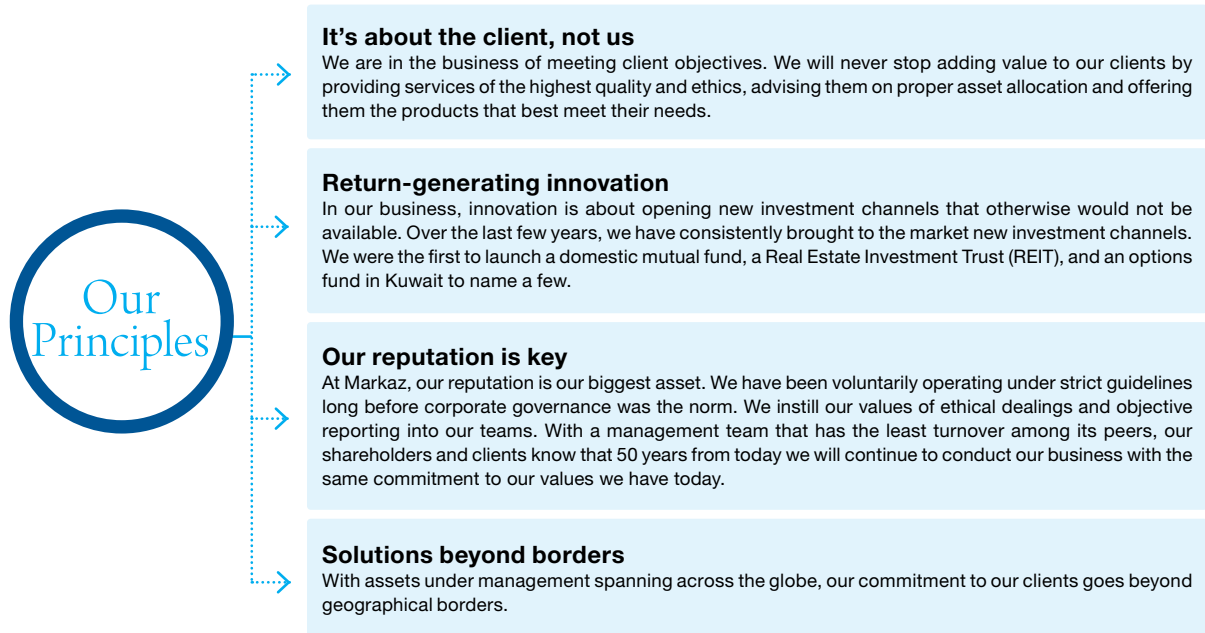
The significance of a strategic plan to the success of businesses emanates from its role as an enabler for tracking progress towards goal achievement. A strategic plan creates a map for a business to follow and correct its course when need be, through setting clear Key Performance Indicators (KPIs). Though outside factors may interrupt a full achievement of the set goals, a strategic plan will aid in business resilience through contingency planning and risk assessment.

Our knowledge of the profound importance of strategic planning has led us to formulate a well-defined strategy via our strategic planning team. The formulation of strategy-related KPIs, and scorecards is based on the criticality of market dynamics and trend factors, as well as business demands. The latter is achieved through the assistance of external subject matter experts who assist the team in certain aspects of strategy development.

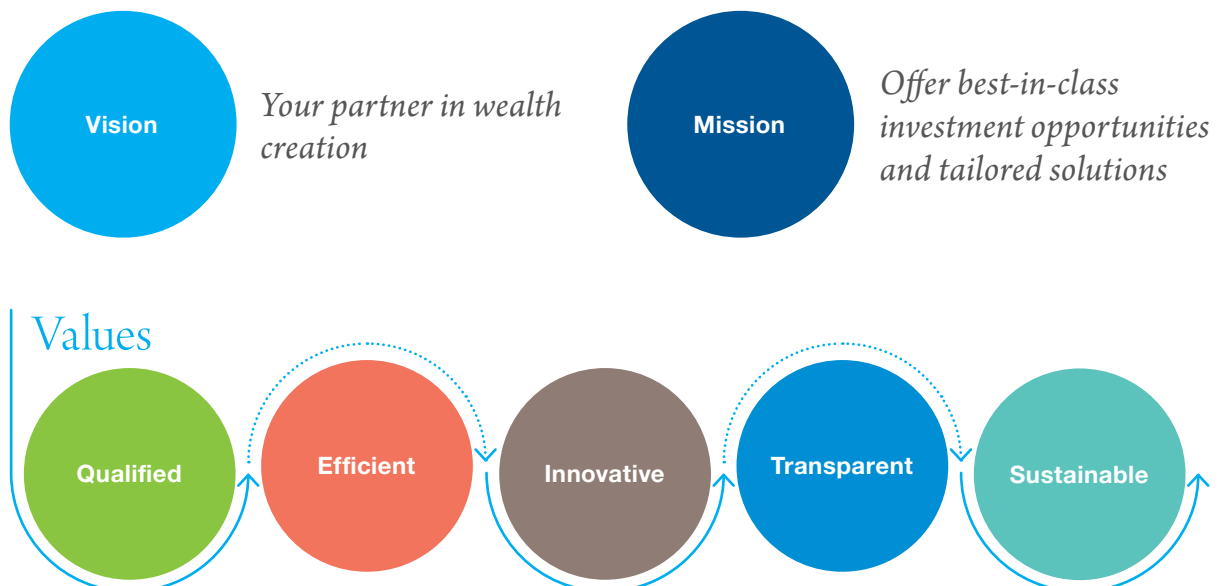
All our initiatives are aimed at serving our clients and society and have varying degrees of sustainability elements, especially governance, social and workplace-related matters. An example of a climate change related initiative was our paper recycling initiative where we recycled 2,000 kg in 2020 and 2021. Furthermore, we proactively initiated several applications that ease our clients' experience, such as the New Resident Services Portal, which simplifies rental management for tenants, and iMarkaz, which allows users to continue on their investment journey from the comfort of their homes.

A well-defined business strategy offers a guide on how a business is performing internally and how it is performing against competitors and best practices of the same industry. Therefore, at Markaz, we have an ongoing monitoring mechanism that keeps our strategy updated according to ever-changing market needs and ensures optimum target achievement levels.

Our regular monitoring mechanism takes place in the form of periodic meetings and dashboards that ensure targets are met, deviations are properly highlighted, and appropriate actions are taken.



Steered by a client-centric visionary approach, our vision, mission, and values represent our guiding principles for delivering value to our clients and stakeholders.



1.3 Defining ESG at Markaz

The world has recently witnessed a series of fast-paced changes, in terms of technology, climate, and economy, among other factors. In line with these changes, there has been an increasing global focus on Environmental, Social and Governance (ESG) integration, and continuous assessment of ESG aspects of companies. The importance of ESG is increasingly recognized globally, and Markaz has been a pioneer in this field, by reporting on our sustainability performance since 2016.

At Markaz, we believe that ESG integration leads to better informed investment decisions and enhanced risk-adjusted returns throughout an economic cycle. It stands to reason, that a company negatively impacting its stakeholders - whether employees, customers, suppliers or local communities - is susceptible to fail. Many of these impacts are not captured by traditional accounting methods, hence there is a necessity to monetize non-financial information.

We consider ESG as key to building customer loyalty and marketplace excellence. Moreover, through encouraging efficient use of energy and the adoption of circular principles in the management of materials and waste, ESG would lead to cost reduction and more efficient operations.

Our sustainability approach for this year is a holistic one, involving all internal and external stakeholders. It is also aligned to international and national frameworks, namely, UN Sustainable Development Goals (SDGs), Kuwait National Development Plan (KNDP), and Bursa Kuwait.

1.3.1 Stakeholder Engagement

Engaging stakeholders is at the heart of ESG performance excellence. We know that we cannot operate in isolation of our stakeholders, and the COVID-19 pandemic has demonstrated the importance of cooperation with all stakeholders - peers, communities, governments and customers - to ensure resilience and prosperity for all. In the formulation of our 2020-2021 Sustainability Report, we have been keen to keep all stakeholders engaged through identifying their needs, and prioritizing their importance.

Stakeholder Engagement Mechanisms

Stakeholder engagement is essential because it minimizes risks and conflicts between organizations and stakeholders. To ensure that stakeholders are continuously informed on Markaz's updates and progress, we have been keen to provide a wide range of engagement mechanisms tailored to each stakeholder group.

Primary stakeholders, with whom we continuously engage, include the Capital Markets Authority (CMA), the Central Bank of Kuwait (CBK), Bursa Kuwait, and the Kuwait Investment Authority (KIA). Other stakeholders we engage with are categorized into shareholders, employees, clients, government and regulatory bodies, lenders, suppliers, and community. All are listed in **table 1.3.1** with a summary on our engagement mechanisms and stakeholder expectations.

TABLE 1.3.1:
Stakeholder Engagement Mechanisms

Stakeholder Group	Engagement Mechanism	Stakeholder Expectations
Shareholders / Investors	<ul style="list-style-type: none"> ■ Annual reports ■ Sustainability reports ■ Website ■ Investors Relations (IR) Department ■ Ratings ■ Emails and phone calls ■ Board 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
Employees and Management	<ul style="list-style-type: none"> ■ Training ■ HR announcements ■ Markaz 'engage' Newsletter ■ Staff meetings ■ Employee engagement events ■ Staff orientation ■ Workshops ■ Pivotal Exchange Forum ■ Performance evaluation and review ■ Action plans ■ Daily interactions (phone calls, emails and meetings) ■ Code of conduct ■ Policies ■ Social media ■ Markaz employee intranet 	<ul style="list-style-type: none"> ■ Compensation ■ Compliance with labor laws and 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
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

Stakeholder Group	Engagement Mechanism	Stakeholder Expectations						
Government and regulators	<ul style="list-style-type: none"> ■ Reporting to each entity ■ Annual reports ■ Emails ■ Meetings ■ Phone calls 	<ul style="list-style-type: none"> ■ Responsible conduct ■ Sound governance practices ■ Compliance ■ Transparency 						
	<ul style="list-style-type: none"> ■ External audits ■ Policies ■ Participation in governmental plans ■ Financial intuitions associations ■ Events 							
	Debt and related service providers (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 				
			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 		
					Community		<ul style="list-style-type: none"> ■ Website ■ Social media ■ Newspaper ■ Advertising campaigns ■ 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

1.3.2 Materiality Assessment

A materiality assessment forms the basis for a clear understanding of key important topics that shape our sustainability reporting. Furthermore, it is important for facing headwinds and analyzing risk factors, in order for us to upgrade our business process and future prospects. Moreover, the materiality assessment highlights to what degree a particular ESG theme has the potential to impact our operational and financial performance. For this reporting period a total of 16 materiality topics were identified through stakeholder meetings. Following this step, surveys were sent to external and internal stakeholders to rate the importance of each topic.

All identified material topics were aligned to international and national sustainability enablers in **Annex 6.3**. Specifically, the topics' alignment was to the UN Sustainable Development Goals (SDGs) the Kuwait National Development Plan (KNDP), and Boursa Kuwait and material topics were aligned to 15 SDGs.

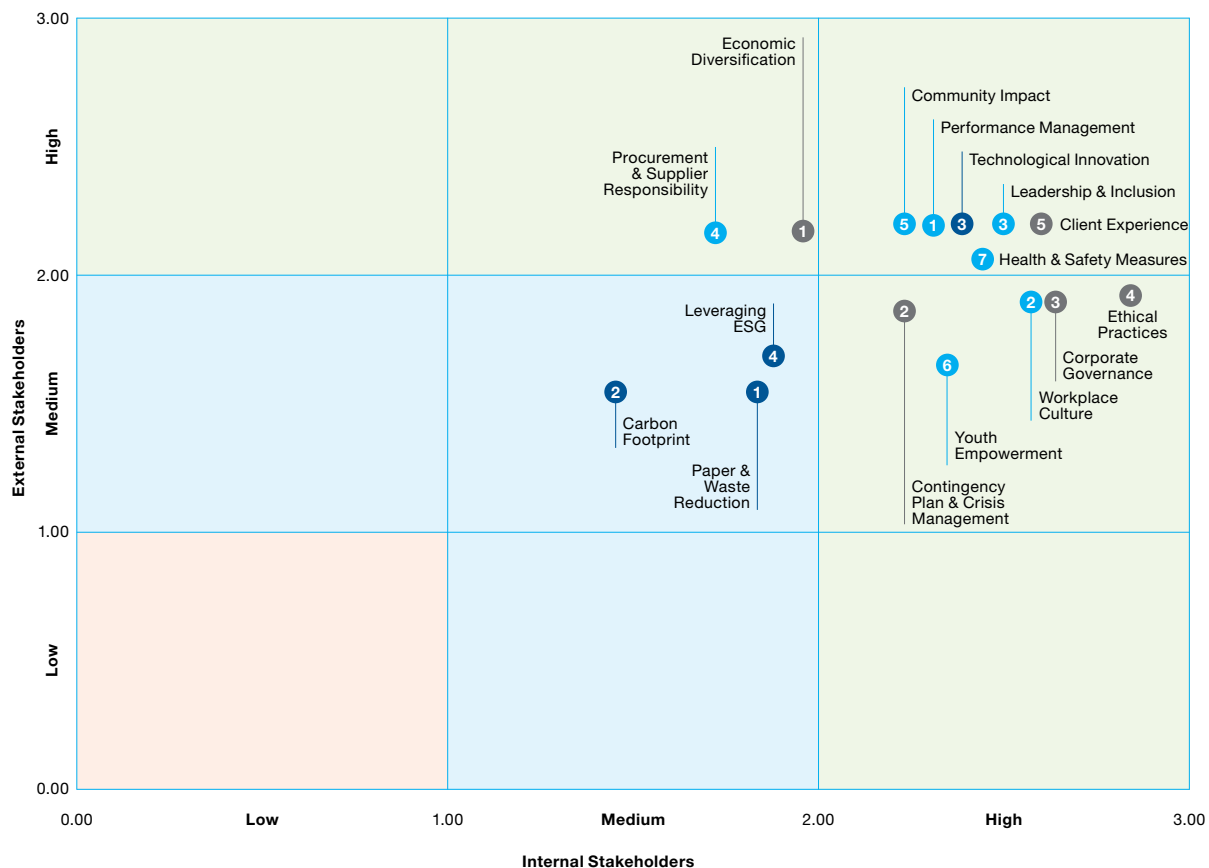
As shown in the matrix, the topics of Technological Innovation, Performance Management, Leadership and Inclusion, Community Impact, Health and Safety Measures, and Client Experience are at the top of both internal and external stakeholders' priorities. The topics of Paper and Waste Reduction, leveraging ESG, and Carbon Footprint, on the other hand, are at a medium priority level for both external and internal stakeholders. It is important to note that none of the material topics are of low importance. In comparison to 2018-2019 materiality matrix, the topic of Community Impact has gained momentum, as it went from medium to high importance. Conversely, Youth Empowerment, and Business Ethics are seen as less important to external stakeholders this year than previously. Meanwhile, Paper and Waste Reduction and Carbon Footprint maintained a medium importance for all stakeholder groups, and Technological Innovation, Inclusion and Client Experience maintained their high ranking for all stakeholder groups.

According to survey results, the materiality matrix was plotted as displayed below, showing the importance of each topic according to both internal and external stakeholders, where internal stakeholders represent the x-axis and external stakeholders represent the y-axis, and color coding allocates the topics from Low, Medium, and High materiality levels.

TABLE 1.3.2:
Materiality levels

Category/ Theme	Material Topics	Materiality Level
Environment	1 Paper and Waste Reduction	Medium
	2 Carbon Footprint	Medium
	3 Technological Innovation	High
	4 Leveraging ESG	Medium
Social	1 Performance Management	High
	2 Workplace Culture	High-Medium
	3 Leadership and Inclusion	High
	4 Procurement and Supplier Responsibility	High-Medium
	5 Community Impact	High
	6 Youth Empowerment	High-Medium
	7 Health and Safety Measures	High
Governance	1 Economic Diversification	Medium-High
	2 Contingency Plan and Crisis Management	High-Medium
	3 Corporate Governance	High-Medium
	4 Ethical Practices	High-Medium
	5 Client Experience	High

FIGURE 1.3.1:
Materiality Matrix



1.4 Emphasizing our Marketplace Excellence

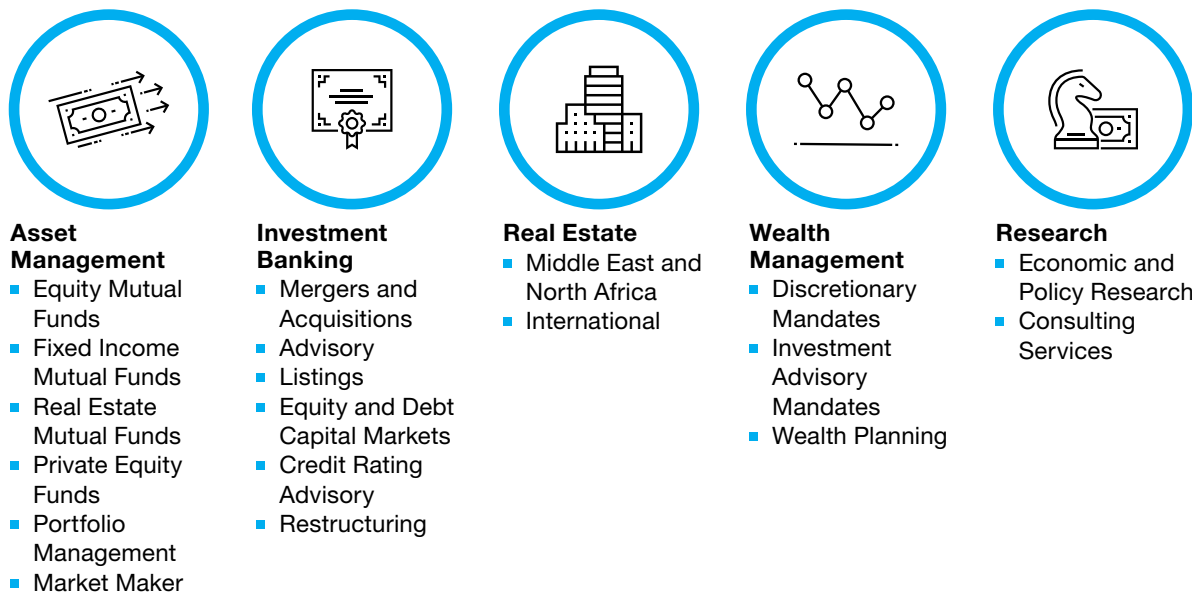
We consider our headquarters' location in the Middle East region as an opportunity. Prospects for the Middle East are high given that it is expected to be the second fastest growing economy. Reasons behind such high prospects include regional high financial reserves, well-developed regional capital markets, and favorable demographics. In Markaz, we take advantage of these opportunities and build on them through our diverse services, which include Investment Banking, Asset Management, Real Estate, Wealth Management and Research.

1.4.1 Economic Diversification

Diversity has always been linked to resilience. We believe that a diverse market aids us in raising the bar of adaptability and resilience at Markaz. In turn, diversification supports us in making a positive impact on the socio-economic status of Kuwait, and in achieving our country's economic commitments linked to the Sustainable Development Goals and New Kuwait Vision 2035.

Since our early beginnings, we have attracted and retained a client base of high net-worth individuals, governments, quasi-government institutions, and investment arms of corporations in the Gulf and globally. We continue to serve them through our main services summarized in **Figure 1.4.1**.

FIGURE 1.4.1:
Markaz's Main Services



1.4.1 a Markaz's Approach in Portfolio Diversification

As stewards of our clients' investments, we perform a comprehensive consultative approach for each project to ensure optimal value outcomes and solutions for our clients. In this regard, we carefully research every project we work on and thoroughly analyze all the information provided to us. In addition, we consider potential investors' feedback and adjust our approach accordingly at times to ensure successful outcomes.

Prior to onboarding any client we perform a due diligence screening to inform our investment decision. As a result, pre-screening and enhanced business development efforts lead to better performance and increased revenue.

Additionally, most of MENA equity products are benchmarked to world-class indices. Indices ensure quality names are included in the portfolio with desired diversification. Markaz has a policy that sets a maximum limit for sector / individual securities so that concentration risk can be avoided.

1.4.1 b ESG Criteria Integration into Business Operations

ESG criteria are anchored into our business operations and corporate strategy. Emanating from our belief that corporations have a responsibility to ensure the sustainability and growth for future generations, we are committed to reducing waste generation, conserving energy and minimizing our carbon footprint.

Our Investment Banking Department seeks to get involved in ESG issuances (bonds and sukuk) and assist in structuring financing for projects that integrate and embed ESG-related elements. Additionally, we consider issuing green bonds or sukuk in the future as part of Markaz’s Capital Market offerings. At the moment, ESG governance factors are considered in all Equity and Debt Capital Markets transactions. Our team ensures complete information is provided in the offering material of any transaction, and that it is provided in prospectuses/offering memorandums, investor presentations, and other offering material. We also consider environmental factors of paper reduction throughout our procedures. Through our efforts, we aim to foster local economy diversification, increase international recognition and diversify our clientele pool.

Regarding our funds and portfolios, we do not have specific ESG criteria. However, our portfolio managers give high importance to ESG governance criteria, such as accountability, fairness, transparency, assurance, leadership and stakeholder management, when assessing companies. Our MENA Equity team place “0” tolerance on Corporate Governance non-compliance, indicating that if a company fails in corporate governance screening it will not be invested in.

Furthermore, ESG issues are considered in our wealth management and advisory services by allocating capital to corporations that abide by ESG criteria and our in-

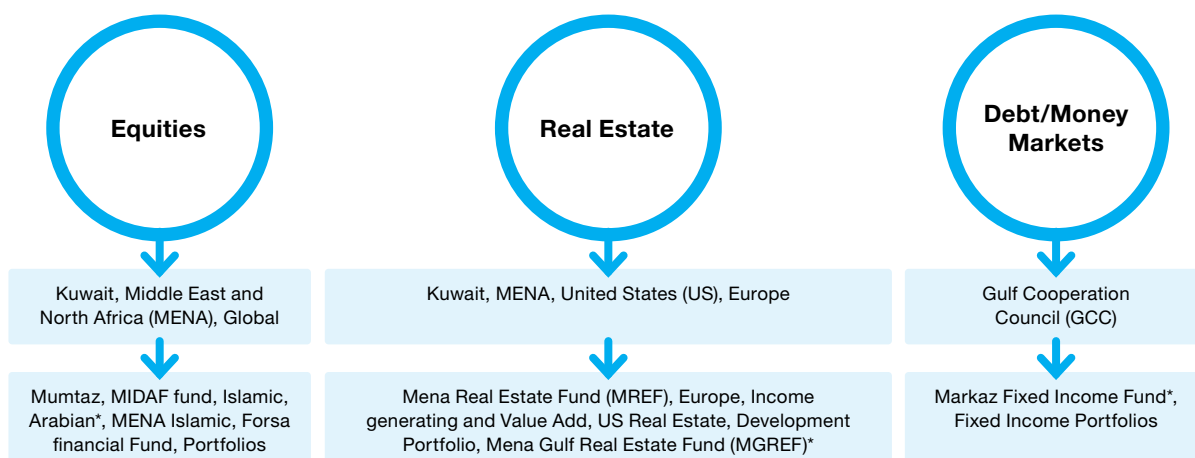
house CSR initiatives. As an example, this year in our Venture Capital initiative, we invested in a company that donates clothing to the disenfranchised segment of the community. Moreover, we track market sustainability trends and aspire to create an ESG fund for the MENA region.

1.4.1 c Asset Management

The Asset Management services offered by Markaz include diverse proprietary as well as customized investment solutions across mutual funds and specific portfolio management. Our investment process focuses on stock selection and is backed by quantitative and qualitative analysis undertaken by a professional team of experts. We have an investor-first approach in how we operate, and we seek to provide our clients with the best opportunities for sustainable wealth creation, through unbiased opinions that are considered critical to establishing a successful investment strategy.

At Markaz, client satisfaction and returns are our top priorities. From managing mutual funds to portfolios, we serve our clients by first studying their objectives, and then deploying the right mix of opportunities across asset classes and geographical borders, all managed by our team of fund and portfolio managers through our network of offices based on predefined guidelines. We are committed to meet each client’s investment objectives, whether short-term wealth management or a long-term trust.

Markaz provides portfolio management services, including discretionary, non-discretionary and advisory services. Our team of highly experienced professionals offers customizable investment solutions that match our clients’ investment objectives and risk tolerance. Our portfolios are categorized into Equity, Real Estate and Fixed Income and services provided for each portfolio are described in **table 1.4.1**.



* Private Placement Funds

TABLE 1.4.1:

Markaz's Portfolio Management Services

Portfolio Category	Services Provided to institutional and individual clients
Equity Portfolios	<ul style="list-style-type: none"> ■ Client preference of region (Kuwait, GCC, MENA) and Investment type (Conventional or Shari'ah compliant) for the following categories: <ul style="list-style-type: none"> ■ Discretionary portfolios ■ Discretionary High convictions portfolios (opportunistic) ■ Discretionary Dividend Yield portfolios ■ Non-discretionary portfolios ■ Custody portfolios ■ Investment Management / Advisory
Real Estate Portfolios	<ul style="list-style-type: none"> ■ Income generation portfolio ■ Development portfolio ■ Single investment portfolio ■ Single client tailored portfolio
Fixed Income Portfolios	<ul style="list-style-type: none"> ■ Investment advisory services ■ Portfolio Management services: tailor-made portfolios to meet the clients' financial objectives: <ul style="list-style-type: none"> ■ Discretionary portfolios ■ Non-discretionary portfolios ■ Custody portfolios

MENA Equities

“Markaz has a track record of building solid performing funds across asset classes, and have more than 12 Lipper-Reuters Awards under our belt in the last 10 years alone. We are proud to have built a reputation for being the best-performing fund manager on a risk-adjusted basis.”

Our MENA Equities team



Amani I. Al-Omani
Managing Director
MENA Equities



Ghazi A. Al Osaimi
Executive Vice President
MENA Equities



Mohammed A. Al-Ghannam
Senior Vice President
MENA Equities



Mohammad K. AlAbdulkader
Senior Vice President
MENA Equities



Ahmad K. Al-Shalfan
Vice President
MENA Equities



Ahmad Ali Asiri
Vice President
MENA Equities



Fahad S. Al Rushaid
Vice President
MENA Equities

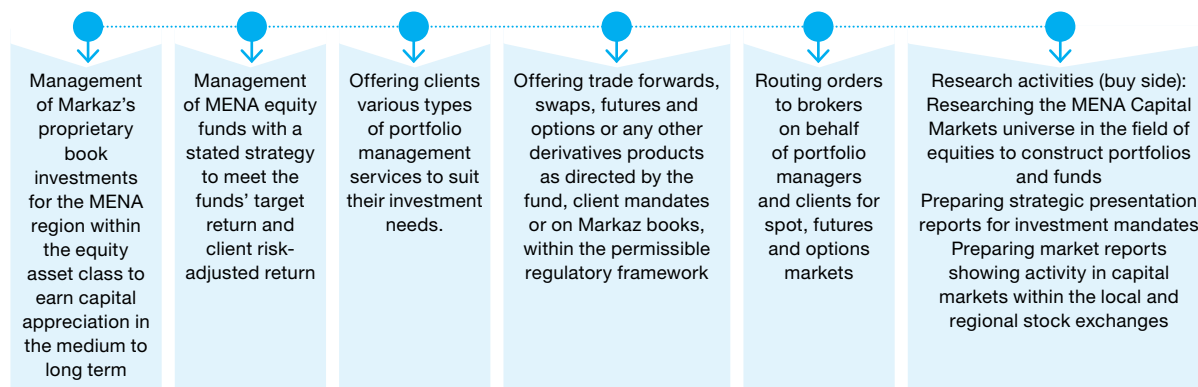


Azzam B. Al-Otaibi
Manager
MENA Equities

Our visionary approach towards sustaining Markaz's diversified economic opportunities will focus on offering outstanding investment opportunities. Markaz will launch a series of investment products that will offer investors the opportunity to benefit from the eventual economic recovery.

MENA Equities Department is responsible for investment activities in the Kuwaiti market and MENA region to serve Markaz’s funds and clients. The following functions summarize the MENA Equities Department’s core activities:

TABLE 1.4.3:
MENA Equities Department Core Activities



Market Making

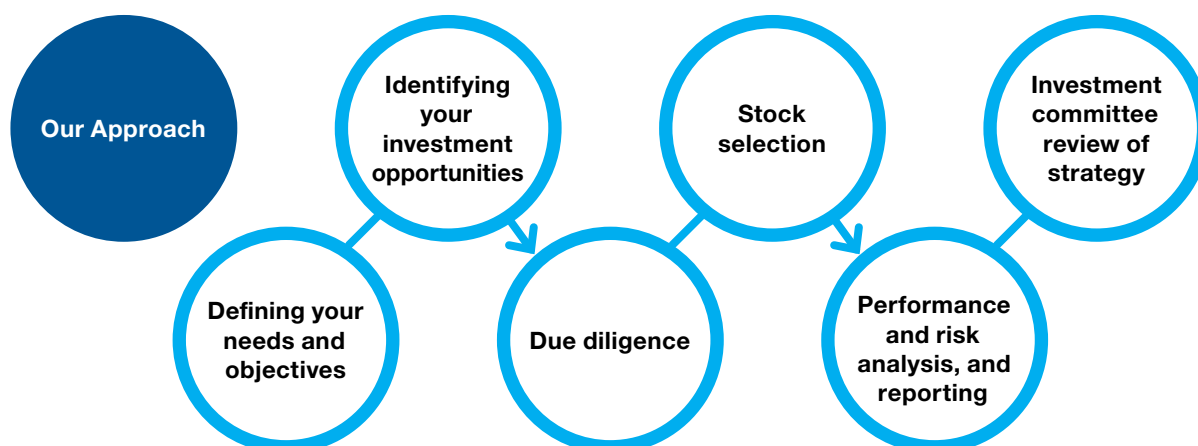
The Capital Markets Authority (CMA) granted Markaz the “Market Maker” license in 2020.

Market making is an essential tool to increase market liquidity and improve market efficiency. This tool allows Markaz to actively quote a specific security chosen in the market by offering liquidity through providing “bid and ask” quote in the market.

Markaz’s Key Investment Funds

Exceptional track record in delivering client returns and satisfaction

Markaz’s investment approach revolves around our clients’ needs, based on which we identify investment opportunities and perform our due diligence, stock selection and risk analysis.



Explore Markaz’s equity, fixed income and real estate funds, through accessing the following link:
<https://www.markaz.com/en/what-we-do/asset-management/funds/>

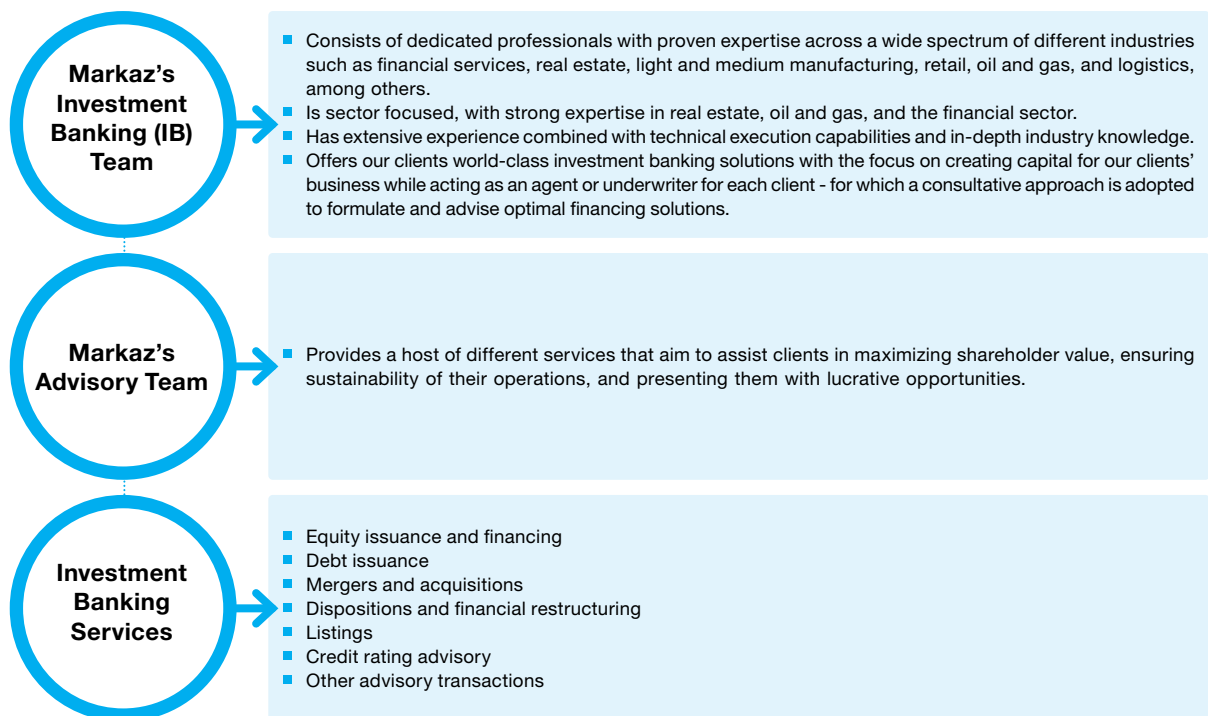
1.4.1 d Investment Banking

As stewards of our clients' assets, we are in the privileged position of being able to enact change beyond the size of our business through active capital allocation. We strongly believe that acting as responsible stewards of our clients' financials will have a positive socioeconomic impact on society. Stronger communities, in turn, help businesses to thrive.

Since 1997, Markaz has successfully executed Investment Banking transactions of over USD 5.80 billion (as of 31 December 2021) across the region. Each client has a unique requirement, for which a consultative approach is adopted to formulate and advise optimal solutions. As a result of such dedication, in 2020, Markaz was named "Best Investment Bank in Kuwait" from Global Finance Magazine. Additionally, Markaz's Capital Market track record spans Equity and Debt Capital Markets, Initial Public Offerings (IPOs) and Listings, and Capital Structuring Advisory mandates.

Total Investment Banking Transactions of over USD 5.80 billion since 1997 (until 31 December 2021)

TABLE 1.4.2:
Markaz's Teams



Our Investment Banking Leadership Team



Rasha A. Othman
Executive Vice President
Capital Markets



Abdulrazzaq T. Razooqi
Vice President
Advisory



Hammad Khan
Vice President
Advisory



For more information on Markaz Advisory and M&A:
<https://www.markaz.com/en/what-we-do/investment-banking/advisory/>

Through our IB team, Markaz was the first in Kuwait to launch:

Sukuk

High-yield
bonds

Build Operate
Transfer (BOT)-
backed bonds

Convertible
Bonds

*Proven expertise meets wider-ranging
investment banking solutions.*

1.4.1 e MENA Real Estate

Markaz's MENA Real Estate team is located across our offices in Kuwait, Riyadh, Khobar, Dubai and Abu Dhabi. Our dedicated team of experienced professionals have succeeded in building a strong portfolio of real estate assets across the dynamic regional markets. Cultivating its extensive market footprint and exceptional operational expertise, Markaz MENA Real Estate employs its time-tested approach to the acquisition, management and disposal of properties in the most promising segments of the real estate market to drive superior value.

MENA Real Estate manages approximately KD 309 million (as of 31 December 2021) in assets in Kuwait, UAE, KSA and Levant. It is managing part of the National Real Estate Portfolio, owned by the Kuwait Investment Authority, with a value up to KD 250 million. In addition, Markaz Real Estate Fund has an AUM of KD 65 million across 17 properties. More details on Markaz's Real Estate Services are provided in **Figure 1.4.4**.

Markaz has been named the "Real Estate Asset Manager of the Year" in the Global Investor MENA 2021 Awards, which recognize outstanding performance in the real estate sector.

The coveted honor recognizes Markaz's excellence in serving institutions and individuals seeking to unlock the investment potential of real estate asset classes in the region, by operating at the highest industry standards.

Our MENA Real Estate Leadership Team



Bassam N. Al-Othman
Managing Director
MENA Real Estate



Milad Elia
Executive Vice President
MENA Real Estate



Khaled A. Al-Mubarak
Senior Vice President
MENA Real Estate



Muaz T. Al-Ateeqi
Vice President
MENA Real Estate



Abdulrahman S. Al-Sanad
Assistant Manager
MENA Real Estate



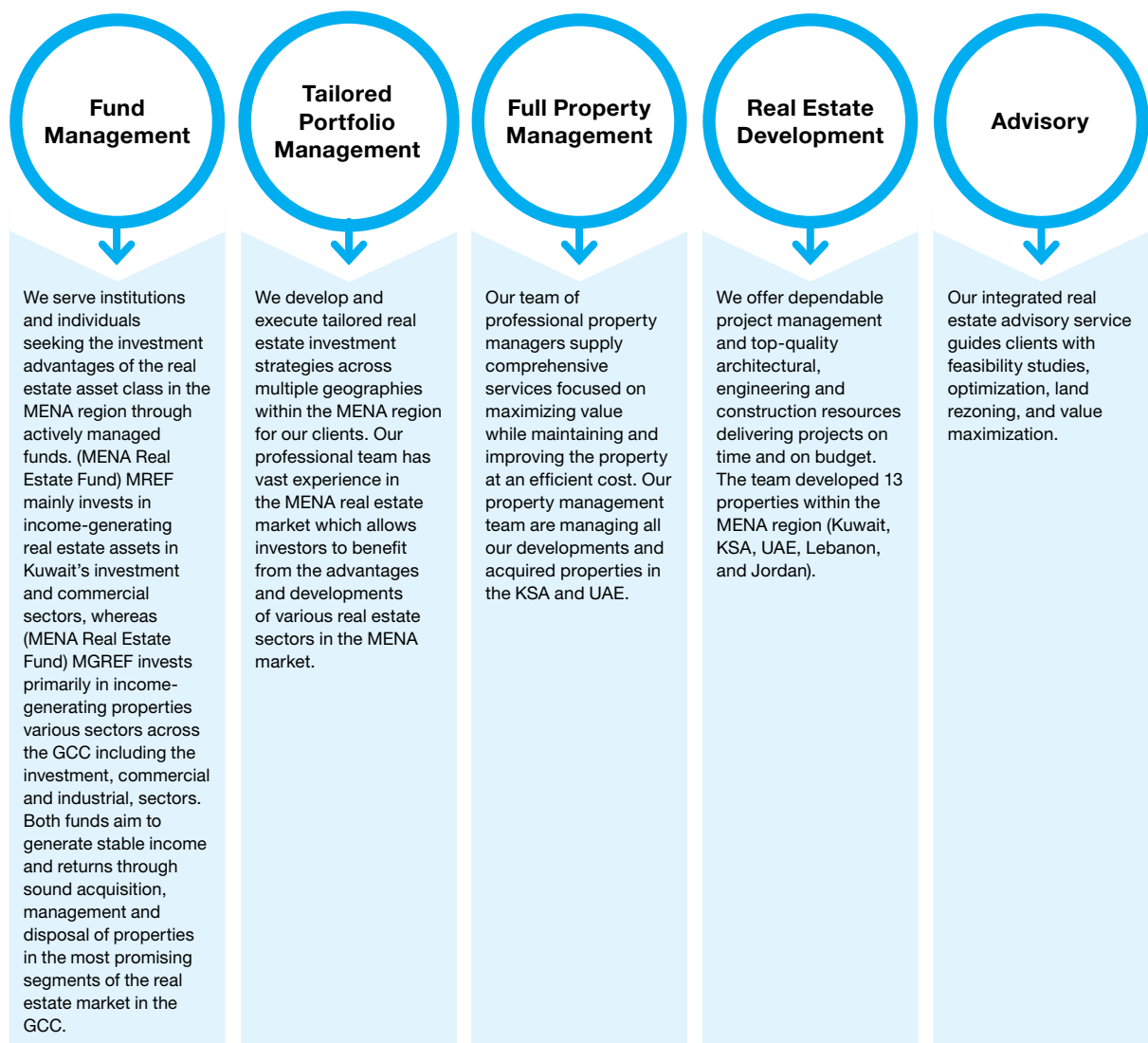
Khaled Al-Dousari
Senior Analyst
MENA Real Estate

Markaz's MENA Real Estate Investment Program

The MENA Real Estate Investment program seeks to expand according to emerging opportunities and available funds. Program expansion will be through growing our Mena Real Estate Fund (MREF) and Mena Gulf Real Estate Fund (MGREF), which enables small investors to earn stable and recurring returns by investing in properties within the state of Kuwait, in compliance with the Islamic Sharia. We further seek to expand the program through investing in BOT/PPP and logistics assets in Kuwait, UAE and KSA primarily.

As a way to safeguard Markaz's capital and financial growth, MENA Real Estate Department places an emphasis on retaining tenants through marking rents to market and collecting unpaid rent while settling with defaulting tenants amicably in court. Additionally, assets are valued frequently to mark fund units NAV to market allowing for fair subscriptions and redemptions.

TABLE 1.4.4:
MENA Real Estate Services



1.4.1 f International Real Estate

Since 1988, Markaz has been conducting real estate transactions in the US through Mar-Gulf Management located in Los Angeles, California. Over the past three decades, Markaz and Mar-Gulf have been involved in the ownership and development of almost 123 properties for a total development and acquisition cost of over USD 1.68 billion. This includes approximately 9,000,000 sq. ft. of industrial warehouse space, 3,500,000 sq. ft. of retail, 1,350,000 sq. ft. of office and almost 3,400 apartment units. Markaz currently manages approximately USD 484 million of real estate assets across multiple funds.

Having ESG integrated within our strategy has led us to aim for investments that are BREEAM and LEED certified. Recently, the International Real Estate Department has focused on development projects which were mostly BREEAM certified or equivalent. Normally, most of our newly developed projects are energy efficient and LEED certified. As for older buildings, they take part in our renovation program, which ensures the building complies with energy efficiency standards.

Our assessment criteria for screening and selecting international real estate portfolios are guided by current market conditions. Specific assessment criteria we use include location, underlying fundamentals (supply and demand), financing conditions, capital markets activity, among others. Projects also undergo Environmental Impact Assessments (EIA) prior to execution.

In this regard, our development program in the US is a perfect example of our criteria screening. The program was executed after a comprehensive assessment of newly developed projects that displayed a trend towards industrial projects. This has shifted our development focus from office buildings to industrial projects. For the future, we will continue to pursue excellence in project execution and expand our projects in the US and Europe, as well as invest in value added and core projects in the medium term.

Our International Leadership Team



Sami Shabshab
Managing Director
International Real Estate
President, Mar Gulf
Management Inc.



George Ceithaml
Managing Director
MDI Capital, LLC



Sadon A. Al-Sabt
Senior Vice President
International Real Estate



Christopher Santiago
Assistant Vice President
International Real Estate



Munif Al Saad
Assistant Manager
International Real Estate

1.4.1 g Wealth Management

Wealth Management and Business Development (WMBD) builds and maintains long-term relationships with all Markaz clients and further strengthens Markaz's market positioning. The WMBD team has established relationships with sovereign wealth funds, pension funds, banks, family offices and high net worth individuals, providing them with advice and access to the Markaz financial product range, with much pride, we note that most of our Account Managers have been certified as "Chartered Wealth Managers" by the internationally renowned American Academy of Financial Management (AAFH).

Hinging on our commitment towards client satisfaction, our WMBD team maintains a close relationship with our clients through regular meetings and client satisfaction assessment that guide our service enhancement process. Furthermore, the WMBD team at Markaz realizes the intricate nature of the challenges that face the financial market, and so they embark on the right endeavors to provide top-of-the-line solutions to protect and grow our clients' wealth.

Furthermore, WMBD remains committed to providing innovative products and solutions locally, regionally and internationally. As part of a new initiative, WMBD is now providing clients with investment opportunities in selected international markets through its International Investments team.

Our Wealth Management Leadership Team



Abdullatif W. Al-Nusif
Managing Director
Wealth Management &
Business Development



Deena Y. Al-Refai
Senior Vice President
Wealth Management &
Business Development



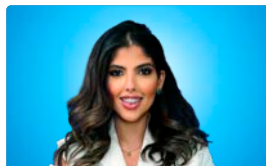
Abdullah A. Al-Nouri
Assistant Vice President
Wealth Management &
Business Development



Mohammad F. AlSmaiee
Manager
Wealth Management &
Business Development



Mariam A. Al-Marzouq
Assistant Relationship Officer
Wealth Management &
Business Development



Sharefah R. Bensalamah
Analyst
Wealth Management &
Business Development



Humoud S. Al Sabah
Assistant Vice President
Investment Advisory



Abdulmohsen S. AlMudhaf
Assistant Analyst
Investment Advisory



Khaled W. Al-Saleh
Analyst
Investment Advisory

Investments advisory mandates

Markaz provides its clients the opportunity to grow their wealth by creating optimal asset allocation models and selecting investments that fit their risk profile as well as return and liquidity objectives. Global asset allocation is offered across five asset classes, namely Equities, Fixed Income, Currencies, Commodities, and Real Estate. In addition to conventional portfolios, we offer our advisory services for Islamic portfolios. With a team comprising experienced investment professionals who keep abreast of shifts and trends in local and international markets, we also provide structured products to bring our clients customized investment opportunities.

Tailored portfolios across all asset classes

We understand that each client has unique investment goals. Our Wealth Management team work closely with every client to design tailored portfolios and investment solutions that meet financial needs across all asset classes

The services provided by the WMBD team at Markaz are:

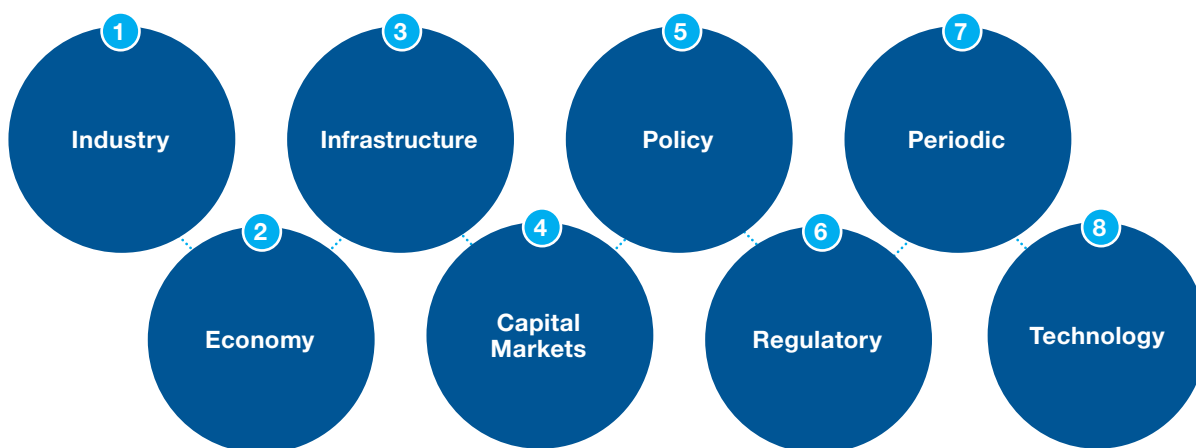
iMarkaz

iMarkaz is a digital tool with a simple interface that allows clients to enjoy the investment experience at the comfort of their home or office, through providing investment advice, and allowing them to open their accounts and monitor their investments remotely.

1.4.1 h Research

At Markaz, we cater to the growing research and information demands of organizations in the MENA region through our research arm, Marmore. In particular, Marmore publishes reports and conducts research that supports constructive transitions for many of Markaz's and Marmore's clients and partners. Marmore also provides consulting services based on the specific requirements of clients and generates capital market / industry research studies that focus on implications for businesses in the GCC region.

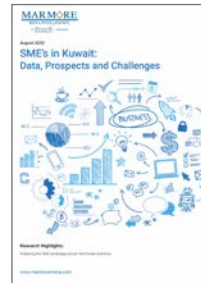
Marmore has partnered with several thought leaders and leading policy research institutions to generate economic and policy research related studies. Between 2020 and 2021, Marmore published a total of 103 research studies, of which 48 research studies were published in 2020 and 55 in 2021. The scope of these studies covers businesses in the MENA region regarding the following topics:



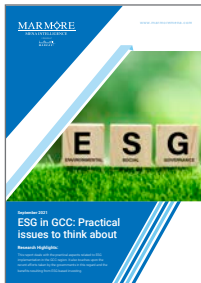
Marmore realizes the growing interest in the market for ESG-related topics. The topic has become a trend and the need for knowledge-sharing and awareness-raising on ESG is at its peak. So, Marmore also publishes ESG-related articles in line with market trends, serving the interest of clients and the public. Between 2020 and 2021, Marmore has published over 90 research studies, a sample of them is displayed as follows.



**Shift to Electric Vehicles
How will it...**
February 3, 2020



**SME's in Kuwait: Data,
Prospects and Challenges**
August 17, 2020



**ESG in GCC: Practical
issues to think about**
September 27, 2021



**Harnessing Value
through Procurement
Transformation**
December 6, 2021



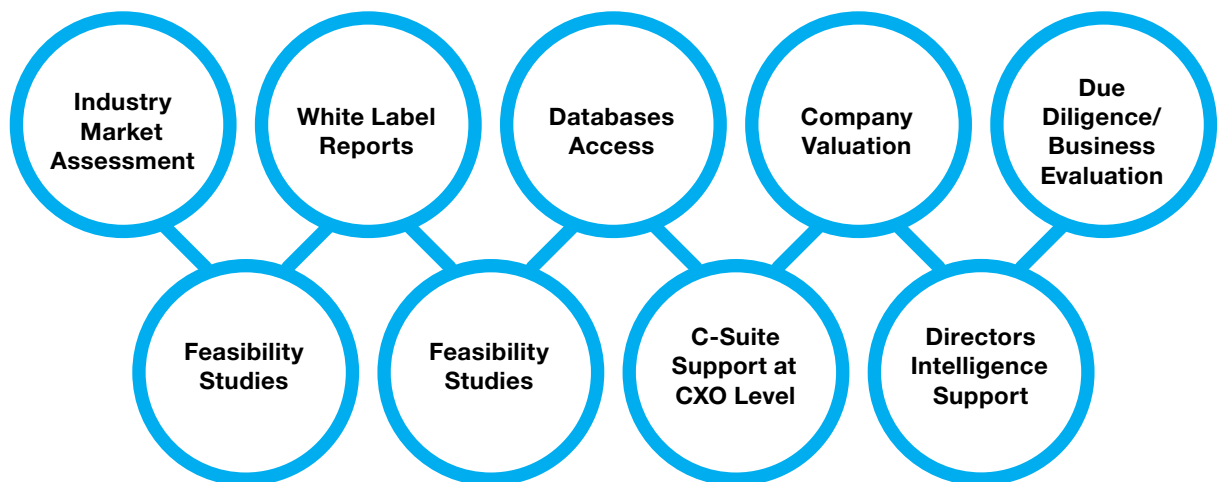
To access all of Markaz's subsidiary published research and articles:

Research: <https://www.marmoremena.com/research-repository/>

Articles: <https://www.marmoremena.com/blog/>

Marmore's Consulting Services

Marmore's bespoke consulting services combine the challenges of cost, time, scope and data availability to generate actionable outcomes that are specific to client needs.



1.4.1 | Markaz's Webinars

Despite the challenges faced by Markaz due to the COVID-19 pandemic, we managed to hold several events in the past 2 years. Taking into account all the necessary health and safety precautions, our events were held virtually, and tackled several topics ranging from business, finance, investment, and Islamic banking to COVID-19 implications on the economy. A brief outline of all events held is shown below.

TABLE 1.4.2:
Markaz's 2020-2021 Webinars

Date	Event Name	Topic	In Collaboration with
24-Nov-21	Islamic Finance News (IFN) Kuwait Roadshow - OnAir2	Islamic banking, finance and investment in Kuwait	Islamic Finance News (IFN) Kuwait
3-Nov-21	Kuwait Foundation for the Advancement of Sciences (KFAS) Business Talk	Harnessing value through procurement transformation	Kuwait Foundation for the Advancement of Sciences (KFAS)
2-Sep-21	Capsules On Finance	Risk management, derivatives and ESG: Some contemporary thoughts	Heriot Watt - Edinburgh Business School
9-Feb-21	Invest in Tamil Nadu - A Virtual Conference	Investing in Tamil Nadu	Embassy of India, Kuwait
18-Jan-21	Markaz House Views 2021: Opportunities and Outlook	Current market conditions and outlook for 2021	Markaz
9-Dec-20	Kuwait Investment Outreach	Kuwait's capital markets and economic development	Kuwait Direct Investment Promotion Authority (KDIPA), Foreign Direct Investment (FDI) Intelligence and Supporting Partner Markaz
19-Oct-20	IFN Kuwait OnAir Forum - Pioneering change in Islamic Finance	Funding, infrastructure, capital markets and responsible finance initiatives in Kuwait	Islamic Finance News Kuwait
15-Oct-20	Live Webinar - Why Covid-19 destroyed the economy but not the markets	Covid-19 impact on the economy on the markets	Institute of Management Accountants (IMA) Kuwait Chapter
4-Sep-20	Finance Continuum2020 - Virtual Seminar Series	Impact of protectionism and trade wars on Indian and global economy	Shailesh J. Mehta School of Management (SJMSOM), Indian Institute of Technology (IIT) Bombay
14-Jul-20	Zoom session - The Grand Disconnect Between Economics and Markets	Examining the disconnect between Economics and markets	Bahrain Economists Society
7-Jun-20	Live Webinar - Impact of COVID-19 on Kuwait Business	Impact of COVID-19 on Kuwait business	Kuwait Financial Centre "Markaz", in collaboration with Kuwait Foundation for the Advancement of Sciences (KFAS)
28-May-20	Beyond 2020-2025: Career Opportunities in Equity Research	How about a career in Equity Research?	Beyond 2020 in Association with Prime Academy
26-Apr-20	Institute of Management Accountants (IMA) Middle East COVID-19 Webinar	The World Outlook COVID-19 - How good and soon	Institute of Management Accountants (IMA) - The Association of Accountants and Financial Professionals in Business
3-Apr-20	Webinar	Visualizing a non-covid world: How soon and how good	The Institute of chartered Accountants of India - Kuwait Chapter
29-Jan-20	Kuwait Finance Forum (KFF): Fintech Session	FinTech adoption among Kuwait banks	Gulf Bank



**Beyond
2020-
2025: Career
opportunity in
Equity Research**
May 31, 2020

**The
Grand
Disconnect
Between
Economics &
Markets**
July 16, 2020



To access all of Markaz's subsidiary conducted webinars:
<https://www.marmoremena.com/webinar/>

1.5 Managing the COVID-19 Crisis

Though the COVID-19 crisis has hit the investment sector hard, our team at Markaz ensured minimal harm on our operations. Immediately, once Kuwait announced its country-wide lockdown, we activated a contingency plan for managing operations remotely, including the use of remote automated systems. We continuously monitored markets and adjusted client portfolios to de-risk where needed. Moreover, communication with stakeholders was maintained during the pandemic through regularly posting information and analysis of the COVID-19 situation on our social media platforms. For example, we launched, on a daily basis, an investment dashboard to monitor and report asset class movements across the world and the Gulf Cooperation Council (GCC). We also launched a daily GCC coronavirus dashboard to study improvements on the number of cases reported and recoveries.

Additionally, Markaz has been playing a key role in proposing economic measures to the Cabinet of Ministers in Kuwait in an effort to mitigate the impact of COVID-19. Our departments and teams have joined forces to combat and mitigate COVID-19 implications on Markaz and our clients, remaining in anticipation

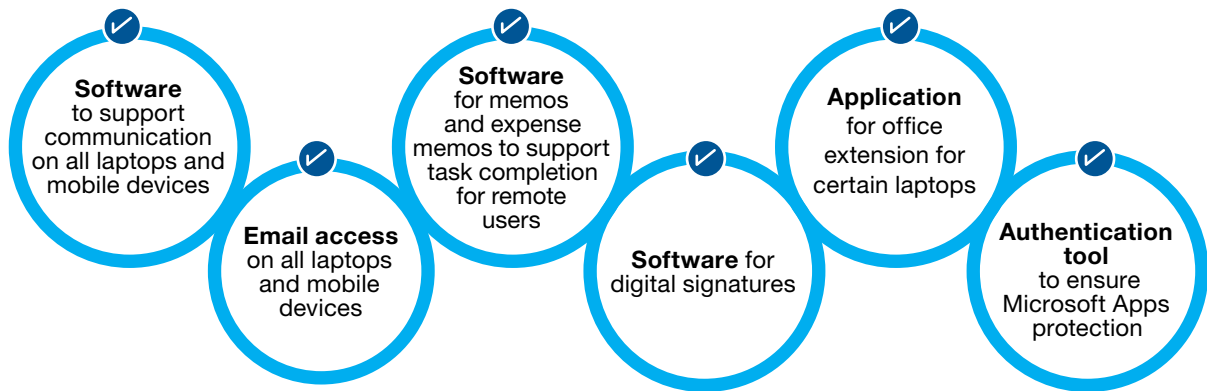
and preparation for possible future crises. More details on our COVID-19 response procedure are described in this section under 3 categories, namely: workplace, marketplace and community.

1.5.1 Managing COVID-19 at the Workplace

To aid us in maintaining focus and remaining on track with our company strategy during the COVID-19 crisis, a well-defined business continuity process was activated and applied successfully. We also reviewed our strategy through an internal exercise in order to adapt to the changes brought about by the pandemic. In response to governmental regulations for social distancing and lockdowns, we opted for remote work solutions and maintained our operational efficiency at the same rate as regular on-site operations. Despite the lockdown, no data leaks were registered or lost, and we were able to launch several digital products during 2021 including iMarkaz App, which allows users to continue on their investment journey from the comfort of their homes.

Our success in overcoming the obstacles associated with the pandemic can be attributed to the adaptation of remote working tools and services in **figure 1.5.1** below.

FIGURE 1.5.1:
Remote Working Tools



The pandemic also accelerated our IT infrastructure enhancement plans. Our IT Department invested notable effort into creating a world-class IT system, empowered by well-designed plans, informed decision-making, and the identification of suitable technologies. These included infrastructure enhancements, cyber security, automation, and cloud-ready infrastructure, all of which were key factors in Markaz’s business continuity process.

Employee Health, Safety and Wellbeing During COVID-19

Maintaining employee health and safety is one of our top priorities; therefore we ensured the provision of appropriate hygiene practices and precautionary procedures to curtail the spread of COVID-19 in our premises. As part of our precautionary procedures, we required staff to test for COVID-19 once they showed any related symptoms, and reimbursed them accordingly.

Meanwhile, team members who happened to be in close contact with the suspected COVID-19 infected employee were requested to self-isolate until the test results are out. Moreover, all government rules on attendance and precautions were applied at our office. Return-to-work standards were followed, including full vaccination of all employees. As a result of all of our procedures, there were zero cases of COVID-19 workplace transmission throughout the entire pandemic.



Workplace COVID-19 Transmission Cases in 2020 and 2021

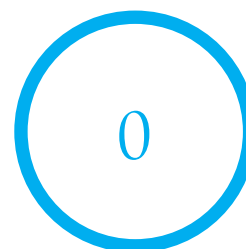


FIGURE 1.5.2:

Health and Safety Measures for Employees During COVID-19



Daily sanitization of floors in the evenings



Masks and gloves available for all staff



Temperature detection machine installed at the building lobby

The mental and psychological health of our employees is equally as important to us as their physical health. Thus, we ensured effective communication with our employees, and maintained their sense of safety at Markaz through prohibiting lay-offs and salary sacrifices. All our employee benefits and services remained. And we supported our employees' work-life- balance through flexible working hours.

We also provided financial support for employees unable to return back to Kuwait as a result of airport closure and border restrictions. Financial support for employees included covering daily necessities for them and their families. Meanwhile, bonuses were provided for certain departments at the forefront of supporting business continuity, and those who maintained business flow throughout the uncertain market and staff conditions.

1.5.2 Managing COVID-19 in the Marketplace

The challenges posed by the COVID-19 outbreak have hit every single organization across the globe. It stands to reason that the large-scale economic slowdown caused by the pandemic has had a large impact on global and local equity markets. Meanwhile governments and central banks have proposed various financial packages and reliefs designed to stabilize economic conditions.

At Markaz, we were vigilant to COVID-19 impacts, as we closely monitored its effects on our operations. In light of COVID-19, Markaz has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in the consolidated financial statements.

Markaz’s research arm, Marmore, launched a COVID-19 dashboard and GCC investment dashboard, highlighting the latest updates on the virus and its impact on markets locally and globally. The COVID-19 dashboard has published several studies and factsheets on the influence of COVID-19 on Kuwait’s economy, sectors and policy. For example, a study was published on the impact of mobility restriction on the Kuwait economy, and the daily GCC investment dashboard focused on capturing financial market trends amid COVID-19. The GCC investment dashboard remained for a period of 8 months from April 2020 to November 2020.

Our MENA Equities Department was fully on alert during COVID-19, monitoring GCC stock markets and adjusting sector allocations in all equity funds and portfolios, actively hunting for the best investment opportunities, and navigating a way through disrupted markets. Our clients were confident in our ability to sail through the market turmoil. We kept our clients’ trust, and the MENA Equities Department’s dedication yielded excellent results for our products, ending the year 2020 with minimal losses.

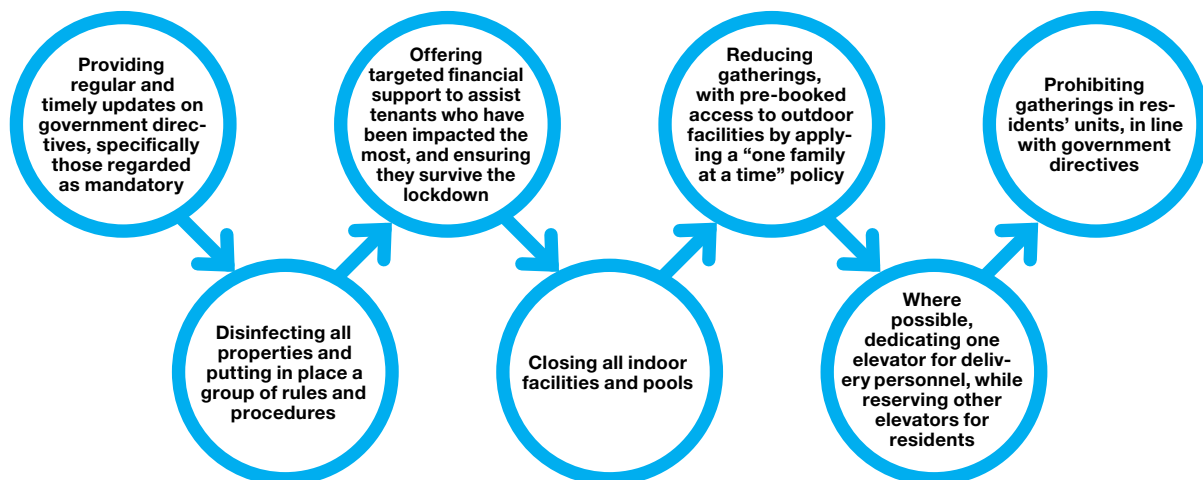
Furthermore, our Wealth Management and Business Development (WMBD) team continued working steadfastly during COVID-19 to enhance Markaz’s collaboration with reputable local and regional institutions, as well as

reaching out to new clients through its dedicated team of relationship managers. Additionally, the WMBD team focused on initiating new collaborations to further strengthen its distribution channels and meet the changing requirements of clients.

Additionally, the Mena Real Estate team intensified its efforts and managed to successfully control all business activities and ensure operations continued to run seamlessly throughout the COVID-19 pandemic. The MENA Real Estate (RE) team managed the different operational aspects of the company’s funds and portfolios through creating clear channels of communication with the assigned property management companies. This has allowed us to assess and measure the economic impact of the COVID-19 pandemic on the real estate sector in general, and on the valuation of our products and properties in specific. Moreover, we raised the bar of investment management and client reporting, to ensure all analyses and findings were communicated in a timely manner, and addressed instantly.

In addition, as part of our commitment to the safety and health of our tenants in Kuwait and the GCC, the MENA RE team at Markaz has been taking prudent precautionary measures for its residential, and select commercial properties in Kuwait, UAE and KSA, as listed below.

FIGURE 1.5.3:
Markaz’s Precautionary Measures in Selected Commercial Properties



In addition, the team took on several initiatives that were greatly appreciated by tenants. For example, tenants were permitted to borrow exercise equipment, and were provided with board games to help them enjoy family time

during lockdown. Cleaning, security and critical maintenance staff were also temporarily accommodated in the properties, and provided with free meals, to minimize personal contact.

Furthermore, the MENA RE team has made all necessary changes to specific policies that have guaranteed the successful management of operational activities. The team remained in contact with our partners to understand the impact on our existing projects. Our construction and development projects remained ongoing as the industry was not halted by the lockdown. As for our income-producing projects, we discussed with our partners the impact on cash flow and tenants profile going forward and went over a short-term plan to maintain the value of our projects.

Since lockdowns and periodic restrictions have governed the past 2 years, the real estate sector was negatively impacted. Accordingly, we took on an opportunistic approach, capitalizing on the latest trends across markets and, as a result, we achieved significant risk-adjusted returns on 5 projects that we exited/sold in 2021. One important closing was that of the KD 35 million 5-year bond issue through private placement; we also received strong demand for our 4th bond issue. All of this reflects the continuing trust that investors place in Markaz, its solid creditworthiness, and the capital markets' confidence in the quality of our bond issues.

1.5.3 Managing COVID-19 at the Community Level

As the COVID-19 pandemic ignited a global digital revolution, Markaz joined the trend by escalating our digital communication methods and adapting our operations, and events. Consequently, we adopted our communication approach both internally and externally, with increased focus on digital marketing. As a result, several digital campaigns were launched to promote our website and our digital media products. Not only did digitization allow us to maintain a seamless business flow, but it has also reduced costs in many areas. One of those areas was the Markaz Graduate Development Program (MGDP), which continued with the same effectiveness and at a 87% lower cost than the usual on-site program, going from KD 93,765 in 2020 to KD 11,779 in 2021. We also held several employee events in 2020, on which we spent a total of KD 5,413.

Our community interactions also took on a digital form through virtual CSR events organized by our Media and Communications Department. The main events we held and participated in during 2020 and 2021 are listed in **tables 1.5.1** and **1.5.2**.

TABLE 1.5.1:

Major Virtual Participation in CSR Events and Webinars in 2020 and 2021

Event Form	CSR Event Title	Markaz Speaker
	Lothan Youth Achievement Centre (LOYAC) Live Talk	Ms. Deena Al-Refai SVP, Investor Relations
	Participation in Hewar Talk	Mr. A. Manaf Alhajeri Ex-CEO of Markaz
	Impact of COVID-19 on Business with Kuwait Foundation for the Advancement of Sciences (KFAS) and	M. R. Raghu CEO of Marmore
Webinar	Mr. Alghanim's participation in an online discussion with H.E Mr. Michael Davenport to shed light on perspectives on business continuity and resilience through and post COVID-19	Mr. Diraar Yusuf Alghanim Chairman of Markaz
	Participation in Kuwait Investment Outreach Webinar, Kuwait Direct Investment Promotion Authority (KDIPA)	Mr. M. R. Raghu CEO of Marmore
	Participation in Kuwait Banking and Finance roundtable	Mr. Ali H. Khalil CEO of Markaz

TABLE 1.5.2:
Webinars Conducted by Markaz in 2020 and 2021

2020
Webinar Title
Impact of COVID 19 on Business



2021
Webinar Title
House Views Webinar



CASE STUDY

The Success of Markaz Graduate Development Program (MGDP) During COVID-19

Despite the country-wide lockdown that was enforced during the COVID-19 pandemic, we managed to successfully conduct our Markaz Graduate Development Program (MGDP). The program, which has been running for 4 consecutive years, falls in line with our CSR strategy that partly aims at developing the skills of Kuwaiti youth.

The continuation of the vocational training program despite the pandemic stands as testament to the determination and commitment of Markaz to support its stakeholders. Hand in hand to overcome the challenge, the HR team at Markaz performed a swift and effective restructuring process to the program, in an effort to accommodate the change in settings and accessibility of trainees, while ensuring the best quality and excellence in knowledge-sharing.

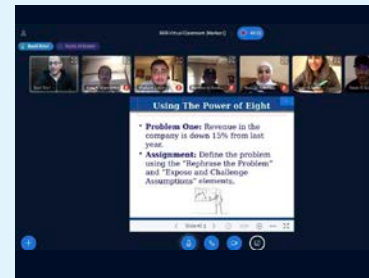
As a result, a new approach was presented by Markaz trainers, where trainees were continuously engaged on a weekly basis through a series of virtual activities

and online courses tackling investment management, with each topic covered over the course of 3 to 5 days. Moreover, with the support of Markaz's external training partners, the HR team converted all planned classroom sessions into e-learning equivalents, and added select technical and professional learning within the existing program. The program lasted for 6 weeks, totaling 44 hours of training. In addition, the behavioral skills training was conducted online, totaling 60+ training hours.

The program, which begins in February every year, allows fresh Kuwaiti graduates to gain positive work experience and skills at Markaz through an extensive 1-year experience, during which all graduates are given the opportunity to undertake and excel at day-to-day tasks and responsibilities under the work scope of Markaz. The graduates are allowed to gain experience from all departments, with an intense training in a specific department. Throughout the program, graduates receive a mix of direct and online training,

alongside practical activities. At the end of each program, Markaz ensures that each trainee receives a recommendation letter, in support of their future career and job applications, to encourage their further advancement.

The program currently continues to run virtually and has also developed into an internal coaching program for Markaz staff, to further reinforce their skills in guiding and developing the trainees and take the program to a whole new level.



2

8 DECENT WORK AND ECONOMIC GROWTH



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



DEVELOPED INFRASTRUCTURE



CREATIVE HUMAN CAPITAL



SUSTAINABLE DIVERSIFIED ECONOMY



12 RESPONSIBLE CONSUMPTION AND PRODUCTION






Communicating Our Corporate Governance

As a trusted asset management and investment banking institution, we have a duty to act in the best long-term interests of our beneficiaries. It stands to reason that ESG issues can affect the performance of investment portfolios to varying degrees. In this regard, we are keen to maintain a robust corporate governance framework through applying ESG principles across our institution, and we are certain of the benefits such endeavor will reap for Markaz and society as a whole.

In the following sections we delve into our corporate governance framework, and specifically into our leadership efforts, contingency planning and crisis management procedures. In addition, we present our risk management approach and demonstrate our commitment to ethical practices.






UN Sustainable Development Goal (SDGs)

-  Decent Work and Economic Growth
-  Responsible Consumption and Production
-  Peace, Justice and Strong Institutions



Kuwait National Development Plan (KNDP)

-  Human Capital
-  Infrastructure
-  Economy

2.1 Leadership and Inclusion

We believe that a company's strength is an outcome of its solid leadership. Evidently, a company's leadership forms the bedrock of its success and sustainability, and a wise, diverse and well-informed Board of Directors (BOD) breeds a prosperous organization. Having this in mind, our BOD oversight revolves around ESG factors. This includes increasing the percentage of females in leadership positions, climate change and human rights considerations, safeguarding our shareholders rights, and dealing with risk exposure among others.

In this section, we tackle the topics of leadership, inclusion and shareholders rights. We take a deep dive into our Board members and committees, as well as explain our approach in stakeholder right protection.

2.1.1 Markaz's Corporate Governance Framework

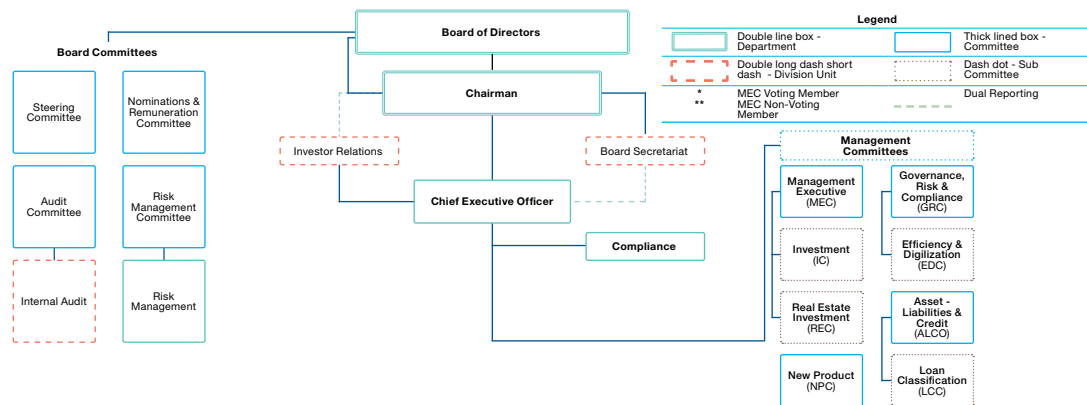
As our corporate governance philosophy states, corporate governance practices are an integral part of the business activities at Markaz. Within our corporate governance framework, we align all of our activities to applicable regulatory requirements, including corporate governance standards, best practices, internal policies, systems and controls. We are committed to defining, following and practicing the highest level of corporate governance across all our business functions. Our corporate governance shows our deep-rooted values encompassing our culture, policies, and relationships with our stakeholders. Integrity and transparency are the essence of our corporate governance practices and performance, as they are integral to the protection of our stakeholders' rights and interests.

As displayed in **figure 2.1.1**, Markaz's governance structure comprises the BOD, Board Committees and Management Committees. Our organizational structure is aligned in a manner that embeds sound corporate governance practices within the reporting lines. It also provides a clear segregation of duties, and independence of the Executive Management (EM) and key functions such as Compliance, Risk Management and Internal Audit. Our Corporate Policies clearly distinguish the role of the BOD and EM. Moreover, the policies clearly define the roles of the Board, Chairman, Board Members, Board Committees, Chief Executive Officer, Chief Financial Officer, Board Secretary, Head of Risk Management, Head of Compliance, Internal Auditor and Management Committees.

Additionally, Markaz's BOD has set a conservative policy that was transformed into a governance system prior to the issuance of related laws and legislation. With the efficient implementation of this policy, Markaz has become one of the few Kuwaiti companies to develop an official corporate governance structure with voluntary compliance.

FIGURE 2.1.1:
Markaz's Organizational Structure

Kuwait Financial Centre - Markaz Organizational Structure



The BOD has the overall responsibility of governing Markaz and its role includes setting, overseeing and monitoring the implementation of the Markaz's strategic objectives, risk management policy and governance systems. Additionally, the BOD ensures that the Capital Markets Authority (CMA) rules are fully complied with and implemented.

The principal responsibilities of the BOD include the following:

- Approving the objectives, strategies, business plans and essential policies of Markaz
- Approving the annual budgets, interim and annual financial statements
- Monitoring the major capital expenditures of Markaz and the process of acquiring and disposing of assets
- Ensuring compliance with Markaz's Articles and Memorandum of Association, internal policies and procedures and applicable laws and regulations
- Setting up effective channels of communication for shareholders in order to enable them to be informed continuously and on a periodic basis of the various activities of Markaz and any significant developments
- Developing a corporate governance system for Markaz and monitoring the level of its effectiveness
- Ensuring that Markaz's policies and procedures are transparent and clear to allow the decision-making process, achievement of mature corporate governance principles and the segregation of authorities amongst the BOD and EM
- Defining the authorities that are delegated to the EM, the decision-making procedures, and the delegation period
- Supervising and monitoring the performance of the EM

- Determining the remuneration categories given to employees
- Appointing or terminating the contract of EM members
- Setting and approving the company's mission statement, vision and values

Another area the BOD has responsibility for is Markaz's Corporate Social Responsibility (CSR), where they:

- Establish and implement specific mechanisms and processes to perform CSR activities
- Establish a disclosure methodology for disclosing the CSR activities that are provided to the employees and society at large and provide CSR plans in periodical reports
- Establish indicators that link the performance of the Company with social responsibility at the level of stakeholders or other society categories, as well as comparing such performance with other companies that perform the same activities and ensure the development of a work plan by the Company
- Set awareness and educational programs through Human Resources Department on the objectives of CSR activities performed by the Company to its employees
- Set awareness programs through Media and Communications Department for the society on the CSR activities and highlight the issues that contribute to the social development, improved living conditions, society and economic condition

The BOD is composed of 7 members as per Markaz's Memorandum and Articles of Association. All of our board members are Kuwaiti nationals, with 3 being independent members. Every 3 years, our BOD members are reelected. BOD members can remain part of the BOD

for an unlimited period, and some members have been more than 15 years on the BOD. Our BOD members, and committee members are selected in accordance with the Capital Markets Authority (CMA) requirements, based on the criteria of academic qualifications, years of relevant experience, and independence. Our Board remuneration is also in line with regulatory standards set by the CMA.

Markaz's Chairman

Markaz's Chairman represents the connection factor between the BOD and shareholders. His role is to ensure effective and continuous communication between the 2 entities as well as provide space for fruitful candid discussions.

Further details on our Board member names, independence status, expertise, attendance, and tenures are provided in **table 2.1.1**.



All board members are Kuwaiti nationals, with 3 being independent members.

TABLE 2.1.1:
Markaz's Board of Directors

Name	Independence Status	Industry Expertise	Non-Industry Expertise	Attendance Rate 2021	Attendance Rate 2020	Years Tenure
Diraar Y. Alghanim	Non-executive	Financial services/Asset Management	Contracting, General Trade	100%	100%	3
Faisal A. Al Jallal	Non-executive	Real Estate		67%	100%	3
Ayman A. AlShaya	Non-executive	Investments	General Trading	50%	83%	3
Fahad Y. Al Jouan	Non-executive	Investments	General Trading	100%	100%	3
Adel M. Al Ghannam	Independent	Investments	General Trading	100%	100%	3
Omran H. Hayat	Independent	Real Estate		83%	83%	3
Fahad S. Aldalali	Independent	Financial - Consulting		83%	83%	3



For further details on Markaz's BOD expertise please check the link below:

https://www.markaz.com/getmedia/3aad8ba2-537f-46c4-8c2e-d994e0177a05/Markaz-AR-20-English_4.pdf?ext=.pdf

Markaz's Board Committees

Markaz's BOD encompasses 4 Board Committees. The BOD nominates and approves all Board Committee members according to certain adhered procedures. The BOD also 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. All our committees consist of highly qualified and experienced members. In this regard, all Risk Committee members are well experienced in the field and one of them holds a master's degree in project management and finance, demonstrating financial expertise. However, there is no independent pay committee at Markaz.

A description of each Board Committee responsibilities, including committee representatives and independence status is provided below.

TABLE 2.1.2:
Markaz's Board Committees

Committee Name	Summary of Main Responsibilities	Committee Representative	Independence Status
Board Audit Committee (BAC)	This Committee is mainly responsible for performing regulatory inspection and assisting the BOD in the effective discharge of its responsibilities with respect to financial reporting, internal controls, and internal and external audit. The Committee takes on the responsibility of establishing the compliance culture at Markaz by ensuring the independence of the external auditors, as well as the fairness and integrity of Markaz's financial reports. Finally, the Committee ensures that the internal controls within the company are sufficient and efficient.	Chair: Mr. Faisal Al Jallal	1 Independent member Mr. Fahad S. Aldalali
Board Risk Management Committee (BRMC)	This Committee is responsible for assisting the BOD in fulfilling their oversight responsibilities for the risk management function of Markaz, such as the identification, evaluation, monitoring and mitigation of various risks that Markaz is exposed to. It assists the BOD in setting Markaz's risk strategy, risk appetite, risk policy and the overall risk management framework, as well as reviewing risk limits tolerance.	Chair: Mr. Fahad Al Jouan	2 Independent members Mr. Omran H. Hayat Mr. Adel M. Al Ghannam
Board Nomination and Remuneration Committee (BNRC)	This Committee is responsible for formulating policies and making recommendations to the BOD on nominations of Board members and Executive Management members. The Committee also handles remuneration systems and policies. Additionally, committee members prepare the Corporate Governance (CG) Report including a summary of the remuneration schedule.	Chair: Mr. Diraar Y. Alghanim	1 Independent member Mr. Adel M. Al Ghannam
Board Steering Committee (BSC)	This Committee is responsible for monitoring proper 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 investment activities.	Chair: Mr. Diraar Y. Alghanim	N/A

Markaz's Management Committees

Markaz's BOD has formed 4 main Management Committees (with 4 sub-committees) to help it oversee Markaz's decision-making and oversight functions. Each Management Committee performs its duties as assigned by the BOD in compliance with its own charter. **Table 2.1.3** summarizes each committee's responsibilities and its linked sub-committees.

TABLE 2.1.3:
Markaz's Management Committees

Management Committee	Summary of Main Responsibilities	Sub-committees
Assets and Liability Committee (ALCO)	ALCO's responsibility is to approve borrowings and loans. It monitors cash and loans positions and the various risk aspects associated with Markaz's assets and liabilities.	Loans Classification Committee
Management Executive Committee (MEC)	The MEC'S responsibility is to discuss strategic issues (strategy, budgets and business plan, asset allocation), and approve products and services recommended by the various business units.	Investment Committee (IC) and Real Estate Committee (REC)
Governance, Risk Management and Compliance Committee (GRC)	GRC's main role is to review the Governance, Compliance and Risk Management framework. It is also responsible for monitoring IT, legal and compliance aspects, as well as approving software, and performing the role of the Governance and Ethics Committee.	Efficiency and Digitization Committee (EDC)
New Product Committee (NPC)	The NPC's role is to accelerate the development of new products as well as streamlining their execution.	N/A

Markaz's BOD and Board Committee Meetings

Markaz's meets at least 6 times annually, whereas the BRMC and BAC meet at least 4 times per year and the BNRC meets at least once a year. During 2020, the BOD members met 6 times, and this was the same in 2021 with the BOD holding 6 meetings. On average Board Committee meetings have an 89% attendance percentage.

Transparency and Accountability at Markaz

Markaz is committed to applying the highest standards of transparency and accurate disclosure. In this regard, Markaz has adopted the "Disclosure and Transparency Policy" and "Procedures of Disclosure and Transparency," which detail disclosure requirements, guidelines and responsibilities (including financial, non-financial and regulatory disclosures). Furthermore, the Compliance Department and the Board Secretariat coordinate with all Markaz's departments for the disclosure of accurate information on a timely basis to the Capital Markets Authority (CMA), Boursa Kuwait and applicable stakeholders.

Main actions taken by Markaz in line with the Procedures of Disclosure and Transparency:

- Establishing an Investor Relations (IR) Unit responsible for providing information to shareholders
- Maintaining a record of disclosures related to the BOD and EM. Shareholders can review the register through the IR Unit or at the Annual General Assembly (AGM)
- Dedicating a section on corporate governance on Markaz's website as well as for news and events, disclosures, financial statements and contact information of the IR Unit
- Ensuring that important information, financial results, events and significant announcements are posted on Markaz's website, newspapers, and social media accounts

CASE STUDY

Markaz Investor Relations

Markaz is committed to the highest degree of accuracy and transparency towards stakeholders when disclosing information in line with regulatory requirements and Markaz's policy. Thus, an Investor Relations (IR) Unit was established in 2014, with the responsibilities of providing information to shareholders, responding to complaints from investors, and addressing inquiries by ESG raters. Moreover, the IR Unit maintains a copy of the

Shareholders' Register and Bondholders' Register, making it available to shareholders.

The IR Unit communicates information to shareholders through quarterly earning presentations, investor presentations, competitor analysis, and a market intelligence report.

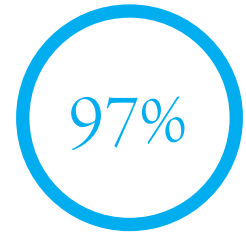
Continuous Engagement of IR Team with Investors (minimum 4 times per year)



International Investors
Percentage



GCC Investors
Percentage



Local Investors
Percentage



More details on Markaz investor relations resources:
<https://www.markaz.com/en/investor-relations/ir-resources/>

2.1.2 Markaz's Shareholders

Markaz's Shareholder Rights Protection

Stakeholders' rights are widely acknowledged by Markaz, and we are committed to encouraging continuous cooperation with all our stakeholders in various areas. Undoubtedly, building our shareholders' trust forms the bedrock of our business continuity and success. On this matter, our BOD has underpinned Markaz's commitment to protect our shareholders' rights through approved policies that allow and govern shareholders to exercise their rights stated in the Companies Law and the instructions of the CMA without discrimination among shareholders. Markaz's "Shareholders' Rights Policy" includes the following:

- The right to be treated on par with other shareholders
- The right to record the value of shares owned in Markaz's records
- The right to transact in shares by assigning and/or transferring the ownership of shares
- The right to receive their share of dividend distribution and bonus shares
- The right to receive their share of Markaz's assets in case of liquidation
- The right to receive information and data related to Markaz's activities and its operational and investment strategies on a regular and timely basis
- The right to participate in the AGM meetings of shareholders and voting on decisions.
- The right to elect members to the BOD
- The right to monitor Markaz's performance in general and the BOD in particular

- The right to hold the BOD and the EM accountable and the right to file claims if they fail to perform their entrusted duties
- The right to view Markaz's Articles and Memorandum of Association, AGM) minutes, and the shareholder and bondholder registers at Markaz's registered address
- The right to dispose of the shares owned by the shareholder and to exercise pre-emption rights to subscribe for new shares and bonds or sukuk in accordance with the provisions of the Companies Law and the Company's Articles and Memorandum of Association
- The right to appoint a proxy
- The right to receive all relevant information and reports in advance of assembly meetings
- The right to call for meetings as per the law and regulations

In addition to the above, the shareholders hold specific rights relating to General Assembly, such as:

- The right to request a general assembly meeting if the shareholder holds a minimum of 10% of the capital of Markaz
- The right to grant power of attorney in writing to another shareholder to attend the meeting of the general assembly
- The right to discuss the matters listed in the agenda and to question the BOD and the External Auditors on the same
- The right to receive information on the voting rights, rules and procedures

Markaz's Major Shareholders

Shareholder dividends for 2020, paid in 2021 amounted to KD 2,391,009, and there are no voting cap clauses at Markaz.

The major shareholders, who are those owning more than 5% of Markaz's issued shares directly or indirectly, as of December 30, 2021, are listed as follows:

TABLE 2.1.4:
Markaz's Major Shareholders

Shareholder	Percentage of Issued Shares
<u>Kuwait pillars for Financial Investment (KSC Closed) Shareholder formerly known as Strategia Investment Co.</u>	<u>29.695%</u>
<u>Kuwait Financial Centre K.P.S.C / Clients</u>	<u>5.037%</u>
<u>Al Mubader Co.</u>	<u>5.133%</u>

2.2 Contingency Plan and Crisis Management

During these challenging times, where pandemics and climate changes are constantly threatening the stability of businesses across the world, the necessity of contingency planning and crisis management has become more important than ever. At Markaz, we are proud to have acted quickly, decisively and proactively in dealing with the COVID-19 crisis. The outcomes of our robust crisis management approach are evident through our ability to maintain business as usual and a solid investment portfolio.

In response to the COVID-19 lockdown implications, Markaz implemented several measures, approved by our BOD, in order to ensure continuity of business operations with minimal negative impacts, including remote working, flexible work hours and attendance.

Listed below are few of our Business Continuity Plan (BCP) measures, that were carried out to ensure Markaz's effectiveness during COVID-19:

- Formation of BCP-COVID19 team for flawless coordination and communication within or between departments
- Proper Human Resources management with identification of key roles and allocation of tasks
- Enforcement of adequate health and safety initiatives
- Distribution of several health awareness and announcements, including publishing a guide on safe return to work protocols
- Maintenance of adequate liquidity positions to manage the required working capital
- Establishment of an uninterrupted remote accessibility for all the employees on Markaz IT systems
- Ensuring the availability of the infrastructure necessary for normal business operation
- Establishment of paperless signature system and virtual meeting applications
- Ensuring timely communication through media campaigns to employees, clients, investors and external stakeholders

Amendments to Markaz's BCP were approved by the BOD, who took on the role of overseeing proper implementation of the plan, as well as ensuring smooth operations during the COVID-19 lockdown period. The amended BCP incorporated procedures for addressing any pandemic lockdown situation including procedures for:

- Activating the emergency team, contacts and communication
- Developing a Human Resources management plan and establishing appropriate health and safety measures
- Providing the required IT infrastructure
- Continuity of department-wide business operations
- Ensuring appropriate communications with all the stakeholders
- Coordination with government authorities

BCP Communication Method

As a transparent asset manager, we ensured adequate communication with our stakeholders regarding all BCP updates through contacting them via virtual means, and by phone and emails. Virtual meetings were also held with external vendors. As for clients, they were communicated with via a letter briefing on the closure of the office and giving an overall update on global and GCC market outlook. Meanwhile, our client relationship teams were in constant communication with clients through emails, letters, and video conferencing.

2.3 Risk Management

ESG risk and opportunities play an increasingly important role in investment performance. A lower risk not only protects a company's stock during volatile periods but also improves its market reputation. Moreover, companies that outperform from an ESG perspective also tend to benefit from lower legal and regulatory risks.

At Markaz, we realize the growing importance of assessing, measuring, monitoring and mitigating risks especially those related to ESG. Therefore, we have taken the necessary steps to determine the level of risks and set adequate internal controls and administrative systems for risk mitigation in line with international best practices.

The main responsible entity for setting out risk strategies, objectives and policies at Markaz is our BOD. Accordingly, the central risk management department manages the risk framework set by the BOD. The department focuses on actively identifying and measuring the risks which will have potential adverse effects on Markaz's financial performance and highlighting such risks through internal risk reports which analyze risk exposures by degree and magnitude. With this approach, we ensure management of long-term financial investments that generate lasting returns.

Risk Management Department

The Risk Management Department independently reports to the Board Risk Management Committee. The department's main responsibility is to manage company-wide risks. Markaz has a comprehensive risk management framework in place to ensure that potential risks are governed with appropriate risk management systems and controls. Additionally, risk monitoring is continuously enhanced through appropriate system automation. Furthermore, we have adopted a comprehensive risk management approach in which all business units, the Risk Management Department and the Internal Audit Unit are considered as key pillars for the effectiveness of the overall risk management framework.

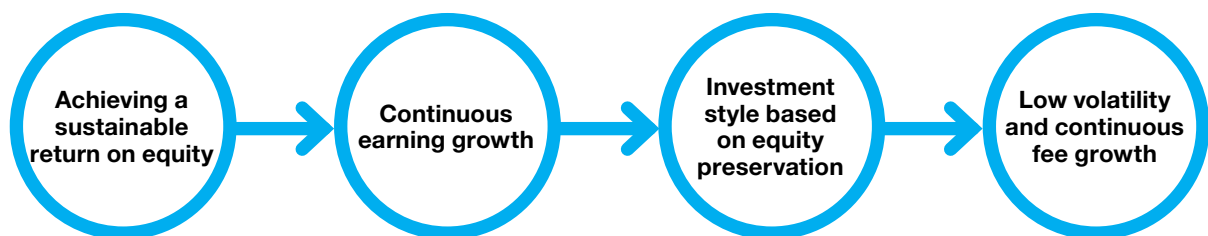
The Risk Management Department identifies, measures, evaluates and reports on all critical risks to which Markaz is exposed, through defined Key Risk Indicators (KRIs) under relevant risk categories. Other department duties include periodic risk control and monitoring activities, and setting appropriate internal policies, procedures and control mechanisms.

Markaz's Risk Management Strategy

One of the fundamental principles of Markaz is to preserve shareholders' value by avoiding activities that compromise our sustainability. In this respect, our risk management strategy forms an integral part of our corporate commitments to our shareholders. Moreover, our risk management strategy represents a key element in maintaining the quality of our investment performance. The strategy's core objectives are: achieving a sustainable return on equity, continuous earning growth, investment style based on equity preservation with low volatility and continuous fee growth.

TABLE 2.3.1:

Markaz's Risk Management Strategy Core Objectives



Markaz's risk management approach is aligned to the ISO31000 standard and follows 3 controls: preventive, corrective and detective. Detective controls identify the risk once or if it occurs, and corrective controls manage the risk once or if it occurs. As part of our preventive controls, Directors and Officers and Financial Institutions Professional Indemnity insurance protects Markaz and its directors from any potential financial losses. Similarly, the investment strategy and allocation limits are established to limit the risks and monitor any deviations for immediate corrective action by the management. Moreover, adequate insurance coverage is obtained to protect against the financial losses or liabilities that could arise due to catastrophic losses. We constantly review our risk management policies and procedures while taking into consideration all internal and external environmental changes.

Additionally, Markaz's risk management framework aims to achieve an appropriate risk-reward balance consistent with its risk appetite. Thus, we have established risk appetite and tolerance levels by setting boundary parameters for each risk type, as approved by the BOD.

Oversight on Risk Management

The Risk Management Department carefully monitors the adherence to the risk tolerance and appetite levels set by the BOD. Accordingly, it reports on a quarterly basis to the BRMC and semi-annually to the BOD (a copy of the semi-annual report is also submitted to the CMA). The BOD oversees all the committees' functions, and the Chairman reviews the quarterly risk summary report submitted by the BRMC to the BOD. The Risk Management independently reports to the BRMC with the notification to the Business Department who is responsible for addressing the risks highlighted by the Risk Management and implements adequate risk mitigation mechanisms.

Risk Assessment Approach

Assessment of New Products and Services

The respective business departments carefully assess the potential investment opportunities, products and services in line with the approved strategy and business plan. Accordingly, they perform the mandatory business and/or technical due diligence. The new opportunities, products and services are then reviewed by several departments such as Compliance, Risk Management, Legal Corporate Affairs, Financial Management, and Wealth Management, to ensure that all the required processes and approvals are in place. Furthermore, the investment opportunities, products, and services are also approved by the delegated approving authorities and committees.

Assessment of New and Existing Suppliers

New vendors are assessed by the respective departments namely Human Resources (HR), Information Technology (IT), and Media from the technical capability side and all the vendors are screened for anti-money laundering (AML).

The existing suppliers are evaluated on an ongoing basis and are also assessed against the necessary compliance checks periodically.

Markaz's Approach Towards Managing Data Breaches and Regulatory Scrutiny

Markaz's IT team has introduced multiple security controls safeguarding the Confidentiality, Integrity, and Availability (CIA) of information and data. The information and data access for employees is only provided based on a need-to-know basis. Periodic access reviews are also conducted to ensure that only authorized personnel have access to the data. Moreover, there are Chinese walls between the asset management and advisory departments to prevent data breaches.

Risk Exposure

Markaz's activities are exposed to a variety of financial and non-financial risks which are carefully monitored, assessed and managed. The financial risks consist of: market risks (including foreign currency risk, interest and profit rate risk, and equity price risk), credit risk and liquidity risk. Our non-financial risks include operational risk, health and safety risk, information security risk, environmental and climate risks, corruption risk, social risk, and ethical risk.

The most noteworthy financial risks Markaz is exposed to are described below:

1. Foreign currency

Markaz mainly operates in the GCC, USA and other Middle Eastern countries and is exposed to foreign currency risk arising from various foreign currency exposures, primarily with respect to US Dollar, Saudi Riyals, Euro and others. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

To mitigate Markaz's exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored and forward exchanged contracts are entered into in accordance with Markaz's risk management policies. Generally, Markaz's risk management procedures distinguish short-term foreign currency cash flows (due within 12 months) from longer-term cash flows. Where the amounts to be paid and received in specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward foreign contracts are mainly entered into for significant long-term foreign currency exposures that are not expected to be offset by other currency transactions.

2. Interest and profit rate risk

Interest and profit rate risk arises from the possibility of changes in interest and profit rates affecting future profitability or the fair values of financial instruments. Markaz is exposed to interest and profit rate risk principally on its deposits, investments, bonds and bank borrowings which carry interest and profit at commercial rates. However, a reasonable possible change in interest and profit rates would not have a significant impact on Markaz's consolidated financial statements. Provisions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

3. Equity price risk

This is a risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to an individual instrument, its issuer, or factors affecting all instruments traded in the market. Markaz is exposed to equity price risk with respect to its listed equity investments which are primarily located in Kuwait, the USA, and the GCC. Equity investments are classified as "financial assets at fair value through profit or loss". To manage its price risk arising from investments in equity securities, Markaz diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits determined by Markaz. There has been no change during the year in the methods and assumptions used in preparing the sensitivity analysis / stress testing.

4. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Markaz credit policy and Assets - Liabilities and Credit Committee (ALCO) reviews and approves the loans and credit limits to the clients and ALCO oversees the credit portfolios and collaterals coverage. Exposure to credit risk is monitored on an ongoing basis. Markaz seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses through diversification of its activities. It also obtains security when appropriate.

5. Liquidity risk

Liquidity risk is the risk that Markaz would not be able to meet its financial obligations as they fall due. Markaz's approach to managing liquidity is to ensure, as far as possible, that it would always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Markaz's reputation.

The liquidity positions are continuously monitored by the Treasury department for the management of Markaz's short, medium and long-term funding and liquidity management requirements. The ALCO oversees the overall liquidity position of the Company. Markaz manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The most significant non-financial risks to which Markaz is exposed are described below:

1. Operational risk

Operational risk arises due to inadequate or failed internal processes, human error, system failure or from external events. Markaz has a set of policies and procedures, which are approved by the BOD and are applied to identify, assess and supervise operational risk. Moreover, the management ensures the coverage of all risk buckets including operational risk in the Enterprise-wide risk report. Apart from our Enterprise Risk Management (ERM) approach, we have department-wide risk registers covering the processes involved in departments and we have registers covering several departments.

2. Information security risk

Information security risk arises due to the threats and vulnerabilities associated with the operation and use of information systems and the environments in which those systems operate. Our primary means of mitigating information security-related risk is through the selection, implementation, maintenance, and continuous monitoring of preventive, detective, and corrective security controls to protect information assets from compromise or to limit the damage to Markaz should a compromise occur.

3. Health and safety risk

A health and safety risk, within the context of occupational health, relates to an assessment of hazards that can lead to the harm, injury, death, or illness of a worker in a determined workplace. During the COVID-19 pandemic, Markaz addressed health and safety risk for employees and assessed their risk category.

4. Environmental and climate risks

Climate change and environmental degradation are sources of structural change that influence economic activity and in turn the financial system both indirectly and directly. Those risks comprise 2 types of risks, namely, physical and transition risks. Physical risks refer to the financial impact of a changing climate, while transition risks refer to institutional financial loss as a result of adjusting towards low-carbon and a more environmentally sustainable economy.

5. Corruption risk

Corruption risk is equated with the set of institutional vulnerabilities within a system or process which might favor or facilitate corrupt practices. Corruption is defined in the Bribery and Corruption Assessment Template as the abuse of power by an official (or any employee entrusted to carry out the functions of government, including contractors) for personal gain.

Corruption risk is addressed through our Anti-Bribery, Corruption and Fraud policy which elaborates on the

zero-tolerance approach adopted by Markaz to fraud, bribery and corruption. The policy also defines the detailed processes to prohibit various stakeholders to not engage in such irregularities or illegal acts. Moreover, corruption risk is addressed through our due diligence for new business partners.

6. Social risk

Social risk is defined as the exposure to adverse consequences stemming from population-based activities and negative public perception. At Markaz, social risk is addressed through our commitment to maintaining a high level of stakeholder engagement, and our shareholders' rights policy.

7. Ethical risk

Ethical risk refers to unexpected negative consequences of unethical actions. In our efforts to mitigate ethical risk, we have developed our employee code of conduct policy which defines the compulsory code of conduct rules and ethics for Markaz's employees. All employees are required to sign and adhere to the code of conduct rules and ethics 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.

Markaz's Risk Mitigation Approach

Markaz adopts an integrated holistic approach towards risk management, which revolves around its risk culture, risk architecture, risk infrastructure and risk protocols. Our risk mitigation approach varies according to the type of risk and its degree of intensity. Accordingly, we avoid, mitigate (control/minimize), transfer and accept risks.

Stress Testing and Scenario Planning

Stress testing involves the use of techniques to evaluate a company's potential vulnerability to stressed business conditions and it shows the impact on the profitability, liquidity and capital adequacy. Markaz performs stress testing on a quarterly basis, and adopts historical stress testing scenarios in which worst case scenarios that had occurred in the past are simulated on Markaz's current asset allocation.

Minimizing COVID-19 Impact on Markaz's Investments

In our efforts to minimize the impact of COVID -19 impacts on our investments, stress testing was performed to assess the impact of COVID-19 on our assets. Our management had revisited the forecasts and the Board of Directors (BOD) were presented with the business reforecast. This has been conducted to ensure the continuity of the business operations and minimize risks.

2.4 Ethical Practices

At a time where companies are constantly bombarded with external challenges, it is more important than ever for companies to focus on building their resilience through robust ethical standards. Evidence shows that ethical companies perform much better than those with lower ethical standards. Companies that practice questionable ethics may experience a decrease in stock price and severed business partnerships, which can affect profitability.

At Markaz, we acknowledge the importance of ethical practices in cultivating trust, and improving our market reputation. Therefore, we have policies in place to ensure the utmost ethical operations in accordance with the applicable laws and regulations. All of this is explained in detail in this section.

Markaz's Mechanisms for Maintaining Ethical Standards

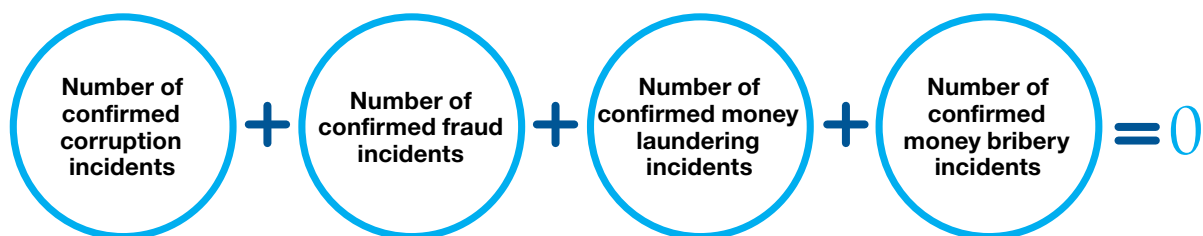
Adherence to the highest ethical standards for Markaz's employees is ensured through our code of conduct rules and ethics policies. Our employees are encouraged to seek advice about ethical and lawful behavior, and organizational integrity from the independent Compliance Department and/or the Risk Management Department. Additionally, Markaz has policies and processes in place to address internal reporting of non-compliance with policies. There is also a whistleblowing mechanism implemented where any stakeholder can report their concerns regarding ethical and lawful behavior, and organizational integrity. Such matters may be raised to the Board Audit Committee (BAC), meanwhile all whistleblowing complaints are immediately reported to the Chairman and their resolution is discussed with the BOD.

Furthermore, Markaz has external mechanisms in place regarding receiving advice about ethical and lawful behavior, and organizational integrity. This is achieved through seeking independent legal opinion and advice for any action undertaken. Concerns about unethical and unlawful behavior are also reported to the related authorities.

We have a Related Party policy governing related party transactions, to ensure conflicts of interest are avoided and managed, which is reviewed by the Risk Management Department and submitted for Board approval by the concerned department. All related party dealings are reported in the financials and the annual report, and submitted to the AGM for approval or ratification.

In terms of dealing with financial crimes, Markaz has a well-defined risk appetite statement and does not tolerate any non-compliance with financial crime regulations and internal policies. Markaz does not onboard any client who has been blacklisted or sanctioned by any applicable local and international authority. If one of our existing clients gets blacklisted or sanctioned, appropriate policies and procedures are implemented to ensure that their accounts are blocked and reported to applicable authorities. Any incident of non-compliance would be investigated and necessary action including remedying policies and procedures would be implemented.

As a result of the above-mentioned robust ethical practices, we have not recorded any corruption, fraud, money laundering, nor bribery incidents during the reporting period.

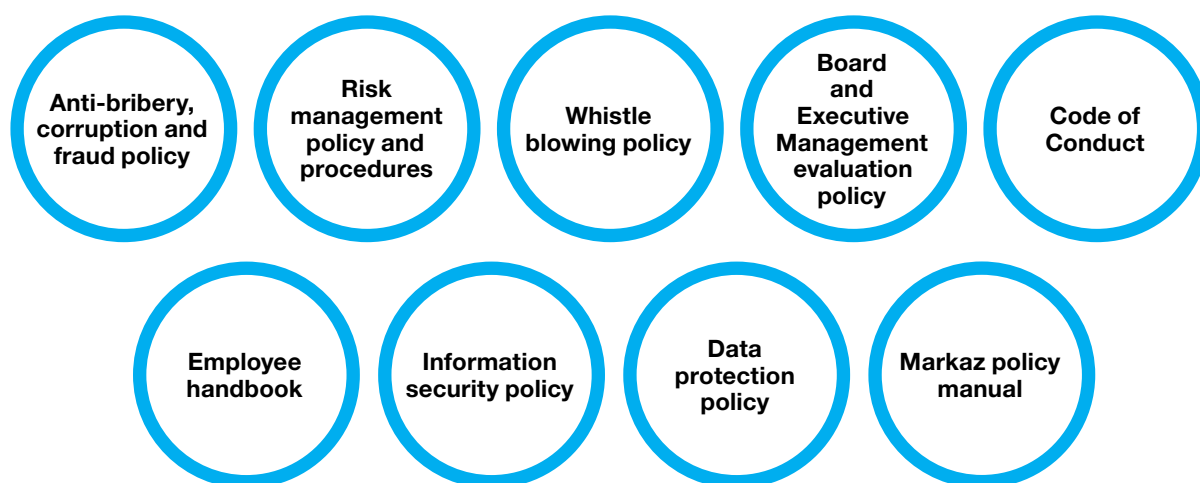


Markaz's Policies and Procedures

The integrity and reliability of Markaz's internal control systems is achieved through our policies and procedures, process automation, careful selection of employees, increasing staff awareness, and an organizational structure that segregates responsibilities. Control procedures have been established to safeguard Markaz's assets and to ensure that decisions and actions are properly authorized, and financially recorded. Additionally, Risk Control Self Assessments (RCSA), compliance testing and reviews are conducted periodically by the Risk Management Department and Compliance Department respectively. All policies are monitored and communicated with our employees through the Markaz Portal.

Markaz is committed to apply the highest standards of transparency, as the BOD has approved policies and procedures for disclosure that guarantee the provision of accurate and timely information to shareholders and stakeholders. The Compliance Department and the Board Secretariat coordinate with all departments of the Company to disclose accurate information on a timely basis to the Capital Markets Authority (CMA), Bursa Kuwait and applicable stakeholders.

Markaz's Compliance Department, which reports directly to the CEO, ensures our commitment to laws and regulatory requirements. As part of its mandate, the Compliance Department coordinates with regulatory auditors and compliance service providers. Furthermore, it ensures proper implementation of the anti-money laundering (AML) policy and internal controls and is responsible for receiving and addressing client complaints. Listed below are all policies and procedures regarding ethical practices.



Details on Markaz's Anti-money laundering questionnaire:

<https://www.markaz.com/getmedia/a66786b1-ab18-4378-9d14-c9d333630c23/AML-Questionnaire.pdf?ext=.pdf>



Details on Markaz's Wolfsberg questionnaire:

<https://www.markaz.com/getmedia/9e191acb-4a91-437f-9731-9e2e97be6f23/Wolfsberg-Questionnaire.pdf?ext=.pdf>

The “Markaz Code of Conduct” and “Standards of Professional Conduct” set the key principles underlying business ethics that apply to all employees, Board members, subsidiaries, and managed funds. These principles are in line with industry best practice standards and emphasize professionalism in the asset management and investment banking business. Our key principles include specific rules against insider trading and our commitment to preserving the integrity of the capital markets, our fiduciary duties to our clients and confidentiality requirements among others. The “Markaz Code of Conduct” and the “Standards of Professional Conduct” are disseminated widely among relevant stakeholders and are present in the employee handbook.

In cases of non-compliance with the “Markaz Code of Conduct,” the Board Audit Committee (BAC) has set clear recommendations for action. A review of the “Markaz Code of Conduct” occurs every 2 years, with the most recent review on November 10th 2020.

Likewise, The BOD has established a whistleblowing policy that allows a stakeholder to report concerns of malpractice, unlawful conduct or misconduct, financial mismanagement, accounting irregularities, illegal acts or violation of legal or regulatory provisions among others. Adequate mechanisms are implemented to allow for fair and independent investigations concerning such issues, along with ensuring confidentiality for reporting individuals to protect them from any negative implications that may arise from reporting.

Our BOD and highest governance bodies are updated on new policies and regulations issued by Capital Markets Authority (CMA), Central Bank of Kuwait (CBK), and Boursa Kuwait, as well as major institutional correspondences during their meetings. Such updates occur every 2 years unless earlier review or amendment is required. The BOD also approves corporate policies that are amended in line with the updates of the aforementioned financial institutions.

Markaz’s Board Oversight Related to Financial Crime

The Board approves the AML and the anti-bribery, corruption and fraud policy. Meanwhile, the Board Risk Management Governance, Risk Management and Compliance Committee and the Governance Risk Management Committee receive periodic reports on the status of compliance with the AML regulations and policies. The Compliance Officer submits the annual AML report to the Board and CMA, and any incident of non-compliance with the anti-bribery, corruption and fraud policy is reported to the Board Audit Committee (BAC). Similarly, the independent auditor reports are reviewed and discussed with the auditors at the BAC.

Board Oversight Related to Tax Transparency

Tax-efficient structures exist for Markaz and investors, based on expert legal opinion, tax advisors in jurisdictions of operations, and auditors’ assistance in relevant filings.

3









Sustaining an Inclusive Workplace Culture

Realizing the importance of a healthy workplace in the sustainability of Markaz's operations. We aim to maintain a healthy workplace environment where all employees feel respected, appreciated, valued and, most of all, heard, regardless of their gender, color, national origin, religion, age, and demographics.

Throughout the years, the benefits of our deeply embedded inclusive workplace culture have manifested in our high levels of employee satisfaction, retention, and engagement, which have allowed us to overcome external challenges ranging from economic recessions to wars and pandemics. For the years to come, we will continue placing our employees at the top of our priorities and support them through performance management, learning opportunities and policies that ensure their rights are well attended. In this chapter, we demonstrate our various methods for sustaining an inclusive workplace culture and provide data on employee diversity, retention and turnover, as well as learning opportunities.




UN Sustainable Development Goals (SDGs)

-  No Poverty
-  Quality Education
-  Gender Equality
-  Decent Work and Economic Growth
-  Reduced Inequalities
-  Peace, Justice and Strong Institutions



Kuwait National Development Plan (KNDP)

-  Human Capital

3.1 Diversity and Nationals' Empowerment

At Markaz, we invest in the growth of our local economy through hiring local talent. We believe in the strength and resilience brought about through diversity in terms of gender, nationality, physical abilities, and age. Hence, our policies and procedures set the basis for equal rights among employees, in turn cultivating diversity, and yielding benefits for Markaz and the communities where we are based.

We understand clearly the importance of addressing harassment and bullying incidents reasonably and fairly in fostering a healthy workplace culture. In rare cases of disputes and behavior conflicts at the workplace, managers and employees are counseled with an emphasis on courtesy and civility. Investigations are also done objectively in those cases according to our disciplinary code. Consequently, decisions and recommendations are made, and neutral judgement is provided by one of our senior executives. Complaints and grievances are also addressed and escalated to objective third parties within Markaz. If they are not resolved at earlier stages, they are escalated to the top management.

Empowering Women at Markaz

We constantly seek to create a workplace culture that responds to women's needs and provide equal learning opportunities for both men and women, and this is reflected in the rising employment percentage of females at Markaz. Although we experienced a 6% decrease in the total number of employees between 2020 and 2021 from 154 to 145 employees respectively, we managed to raise the number of female employees by 5%.

As the **figure 3.1.1** shows, in 2020 we had 27% females in our workforce, a percentage which increased to 30% in 2021. Overall, we have managed to maintain the same range of female representation in the workforce over the past 4 years. In 2018 our workforce was 28% female employees, and in 2019 it was 29%. Regarding the number of females in managerial positions, this has also remained with minimal changes, going from 17 females in managerial positions in 2018 and 2019, to 15 females in 2020 and up again to 17 in 2021. Further details on the gender-segregated employee numbers are displayed in **table 3.1.1**.

FIGURE 3.1.1:

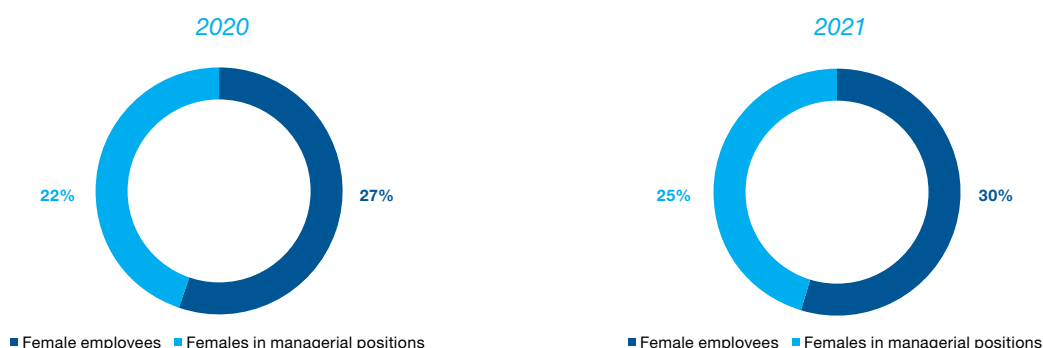


TABLE 3.1.1:

Number of Employees Per Gender

Gender Type	2021	2020	%Change
Men	102	113	-10%
Women	43	41	5%
Total	145	154	-6%

Nationals' Empowerment

Embedded within our Corporate Social Responsibility (CSR) policy is our commitment to supporting and encouraging national employment, and increasing efficiency and competitiveness. Nationals' empowerment is integral to our goals in serving the community we are a part of. Hiring employees from our local community shall improve our citizens' well-being and the health of the local economy, leading to more sustainable investments in the long term.

Moreover, hiring locals contributes to the achievement of Kuwait's Vision 2035 in terms of accentuating national values, preserving social identity and achieving social development. It also aids in achieving 3 of the sustainable development goals:



Table 3.1.2 depicts the details of national employee numbers at Markaz. Although we witnessed a 6% decrease in the number of employees, most of the employees who left were from non-Kuwaiti nationalities and only 2 Kuwaitis left. Our Kuwaitization rate remained at 45% between 2020 and 2021.

TABLE 3.1.2:
Number of Employees Per Nationality

Nationality	2021	2020	%Change
Kuwaiti	47	49	-4%
Non-Kuwaiti	98	105	-7%
Total	145	154	-6%

In addition, in terms of Kuwaitization at the Executive Management level, this has increased in 2021 by 29%, which affirms our commitment to nationals' empowerment. As can be seen in the **table 3.1.3**.

TABLE 3.1.3:
Kuwaitization at the Executive Management Level

Year	2021	2020	%Change
Total executive positions	68	67	
Total Kuwaitis in executive positions	9	7	29%
% of Kuwaitis in executive positions	13%	10%	

Age Diversity

In our efforts to cultivate diversity in the workplace, we aim to have employees of diverse ages as well, as this reduces turnover rates. Currently, most of our employees are between 30-50 years of age. The second highest category of employees is those over 50. During 2021 we have seen a slight drop in the numbers of employees above 30, whereas employees under 30 have dropped at a relatively high percentage of 25%. This can be seen in **table 3.1.4**.

TABLE 3.1.4:
Number of Employees Per Age

Age Group	2021	2020	%Change
Under 30	21	28	-25%
30-50	90	91	-1%
Over 50	34	35	-3%
Total	145	154	-6%

3.2 Performance Management

As an industry leader, we have put considerable effort into creating a well-structured performance management and tracking process that maintains our high organizational standard. We are certain that by consistently monitoring and managing workplace performance, our leaders will be able to foresee potential future problems, assess competency gaps and clarify employee roles and expectations. All of this increases employee recognition and retention.

In this regard, we have developed a competency tool for performance management that defines what expertise and success look like in action according to regional and international industry standards. The tool provides a consistent competency framework that describes whether an employee is at the Entrant, Emerging, Experienced, or Expert level. This allows us to understand where our people need to be, assess where they currently are, and determine a way of closing the gaps. The tool also clarifies the areas where employees require training in order to mitigate performance issues, and helps in enhancing their performance by bolstering qualities that most leverage business results.

Fair treatment and equality extend to all employees at Markaz regardless of their ethnicity, nationality and gender. This includes providing all employees with regular performance and career development reviews, as well as performance evaluation in the form of annual performance appraisals. For Markaz the percentage of employees receiving regular performance and career development is 100%, which covers all of our employees.

Markaz's Performance Management Scheme and Compensation Structure

Our performance management policy and compensation structure is within our performance management scheme. The mechanisms we adhere to are the following: Through our Board strategy, departmental objectives and KPIs are cascaded into individual objectives and KPIs. 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 prior to execution, to ensure equality and fairness among employees.

Markaz's Talent Pipeline Development Strategy

In a strategic manner, we proactively forecast hiring needs and develop new pools of talent. Our budgeting

and hiring of staff are based on business plan requirements. Markaz's Graduate Development Program (MGDP) forms one source of talent attraction, along with alumni referrals. We have also introduced programs that foster industry-technical knowledge and behavioral skills. Furthermore, we formulate training plans based on our annual assessment of individual competencies against role benchmarks.

Empowering Leadership

Developing our core leadership competencies and assessing senior leaders is one of the key elements within our performance evaluation and management. In 2021, we undertook a thorough restructuring of our management committees. The restructuring focused on fostering inclusiveness in decision-making and accountability within and across business units. Additionally, our highest governance bodies (i.e. Chairman and BOD) are evaluated annually. Evaluation takes place in the forms of self-evaluation, and evaluation by peers, covering committees and the BOD members. The latter is discussed during board meetings. We have also set specific Key Performance Indicators (KPIs) for qualitative evaluation, based on governance requirements. Based on evaluation results, the Annual Board Compensation and Board Audit Committee (BAC) fees are set for approval during the AGM.

3.3 Retention and Turnover

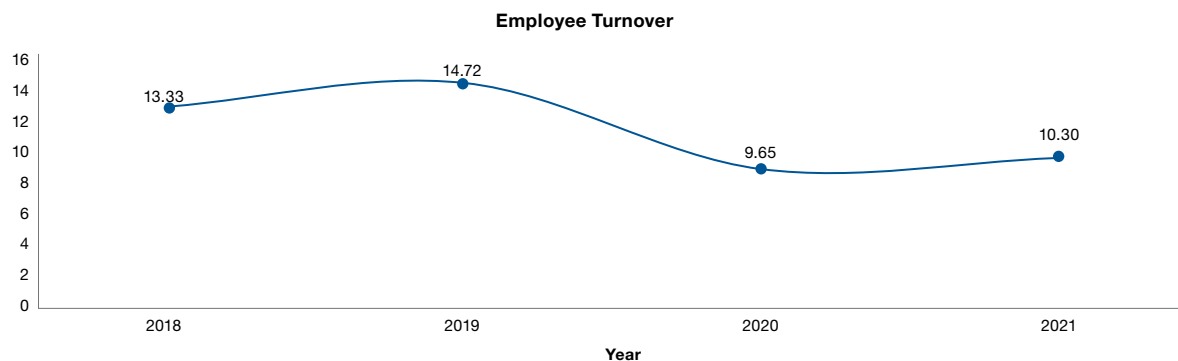
Lower turnover rates and high employee retention are often correlated with companies' long-lasting success and sustainability. In fact, high retention rates are a clear indicator of employee satisfaction and quality performance management. Retention also cuts down on time wasted in the recruitment process and attracts more quality employees, in turn increasing productivity and profitability. Having this in mind, we continuously monitor and assess employee retention and turnover, and enhance our performance accordingly.

Our recorded results illustrated below in **table 3.3.1** show a 45% decrease in new hires between 2021 and 2020, and a slight increase of 45% in employee turnover in that same period, due to COVID-19 circumstances. A clearer overview of our turnover rate reduction is displayed in **figure 3.3.1**, which indicates a huge drop in turnover rate between 2019 and 2020, from 14.72% to 9.65% respectively. This can be attributed to Markaz's continuous efforts in managing performance, employee skills development, as well as employee recognition and bonuses. We also strive to create on average at least 160 jobs per year.

TABLE 3.3.1:
Employee Turnover Rates and New Hires in Year 2020 and Year 2021

Year	2021	2020	%Change
New hires	6	11	-45%
Employee turnover	10.03%	9.65%	4%

FIGURE 3.3.1:
Employee Turnover Rates Between the Years 2018 to 2021



Talent Attraction Efforts

In an effort to attract professional talent and aiming to be the employer of choice, we make sure Markaz's brand value remains high on social media, including on LinkedIn, and in the local press. We ensure our recruitment process is highly responsive and attentive to each candidate. Markaz strives to having a smooth and well-organised on-boarding procedure for all new joiners, including having the proper internal PR and orientation across the whole company. We identify competencies and build training plans based on developmental / career progression needs, and manage promotion and reward, especially for high talent / high potential staff, very carefully and consistently. In addition to compensation and performance bonuses, we also have a soft rewards scheme, including a program of discounts in local retail, services, leisure, and food and beverages.

Employee Benefits

Employee retention rates are maintained at Markaz through treating our colleagues fairly and keeping them informed on operational changes. Our methods of announcing and communicating information to employees include graphical internal Public Relations (PR) notices and emails.

Equality in treatment of all employees is a deeply rooted value at Markaz. This includes equal financial benefits as well. Non-salary benefits provided for our employees include health, life and general insurances, and payments on employee benefits for 2020 and 2021 as displayed in **table 3.3.2**. For both 2020 and 2021, most payments were directed towards employee health insurance, which was largely as a result of COVID-19 implications on employee health. Overall, more money was spent on health insurance in 2020 than in 2021 by 16%.

TABLE 3.3.2:
Markaz's Employee Non-Salary Benefits in 2020 and 2021 (Insurance)

Insurance Type	Amount Paid in KD for 2021	Amount Paid in KD for 2020	% Change
Employee health insurance	98,044	127,983	-23%
Employee life insurance	60,122	71,040	-15%
General insurance	69,929	72,749	-4%
Total	228,095	271,772	-16%

*Scope covers performance until September 2021

Our employee benefits go beyond health insurance, as we provide retirement, indemnity, compensation and remuneration as well. The total amount spent on employee compensation and remuneration in 2020 was KD 4,458,620, which is 6% more than that spent in 2021, and this covers both executive and non-executive employees. More was spent in retirement and indemnity in 2020 as well, amounting to KD 511,300, while 2021 saw a 38% decrease in retirement and indemnity payments amounting to KD 318,972. All this information is displayed in **table 3.3.3**.

TABLE 3.3.3:
Markaz's Employee Non-Salary Benefits in 2020 and 2021 (General)

Year	2021	2020	%Change
Total KD amount spent on employee retirement and indemnity	318,972	511,300	-38%
Total KD amount spent for employee compensation and remuneration	4,189,852	4,458,620	-6%

*Scope covers performance until September 2021

3.4 Learning and Development

As part of our values of being innovative and sustainable, we enhance our employee capabilities on a regular basis through customized training courses that build on their experience and are necessary for their career development. We believe that training programs will enable us to improve employee performance, boost employee productivity, reduce employee turnover, and improve company culture.

Despite social distancing challenges and lockdowns during the COVID-19 pandemic, Markaz has managed to triple training hours provided to employees between 2019 to 2020, from 1,080 training hours to 3,267 training hours respectively. However, this figure has decreased in 2021 to 2,251 training hours.

It is important to highlight that though there was a significant increase in training hours provided in 2020 over those provided in 2019, the amount of money invested in KD on employee development was lower in 2020, going from KD 39,076 to KD 28,524. This is largely due to the fact that most trainings were held online, which resulted in both financial and environmental benefits, in terms of cutting on commute and waste.

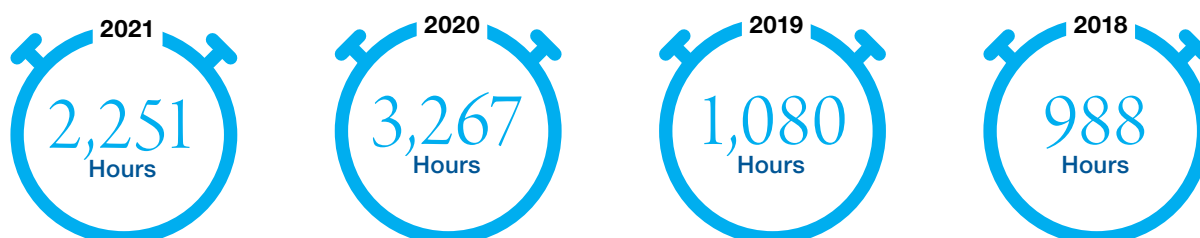
TABLE 3.4.1:
Total Amount Spent on Employee Training (2020 -2021)

	2021	2020	%Change
Total KD amount spent on employee training	28,397	28,524	-0.45%

*Scope covers performance until September 2021

In line with our business operations, our wide variety of training courses tackle several topics tailored per department, and range from soft skills development and business ethics to Microsoft Office, finance and innovation among others. The detailed list of training courses provided to Markaz's employees during 2020 and 2021 is provided in **Annex 6.1**.

FIGURE 3.4.1:
Total Training Hours for Markaz's Employees



Trainings on ESG-related Topics

As an industry leader, we want to be continuously updated on the vast changing market topics concerning ESG and financial ethics. Because of this, we conduct specialized training that is critical to our overall operations. In this regard, 25 employees were trained during the reporting period on corporate governance issues. Additionally, audits and coaching in risk and compliance issues were made for Markaz in line with regulatory requirements. **Table 3.4.2** summarizes details of our Financial Crime course provided yearly to our employees, tackling the topics of anti-money laundering (AML), anti-bribery, fraud and combatting the financing of terrorism (CFT).

TABLE 3.4.2:
Details on Financial Crime Middle East Course

Year	2021	2020
Number of employees who received the course	156	161
Number of training hours conducted per employee	468	483

Board Members' Training

We realize the importance of a highly skilled, well-aware and informed BOD to our sustainability and resilience, as they are the steering members of our company. In this respect, as part of our organizational strategy, our Board members regularly participate in a range of training programs. In addition to a formal induction program, our Board members receive regular updates designed to keep them abreast of the matters relating to their duties and responsibilities as Board members, as well as AML training.

CASE STUDY

The Ideas Generation Initiative (iGen) for Employee Inclusivity

Driven by Markaz's awareness of the importance of inclusivity in increasing productivity and satisfaction, the Ideas Generation Initiative (iGen) was launched in February 2021. Led by Mr. Alexander Salamoun, Senior Vice President of Post-Acquisition and Middle Office, the initiative was a success owing to the enthusiastic participation of 80% of the Markaz family during 2021.

The objective of this unique platform is to provide Markaz employees with unlimited opportunities to come up with new ideas to enhance our products, services, and processes, and share them with the management.

As part of iGen, participants are provided with pre-determined themes related to growth, transformation, and efficiency to develop their ideas and suggestions accordingly. iGen ensures the relevance and actionability of ideas submitted, as well as their ability to either improve efficiency, drive growth, or transform customer experience or processes. Submissions are then evaluated by a 6-member panel with 3 permanent members from our top management, in addition to 3 rotating members. Outstanding submissions are shared with the wider Markaz audience upon prior consent by the submitter. The iGen program also provides the participants with the invaluable learning opportunity of being mentored by a team

of senior Markaz executives with a diverse set of talents.

Furthermore, Markaz is committed to bringing exceptional ideas generated by iGen participants to life as part of our continued efforts to improve our standards and deliver better value to our customers. iGen also includes a comprehensive reward scheme, with bronze, silver and golden vouchers awarded to individuals/team members during the idea sharing, roll-out, and launch phases. Ideas that lead to improved product or service performance receive platinum cash incentives, and every idea assessed receives a CEO commendation.

4

10 HIGH QUALITY HEALTH CARE

1 NO POVERTY

3 GOOD HEALTH AND WELL-BEING

8 CREATIVE HUMAN CAPITAL

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

13 GLOBAL POSITION

2 ZERO HUNGER

4 QUALITY EDUCATION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

11 SUSTAINABLE CITIES AND COMMUNITIES



Responding to Our Community Needs

Growing environmental concerns means that Corporate Social Responsibility (CSR) has become more important than ever. The integration of social and environmental concerns in business operations and interaction with stakeholders shall achieve a balance of economic, environmental and social imperatives, while at the same time addressing the expectations of clients and stakeholders.

In line with our value of being a sustainable company, as well as our principle: Reputation is Key, we contribute to the long-term prosperity and health of our community through responding to societal needs and through our responsible operations. In this chapter we delve into our CSR activities that aid in empowering Kuwaiti youth, and showcase our various initiatives that generate a positive impact on our community. We also describe the ESG considerations in our supply chain and procurement process.



UN Sustainable Development Goals (SDGs)

- 1 No Poverty
- 2 Quality Education
- 3 Gender Equality
- 4 Decent Work and Economic Growth
- 11 Reduced Inequalities
- 12 Responsible Consumption and Production
- 16 Peace, Justice and Strong Institutions



Kuwait National Development Plan (KNDP)

- Global Position
- Human Capital
- Healthcare

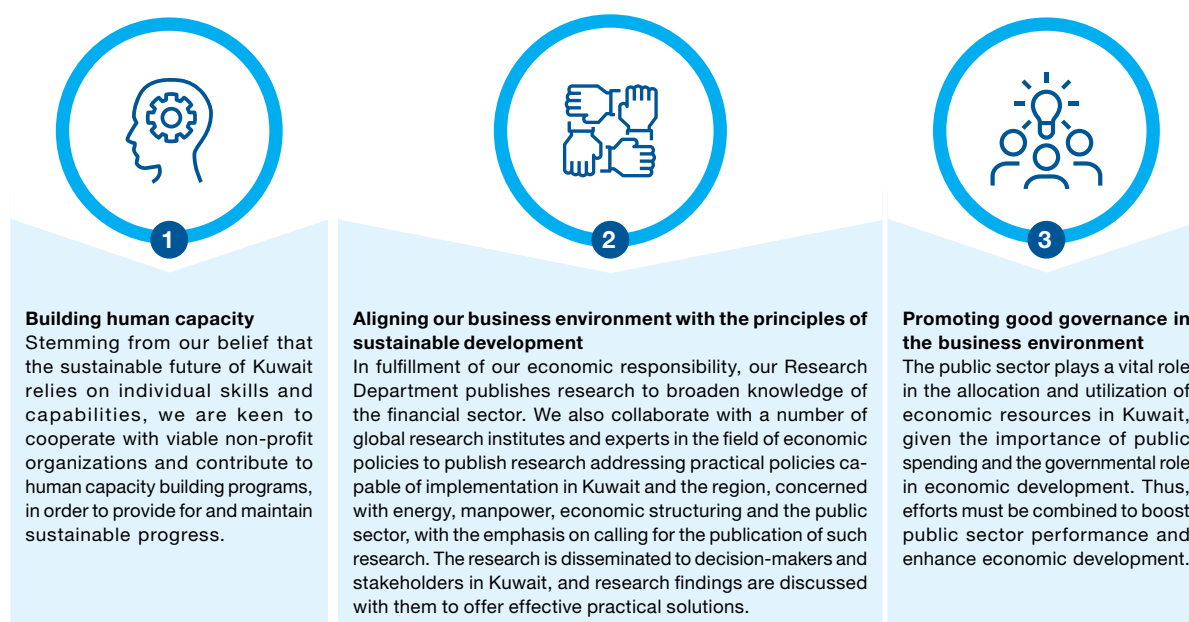
4.1 Our Corporate Social Responsibility

CSR at Markaz is defined as “the continuous commitment by businesses to behave ethically and contribute to economic development, while improving the quality of life of the workforce and their families as well as the local community and society as a whole.”

In this respect, we have developed a CSR strategy and policy that guide our community initiatives. The strategy is founded upon 3 main pillars, namely, building human capacity, aligning our business environment with the principles of sustainable development, and promoting good governance in the business environment, as explained below. In this chapter we describe our CSR activities in relation to youth empowerment initiatives and community impact as well as procurement and supplier responsibility.

TABLE 4.1.:

Our CSR Strategy Pillars



CSR Policy

Emphasizing our commitment to social responsibility to stakeholders, employees, community and environment is our CSR Policy Manual, which applies to all Markaz employees and directors.

Underlying our CSR policy are the following key principles:

- Fair treatment of all shareholders, employees and clients
- Transparency in business policies and practices
- Ethical business practices throughout our operations
- High standards in all matters relating to health, safety and the environment

As per the CMA Corporate Governance Instructions, we seek to create a balance between Markaz’s objectives and the objectives of society, while adhering to the following minimum regulatory guidelines:

- Contributing to providing work opportunities and establishing proper work conditions
- Supporting and encouraging national employment and increasing efficiency and competitiveness
- Supporting small projects and introducing new prospects for serving social groups
- Designing Markaz’s activities to be consistent with the economic conditions and cultural situation of the society
- Protecting the environment from pollution and damage
- Making available training programs to enhance employability and skillsets of target groups in society
- Reducing the negative impact and damage to society due to our operations
- Initiating charity activities

4.2 Youth Empowerment

*“We cannot always build the future for our youth but we can build our youth for the future”
Franklin D. Roosevelt*

Underlying our youth empowerment initiatives is our belief in the importance of youth empowerment for the prosperity of our society. Empowering youth will contribute to poverty eradication, crime reduction, and employment creation. In turn, this creates a more resilient society capable of facing the unprecedented challenges our world is apt to face.

Markaz’s Graduate Development Program (MGDP)

As a means of contributing to Kuwait Vision 2035 goals of preparing youth to become competitive and productive members of the workforce, Markaz initiated its Graduate Development Program (MGDP) in 2017. Since then, the program has been running on a yearly basis, hiring 14 of its graduates.

Following our team’s concerted efforts, MGDP was able to overcome the lockdown challenges, through turning virtual. In fact, during the lockdown, the program has witnessed a three-fold improvement in its efficiency and effectiveness during COVID-19, graduating 10 trainees and employing 4 of them.

MGDP is a 1-year program that aims to provide Kuwaiti graduates with a positive work experience, foundational skills, and a comprehensive knowledge base to pave the way for their future success. The program has been designed to achieve its goals by combining day-to-day work of Markaz supplemented by training support, which are the 2 key elements of the graduates’ development. Upon completing modules totaling 166 hours of training, participants are awarded certificates in Investment Management. MGDP also includes soft skills training such as creative thinking, problem-solving, business etiquette, time management, and emotional intelligence.

Normally, the program starts in February with orientation across all areas of Markaz and the enabling functions. That typically would lead, from April onwards, into a

blend of technical and personal skills training, setting trainees up for the most valuable phase of the scheme - an uninterrupted 9-month real work experience aligned to each participant’s qualifications and future career interest. This is real work, in real teams, to ensure real learning.

In 2020, however, due to the lockdown, MGDP was restructured to adapt to the new business reality of continuing to be effective through COVID-19. In line with our seamless support to our clients and stakeholders in difficult moments, MGDP was adjusted with an improved scope, quality and intensity of learning, through taking the following steps:

- Trainees were continuously engaged on a weekly series of online courses, of between 3-5 days per topic, until the end of August.
- All planned classroom sessions were converted into e-learning equivalents, including the technical and professional learning.
- Online learning was provided in the first half of the program year to compensate for the delayed start to the critically-important department placements.
- As Markaz gradually returned to office working on June 30th 2020, placements were made, and some of them were in the form of remote working.
- The HR team arranged an online course for staff, to reinforce their skills in developing others before matching them up with individual graduates.
- Markaz partnered locally with AMIDEAST, a leading American organization engaged in international education, training, and development activities in the region, and globally with Lean Tech, which enables companies to build and launch cutting-edge financial products, to continue offering training and mentoring to fresh graduates.
- Markaz introduced virBELA, a virtual reality software that enables remote collaboration, through allowing trainees to craft digital avatars and interact with others as they would in a physical setting.

Additionally, in 2020, MGDG graduates presented their ideas and ventures for implementation at the training's closing event: Markaz's Pivotal Exchange Forum. They also presented a brief summary about what they had learned and how COVID-19 positively impacted their training to Markaz's Senior Management.

Markaz's Pivotal Exchange Forum

By the end of the MGDG, Markaz's Pivotal Exchange Forum took place with the purpose of translating novel ideas by Markaz's human talents into meaningful initiatives. At the forum, MGDG graduates expressed their opinions constructively on how to improve Markaz's internal and external business environment, raise issues that are deemed critical by the attendees, and provide ideas on how to improve the competitiveness at Markaz. The forum was organized with the intention of providing MGDG trainees with the final opportunity to showcase the skills and talent they had developed through working with us. As part of MGDG, they were asked to develop a "product" to be sold to Markaz clients. The trainees were advised to target a specific sector and focus on selling points. The product ideas suggested were as follows:



4.3 Community Impact

Our fundamental understanding of the importance of community service in creating lasting relationships with individuals and other local businesses, building trust with our community, improving employee morale, attracting local talent, and fostering a culture of collaboration, has led us to integrate this concept within our organizational strategy.

Throughout 2020 and 2021, we have partnered with several institutions, namely, CODED, the Indian English Academy School (IEAS), the Kuwait Association for the Care of Children in Hospitals (KACCH), the Children's Cancer Center Lebanon (CCCL), the Kuwait Heart Foundation, the Kuwait Banking Association, LOYAC, Kuwait University, the Innova International English School, The Arab Federation for Drug Abuse Prevention, the International Islamic Charity Organization (IICO), Emtidad Co. and UNHCR. Our initiatives covered several topics concerning education, health, sports, and youth among others.

A clear indicator of having community as one of our top priorities is the high amount invested on community initiatives. Between 2020 and 2021, a total of KD 702,375.5 investment went to community initiatives and sponsorships. Also Markaz paid an amount of KD 151,499 as Zakat contribution for the year end on 31 December 2021.

The following tables (**table 4.3.1** and **table 4.3.2**) provide a brief summary of Markaz’s social contribution, categorized into different social categories per partner entity.

TABLE 4.3.1:
Social Contribution in 2020

Social Category	Partner Entity	Brief Summary
Education	Kuwait Investment Company	Platinum sponsorship in the 4 th season of (Maker Faire Kuwait 2020), an event that supports innovation and youth’s ideas
	CODED	Sponsorship for 1-month Coding Bootcamp for high school students in the Middle East
	Indian English Academy School (IEAS)	Annual event supporting the distinguished, under-privileged students of the school
Health	Kuwait Red Crescent Society (KRCS) - Lebanon	Annual event supporting unprivileged, vulnerable people affected by social conflicts, wars, or natural disasters
	Kuwait Association for the Care of Children in Hospitals (KACCH)	Supporting the Child Life program, which provides the highest standards of care to sick children and their families
	Children’s Cancer Center Lebanon (CCCL)	Annual event supporting children suffering from cancer in Lebanon
	Kuwait Heart Foundation (KHF)	Supporting KHF, which is a non-profit organization that aims to support the treatment and prevention of heart diseases among children and adults
Sports	Kuwait Red Crescent Society (KRCS)	Annual event supporting unprivileged, low-income families
	Kuwait Banking Association (KBA)	Supporting the KBA Marathon that aims to raise awareness on the importance of health and sports.
	LOYAC AC Milan	Sponsoring the AC Milan Soccer Academy, which trains and develops football skills for several players
Youth	LOYAC Academy of Performing Arts (LAPA)	LOYAC (LAPA) is an academy that empowers the talented youth of Kuwait to develop their skills and nurture their passions
	Lothan Youth Achievement Centre (LOYAC) (Al Jawhar Program)	Strategic partner in “Al Jawhar” program, which aims at training youth on Media Dialogue Management Skills
Other	LOYAC	Strategic partnership with LOYAC supporting their cultural programs throughout the year
	International Islamic Charity Organization (IICO) and Kuwait Red Crescent Society (KRCS)	A fund-raising campaign initiated by a number of concerned Markaz staff which aimed to help support families and individuals affected by the lockdown; we have been able to distribute around 680 food baskets, sufficient for over 1,500 people
	Emtidad Co.	Strategic sponsorship for “Tenders for SMEs” forum, focusing on raising SMEs’ awareness of the current laws and enabling them to shed light on the challenges they face, in order to build a communication bridge between all society segments and achieve sustainable development in Kuwait

TABLE 4.3.2:
Social Contribution in 2021

Social Category	Partner Entity	Brief Summary
Education	Indian English Academy School (IEAS)	Annual event supporting the distinguished, under-privileged students in the school
	Kuwait University	Project sponsoring students at the College of Engineering and Petroleum with their projects
	N/A	Harvard Model United Nations Conference and U-APP sponsorship project
	Innova International English School	Project
Health	Kuwait Association for the Care of Children in Hospitals (KACCH)	Annual event supporting the Child Life program, which provides the highest standards of care to sick children and their families
	Children's Cancer Center Lebanon (CCCL)	Annual event supporting children suffering from cancer in Lebanon
	Kuwait Red Crescent Society (KRCS)	Annual event
	N/A	Kuwait Aquabike championship project
	The Arab Federation for Drug Abuse Prevention	The Arab Federation for Drug Abuse Prevention-Investment Guide Project
Humanity	United Nations High Commissioner for Refugees (UNHCR)	Ramadan Meals Project
Sports	LOYAC AC Milan Soccer Academy	Annual event sponsoring the AC Milan Soccer Academy, which trains and develops football skills for several players
	N/A	Lion Team Academy - Kickboxing Tournament Project
Youth	LOYAC (Al Jawhara Program)	Project
Other	LOYAC	Strategic partnership with LOYAC supporting their cultural programs throughout the year

Social Media Engagement

Understanding the magnitude of social media influence on society, we utilize it as a tool to maintain constant communication with our stakeholders regarding news and updates related to Markaz and the investment sector in general. Among the tools we use for social media communication are our Newsletter “Engage,” website, events, research and social media accounts.

As part of our social media engagement, we posted on several topics during 2020 and 2021 on our social media accounts. Some of the topics tackled were: World Innovation Day, Earth Day, Water Day, World Cancer Day, COVID-19 vaccination, World Health Day, Breast Cancer Awareness, Prostate Cancer, Women’s Day, Data Privacy and Security, Cyber Security, Organizational Structure, Shareholders’ Rights, Transparency and Disclosure, Governance, and CSR. In addition, our Senior Vice President, Investor Relations at Markaz, Ms. Deena Y. Al-Refai, gave a live Instagram session on “The Effect of Technology on our Practical Life” to LOYAC students. The live talk shed light on how COVID-19 accelerated using technology dramatically, and on Markaz’s investment application “iMarkaz” as a technological tool, as well as the impact of this crisis on different sectors like education and healthcare, and how Markaz has worked remotely and efficiently to ensure its operations continue to run smoothly.

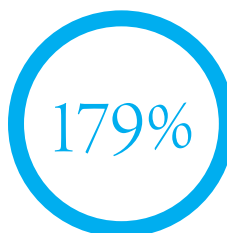
All Markaz’s posts are available on social media platforms and can be accessed through the Instagram link below, with the same posts published on Twitter, Facebook and LinkedIn. We also use our website and traditional media including newspapers and outdoor ads.



For more details on Markaz social media posts:
<https://www.instagram.com/markazkuwait/>

Markaz leads in activity (posts and engagement) on popular platforms such as Instagram and Twitter. In the period from Q1 2020 to Q4 2021, Markaz’s Instagram followers have increased by 18%. Meanwhile, Marmore had an impressive 50 % growth of followers during the same period.

Markaz’s Twitter engagement rate has grown as well between 2020 to 2021 by 179%, going from 1,010 to 2,820.



Increase in Markaz’s Twitter Engagement Rate in the period (2020-2021)

Another important communication channel is Markaz’s new website, which was launched in 2021, with improved interface and enhanced customer experience. The website is up to date with the latest international trends and has interactive features for an enriched experience. Additionally, it provides a summary of all Markaz’s funds in a dynamic way.

CASE STUDY

iMarkaz Application

One of our communication milestones in 2020 was the launch of the iMarkaz app. The app represents a gateway that allows users to continue their investment journey from the comfort of their homes and offices. Utilizing a simple interface, iMarkaz allows potential investors to express investment preferences and objectives within minutes. After analyzing the submitted

information, iMarkaz instantly provides initial investment advice, spanning multiple asset class exposures and financial markets. With the new digital onboarding process, clients can seamlessly open an account with Markaz over the app, forming a safe and convenient alternative to time-intensive, in-person meetings.

4.4 Procurement and Supplier Responsibility

ESG considerations are also integrated in our supply chain through supporting local procurement and maintaining our suppliers’ rights. Our supply chain management philosophy indicates a diligent mapping of business process workflows, various procurement processes and enabling technologies. In addition, our procurement code sets down the formal and tacit processes of procurement, which aids in our adherence to all legal and labor practices.

A localized supply chain reduces shipping and storage, which reduces emissions and energy use. Sourcing locally not only contributes to green manufacturing, but it also increases a company’s resilience and flexibility, reduces supply chain costs, supports the local economy, and ultimately increases revenue in the long term. Having this in mind, we focus on local procurement of furniture and decoration. Supplier rights are also considered throughout our supply chain, through providing our suppliers with basic amenities and ensuring that payments are on time with no deductions.

The following tables and figure show the details of our suppliers in terms of numbers and expenditure. Overall, we

spend more on local suppliers. Between 2020 and 2021, we increased our expenditure on local suppliers by 71%, and increased expenditure on foreign suppliers by 63%. We also increased both our local and foreign suppliers, while the percentage of local suppliers remained higher than foreign suppliers in both years.

TABLE 4.4.1:

*Markaz’s Total Expenditures on Local and Foreign Suppliers 2020-2021**

	2021	2020	%Change
Total KD expenditures on local suppliers	2,126,141	1,242,268	71%
Total KD expenditures on foreign suppliers	434,974	266,663	63%

*Scope covers performance until September 2021

TABLE 4.4.2:

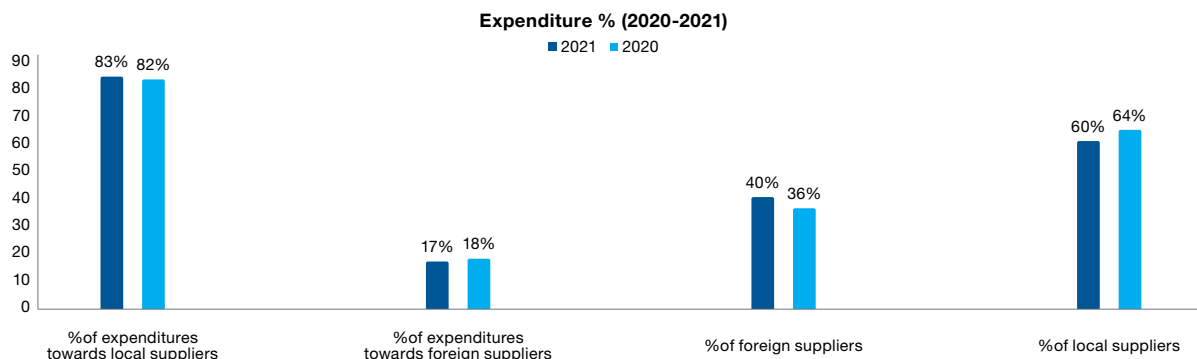
*Markaz’s Total Numbers of Local and Foreign Suppliers 2020-2021**

	2021	2020	%Change
Total number of foreign suppliers	115	88	31%
Total number of local suppliers	175	154	14%

*Scope covers performance until September 2021

FIGURE 4.4.3:

Percentages of Expenditure and Supplier Numbers 2020-2021



*Scope covers performance until September 2021

5

11 SUSTAINABLE CITIES AND COMMUNITIES



GLOBAL POSITION



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



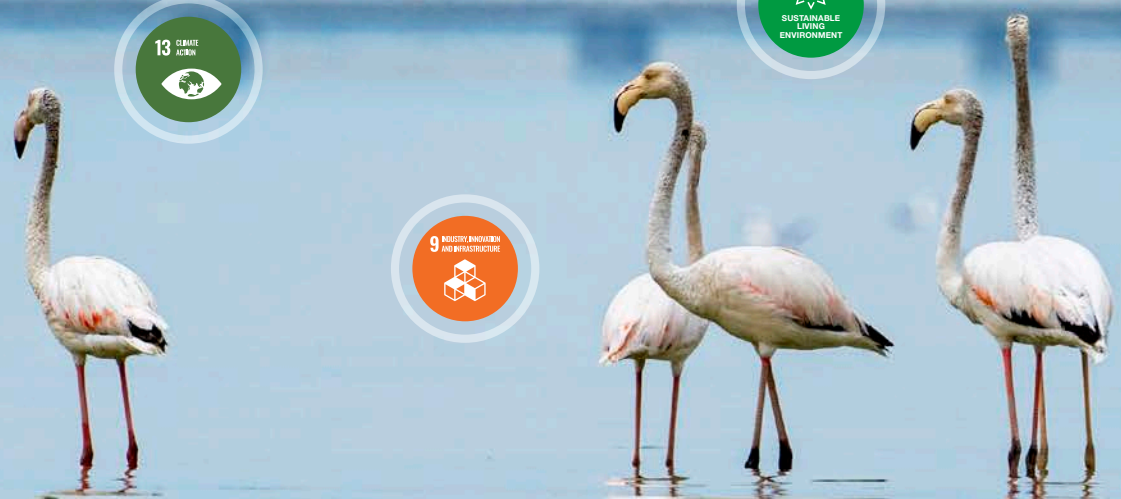
13 CLIMATE ACTION



SUSTAINABLE LIVING ENVIRONMENT



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Operating for a Sustainable Tomorrow

Adopting a culture that reinforces sustainability and drives sustainable innovation is central to Markaz. We are certain of the fact that adopting sustainability practices shall improve our operational efficiency. As our CSR policy states, we believe protection of the environment to be an integral part of good business practice. In line with this belief, Markaz's contribution to nature takes the form of initiatives, adoption of environmentally sound technologies, and environmental impact monitoring. Our policy also affirms our commitment to waste reduction and recycling. In this chapter we describe the environmental impact areas measured at Markaz, which include our carbon footprint through GHG emissions, and paper and waste reduction. We also describe Markaz's technological innovation initiatives that foster a more sustainable future.



UN Sustainable Development Goals (SDGs)

- 9 Industry Innovation and Infrastructure
- 11 Sustainable Cities and Communities
- 12 Responsible Consumption and Production
- 13 Climate Action



Kuwait National Development Plan (KNDP)

- Global Position
- Living Environment

5.1 Carbon Footprint

The rise in global awareness of climate change in the last decade has placed a greater emphasis on companies' carbon footprint reduction efforts. Markaz supports global goals of limiting global warming to well below 2°C through identifying and quantifying our CO₂ emissions resulting from our various operations. We understand that lowering CO₂ emissions will not only improve our operational efficiency through assessing and identifying areas of improvement but will also keep us on track to survive the sustainable market shift as sustainability awareness continues to grow in importance.

For the years 2020 and 2021, we focused mainly on reporting our scope III Greenhouse Gas (GHG) emissions, which are the indirect emissions resulting from Markaz's non-controlled activities namely non-owned cars and air flights. As for scope I, which refers to direct GHG emissions resulting from Markaz's owned sources and owned vehicles, this was not applicable to measure for this reporting period. Meanwhile scope II GHG emissions, which refer to the indirect emissions generated from purchased/used energy of Markaz, were not assessed since they are operated through a third party, which does not have a detailed breakdown for electricity and water usage.

Scope III Emissions Resulting from Air Flights

In line with our GHG reduction efforts, we succeeded in reducing Markaz's air flights during the reporting period, as can be seen in **figure 5.1.1** which shows the total GHG emissions resulting from Markaz's air travel in the period 2018 - 2021. A steep drop in emissions can be seen between 2019 and 2020, from 190.7 MT CO₂e to 4.83 MT CO₂e. GHG emissions rose back up slightly between 2020 and 2021 due to an 83% increase in the number of trips after COVID-19 travel restrictions lifted. Consequently, the total GHG emissions intensity per employee increased between 2020 and 2021 by 174%, from 0.031 MT CO₂e/employee to 0.086 MT CO₂e/employee respectively. Further details on these figures are given in **tables 5.1.1 and 5.1.2** as follows.

FIGURE 5.1.1:

Markaz's Air Travel GHG Emissions (MT CO₂e) in (2018-2021)

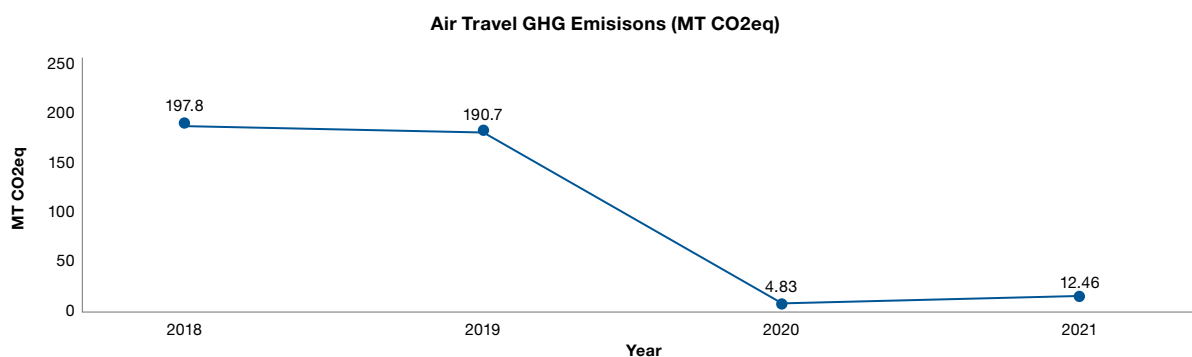


TABLE 5.1.1:

Scope III - Air Travel Emissions 2020-2021

	2021	2020	%Change
Number of trips	11	6	83%
Total air travel GHG emissions (MT CO ₂ e)	12	5	158%
Intensity	0.086	0.031	174%

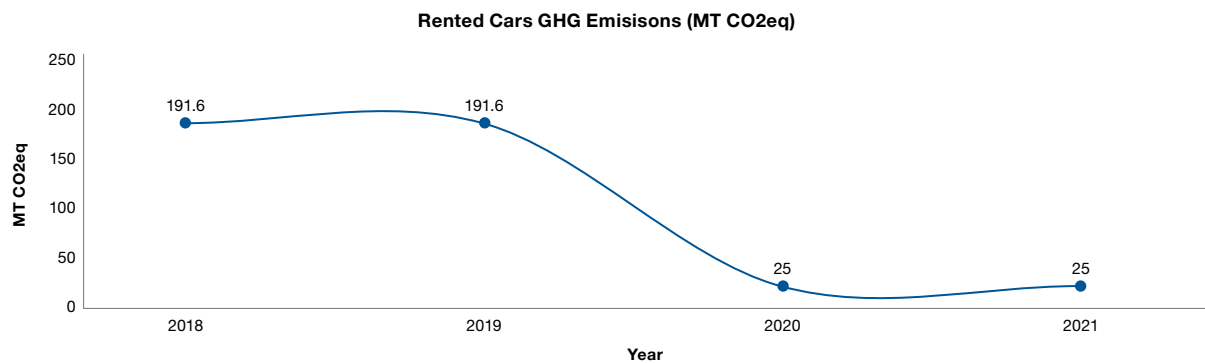
Markaz's Scope III Rented Cars Emissions

Our emissions due to rented cars have also decreased between 2018 to 2021, as displayed in **figure 5.1.2**. Similar to air travel emissions, a steep drop occurred, from 191.6 MT CO₂e in 2019 to 25 MT CO₂e in 2020. Scope III rented cars GHG emissions remained constant from 2020 to 2021, with a 6% increase in intensity per employee from 0.16 MT CO₂e/employee to 0.17 MT CO₂e/employee respectively.

TABLE 5.1.2:
Scope III - Air Travel Emissions 2020-2021

	2021	2020	%Change
Rented cars GHG emissions (MT CO2e)	25	25	-
Volume consumption (liters)	10,920	10,920	-
Intensity (MT CO2e/employee)	0.17	0.16	6%

FIGURE 5.1.2:
Markaz's Scope III Rented Cars Emissions (MT CO2e) 2018 to 2021



Markaz's Total Scope III Emissions (2021-2020)

In general, scope III emissions have increased by 20% between 2020 to 2021, at intensities of 0.21 MT CO2e/employee and 0.26 CO2e/employee respectively. This is largely attributed to the post-lockdown commute and travel restrictions being withdrawn. Yet, total scope III values remained much lower than those in 2018 and 2019, which amounted to 389.4 MT CO2e and 382.2 MT CO2e respectively. This is displayed in **table 5.1.3** below.

TABLE 5.1.3:
Total Scope III - GHG Emissions 2020-2021

	2021	2020	%Change
Total GHG emissions from non-owned cars (MT CO2e)	25	25	0%
Total GHG Emissions from air travel (MT CO2e)	12	5	158%
Total scope III (MT CO2e)	38	30	25%
Total scope III Intensity (MT CO2e/ employee)	0.26	0.21	25%

CASE STUDY

Installing Electric Vehicle Charging Stations at 2 of Markaz's Properties in Kuwait

Underlining our efforts to support achieving a net-zero carbon footprint at the national level and meeting the evolving needs of our clients, Markaz's MENA Real Estate Department has installed electric vehicle charging stations at 2 of our properties in Kuwait. The charging stations, located in dedicated parking spaces in Al Nada Tower and Al Maha Tower, are operational and tenants can use the facilities free of charge.

The new facilities affirm Markaz's environmental commitments, and our sustainability-centered business model. Through our smart, environmentally friendly, and sustainable properties, we aim to inspire our tenants and stakeholders to adopt electric vehicles and embrace renewable solutions to reduce carbon emissions.

5.2 Paper and Waste Reduction

Markaz has always been keen on doing business responsibly and sustainably and has adopted the best standards, processes, and procedures to ensure that its operations and offerings generate meaningful impacts on people, clients, the community, and the environment. Accordingly, we have been committed to reducing waste generated by Markaz through paper recycling, and reselling used IT equipment. This section gives further details on the environmental savings resulting from paper recycling and waste reduction.

5.2.1 Managing Paper Waste

Most of the waste generated at Markaz is paper waste. Thus, our major focus in waste reduction and recycling is directed towards this category. The forms of paper waste management include, increasing digitization in our operations, raising awareness among employees, and paper waste recycling.

Moreover, due to the COVID-19 pandemic, Markaz's digital transformation has escalated, as we facilitated the use of digital tools for digital signatures across all departments. This in turn has eliminated the need to circulate paper memos, agreements and other documents, reducing paper consumption and waste generation. Our staff are encouraged to use digital tools as much as possible to reduce paper usage and printing, as well as print on double-sided pages. We are also on track to going paperless, through archiving client documents in digital tools. Some reports are also submitted to clients digitally. In this regard, during the reporting period 6 reports were submitted digitally to our clients including 1 master report.

During the past 2 years, we have recycled on average 1000 kg of paper per year. In 2021, 0.33% of paper waste was recycled, whereas in 2020 0.53% of paper waste was recycled. This accounts for a 37% decrease in percentage of waste recycled. Although the same amount of paper was recycled each year, the decrease in percentage of recycling in 2021 is attributed to the 58% increase in consumption after the return-to-work post COVID-19. **Table 5.2.1** as follows summarizes the paper recycling data for 2020 and 2021.

TABLE 5.2.1:
Percentage of Paper Recycled per Year

	2021	2020	%Change
Kg of A4 paper recycled	1,000	1,000	0%
Kg of A4 paper consumed	300,000	190,000	58%
% of paper recycled	0.33%	0.53%	-37%
Intensity of paper consumed	2,069	1,234	68%
Intensity of paper recycled	7	6	6%

As a result of Markaz's recycling operations in 2020 and 2021, we were able to save a total of 43,000 US gallons of water, and 9,964 kWh of energy as well as prevent 7.56 MT CO₂e of GHG emissions. Waste reduction due to paper waste recycling also reduces the volume of waste generated, which further contributes to the environment in terms of reducing GHGs emitted for waste transportation and emitted in landfills.

TABLE 5.2.2:
Environmental Savings due to Paper Recycling for 2020 and 2021

	Environmental savings for each year	Total for 2020 and 2021
GHG emissions saved (MT CO ₂ e)	3.78	7.56
Water saved (US gallons)	21,500	43,000
Energy saved (kWh)	4,982	9,964

Sustainable Rate of Return (SROI) due to Paper Recycling

Sustainable return on investment (SROI) is a methodology for identifying and quantifying environmental, societal, and economic impacts of investment in projects and initiatives. Quantifying these factors documents intangible values of an investment, and allows them to be incorporated into the decision-making process alongside traditional financial ROI metrics, providing additional insight, confidence, and transparency. In this report we have calculated the SROI resulting from paper recycling, which had a medium level impact and resulted in a KD 0.92 sustainability value for every KD 1 in expenditure. Additionally, paper recycling has reduced Markaz’s GHG emissions, energy and water usage, as displayed in **table 5.2.3**.

TABLE 5.2.3:
Sustainable Rate of Return (SROI) due to Paper Recycling

SROI Topic	Impact Level	Interpretation	Value Outcomes
Paper recycling	Medium	KD 0.92 sustainability value created for every KD 1 in expenditure.	*GHG saving *Energy saving *Water saving

5.2.3 Plastic Waste Consumption in 2020 and 2021

Similar to paper waste, plastic waste generation has increased in 2021 by 45%, which is also attributed to the 2021 return to work post-pandemic lockdown.

TABLE 5.2.4:
Plastic Waste Consumption in 2020 and 2021

	2021	2020	%Change
Number of plastic bottles used	1,560	1,200	30%
KG of plastic used	43,805	30,240	45%
Intensity (Kg per employee)	302	196	54%

5.3 Technological Innovation

In a fast-changing world, technological innovation is necessary to provide companies with solutions for emerging global challenges. Hence, at Markaz we ensure continuous technological advancement as a means of increasing our resilience and adaptability, as well as to maintain high-quality services to our customers and tenants. Not only does technological innovation support companies internally, but it also results in technologies that ensure environmentally sound operations that ultimately reduce companies’ negative environmental impacts.

In this respect, our digital transformation process included automation of internal payment processes and fund administration processes, as well as internal correspondence and memos. Additionally, we are going paperless through the use of technology.

Furthermore, in terms of digital transformation in the field of information security, Markaz has recently implemented new information security policies and procedures in accordance with global best practices and ISO 270001.

FIGURE 5.3:
Markaz’s Internal Digital Channels, Platforms, and Applications

CASE STUDY

Markaz Personalized Investment App "iMarkaz"

As part of our continuing commitment to seeking innovative ways to add value to our customers, we have developed the first personalized investment app in Kuwait, iMarkaz. Offering a new level of user experience to prospective clients, the interactive digital platform provides initial investment advice tailor-made to their investment needs and goals.

The new platform, which is supported by our highly experienced finance professionals who have unrivalled in-depth market knowledge, provides investment advice to investors based on their financial goals, risk profile, and investment

preferences in an easy and efficient way. Leveraging chatbot technology, the app takes investors on a step-by-step digital journey where both Markaz and investors can share their views in order to construct the best portfolio model that is suitable to them. iMarkaz provides investment recommendations suitable to all classes of investors, from retail to private, and offers conventional as well as Sharia-complaint securities, including Markaz elite products and best international 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 such as developed markets and emerging markets. iMarkaz app users can also meet Markaz relationship managers and discuss any potential investment opportunity.

Incorporating new possibilities of communication technology and featuring an intuitive and user-friendly interface, iMarkaz seeks to bring in a new level of digital experience to the investment journey of our clients. In addition to providing seamless and memorable user experience, the app will open up a new world of opportunities for aspiring investors with a tap of their fingers.

CASE STUDY

Markaz's New Residents' Services Portal

Stemming from Markaz's ongoing focus on digitization and seeking innovative ways to add value for its customers, Markaz has developed a new online residents' services portal to help tenants easily and securely manage all aspects of their rental on the go, including rent payments, maintenance requests and lease renewals. Moreover, the new portal enables tenants to enjoy round-the-clock self-service account management, including updating their profiles, viewing balances, making payments, scheduling recurring auto-payments for rent and other dues, receiving announcements and submitting maintenance requests. Further improving the tenant experience, the portal also allows residents to check out upcoming community engagement events in their buildings. Currently, the app is available for tenants of Boardwalk Residence, a low-rise residential building that is situated on Al Reem Island in Abu Dhabi. Markaz will soon extend the services of the portal to other Markaz properties in the UAE and also in Kuwait and Saudi Arabia.

The new state-of-the-art services, offered through a third party, will help us revolutionize the entire rental journey of our tenants by offering them unmatched flexibility and convenience at every touchpoint, while also enhancing the performance of our assets.



Appendices



6.1 List of Employee Training Courses Provided During 2020-2021

2020				
Training Course	Hours per Employee	Department	Employee Level	# of Participants
ISO 20000 (ITSM) Lead Implementer	37.5	Information Technology	Level 2	1
Emotional Intelligence	15	MGDP	Level 3	7
Microsoft Excel Advanced	8	Financial Management	Level 2	2
INSEAD Negotiation Dynamics	22.5	Investment Banking	Level 1	1
Business Etiquette	15	MGDP	Level 3	9
International Introduction to Securities and Investment	1	MGDP	Level 3	10
Presentation and Communication Skills	14	MGDP	Level 3	10
Innovation and Creativity	14	MGDP	Level 3	10
Time Management	12	MGDP	Level 3	10
Emotional Intelligence	14	MGDP	Level 3	10
Human Resource Analytics Live session	4	Human Resources	Level 1 and 3	2
The Power of People Analytics in L and D	4	Human Resources	Level 1 and 3	2
Anti-Money Laundering and Financial Crime	3	All Markaz employees	Level 1, 2, 3	161
Access to Harvard's Manage Mentor	3	WMBD Advisory HRD	Level 1, 2, 3	5
Smart Technical Analysis - Mini Course	3	MGDP	Level 3	10
Investment Management	50	MGDP, WMBD, TRY, Compliance, Advisory, CMFI	Level 2, 3	21
Coaching and Mentoring	12.5	All	Level 1, 2, 3	14
Learning Symposium Virtual HR	2	Human Resources	Level 1, 2, 3	5
UIC/CISI CMA Rules and Regulations	12	All	Level 1, 2, 3	4
Sustainability Workshop (ARABIC)	1	CAD, RED, MGDP	Level 1, 2, 3	4
Advanced Wealth Management Online	30	WMBD	Level 1, 2, 3	19

2021				
Training Course	Hours per Employee	Department	Employee Level	# of Participants
Certified Balance Scorecard Management System	37.5	Post Acq	Level 1, 2, 3	1
Certified Strategy and Business Planning	30	Post Acq	Level 3	1
Innovation in the Age of Disruption	25	WMBD	Level 1, 2, 3	1
CMA Rules and Regulations	15	All	Level 1, 2, 3	37
Becoming a Better Negotiator	1	All	Level 1, 2, 3	55
Annual Financial Crime Course AML	3	All	Level 1, 2, 3	156
Introduction to International Securities and Investment	15	all	Level 1, 2, 3	32
Margin Lending	3	Legal, Compliance, MENA Equities, Compliance, Treasury Post Acquisition, Middle Office	Level 1, 2, 3	8
“Explaining the New Bankruptcy Law that Protects the Economic System	8	Corporate Affairs	Level 1, 3	4
Fundamentals of Financial Services (CIS)	15	All	Level 1, 2, 3	10
Financial and Valuation Modeling	16	RED	Level 2, 3	2
HR Business Partner Strategic Development program	15	Human Resources	Level 1, 3	2
Innovation Program	12	PA, WMBD, Advisory, RED, Equities, CMFI	Level 1, 2, 3	16
Private Equity Bootcamp	24	International Advisory	Level 1, 3	3
Hard Talk: EM	2	EM	Level 3	34

6.2 GRI Content Index

GRI Standard Disclosure Number	Individual Disclosure Items	Information	Page
General Disclosures			
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102-2	Activities, brands, products, and services		17,18,19,21,22,23,26,27
102-3	Location of headquarters		10
102-4	Location of operation		10
102-5	Ownership and legal form		11
102-6	Markets served		10
102-7	Scale of the organization		10
102-8	Information on employees and other workers		10,14,20
102-9	Supply chain		65
102-10	Significant changes to the organization and its supply chain		65
102-11	Precautionary principles or approach		31
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Strategy			
102-14	Statement from senior decision-maker		6
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102-44	Key topics and concerns raised		15,16

GRI Standard Disclosure Number	Individual Disclosure Items	Information	Page
Reporting Practice			
102-45	Entities included in the consolidated financial statements		30
102-46	Defining report content and topic boundaries		5
102-47	List of material topics		16
102-48	Restatements of information	N/A	
102-49	Changes in reporting		5
102-50	Reporting period		5
102-51	Date of most recent report		15
102-52	Reporting cycle		5
102-53	Contact point for questions regarding the report		5
102-54	Claims of reporting in accordance with the GRI Standards		5
102-55	GRI content index		76,77,78,79
Management Approach - Material Topics			
103	ESG Governance and Leadership		16
103	LEED Projects		16
103	Energy Reduction		16
103	Water Management		16
103	Waste and Recycling		16
103	Sustainable Supply Chain		16
103	Talent Attraction and Retention		16
103	Training and Development		16
103	Workplace Diversity		16
103	Stakeholders' Experience		16
103	Social Responsibility and Awareness		16
103	Investor Relations		16
103	Business Ethics and Compliance		16
103	Risk Management		16
103	Corporate Culture and Reputation		16
103	Safety and Security		16
Topic Specific Standards			
GRI 200: Economic			
201	Economic Performance		17
201-1	Direct economic value generated and distributed		10,22
201-2	Financial implications and other risks and opportunities due to climate change		12,36,42,45,46,68
201-4	Financial assistance received from Government	Not applicable to Markaz	
202: Market Presence			
202-2	Proportion of senior management hired from the local community		53
203: Indirect Economic Impacts			
203-1	Infrastructure investments and services supported		17,18,19,21,23,26,27,29
203-2	Significant indirect economic impacts		70,71

GRI Standard Disclosure Number	Individual Disclosure Items	Information	Page
204: Procurement Practices			
204-1	Proportion of spending on local suppliers		65
205: Anti-corruption			
205-1	Operations assessed for risks related to corruption		46,47,48,49
205-2	Communication and training about anti-corruption policies and procedures	N/A	
205-3	Confirmed incidents of corruption and actions taken		47
206: Anti-competitive Behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		47
207: Tax			
207-2	Tax governance, control, and risk management		49
GRI 300-Environmental			
302: Energy			
302-1	Energy consumption within the organization		68
302-3	Energy intensity		38
303: Water and Effluents			
303-5	Water consumption		70,71
304: Biodiversity			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable for Markaz	
305: Emissions			
305-1	Direct (Scope 1) GHG emissions		68
305-2	Energy indirect (Scope 2) GHG emissions		68
305-3	Other indirect (Scope 3) GHG emissions		68
305-4	GHG emissions intensity		68
305-5	Reduction of GHG emissions		68
306: Waste			
306-1	Waste generation and significant waste-related impacts		70,71
307	Environmental Compliance		60
307-1	Non-compliance with environmental laws and regulations	Markaz complies to environmental laws and regulations	
GRI 400: Social			
401: Employment			
401-1	New employee hires and employee turnover		55
403: Occupational Health and Safety			
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities		46
404: Training and Education			
404-1	Average hours of training per year per employee	56, provided as total hours	
404-2	Programs for upgrading employee skills and transition assistance programs		56,74
404-3	Percentage of employees receiving regular performance and career development reviews		54
405: Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees		52,53

GRI Standard Disclosure Number	Individual Disclosure Items	Information	Page
406: Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken		41
407: Freedom of Association and Collective Bargaining			
407-1	Operations and suppliers in which the right to freedom of association and bargaining may be at risk	N/A	
408: Child Labor			
408-1	Operations and suppliers at significant risk for incidents of child labor	Markaz does not have operations and suppliers at significant risk of child labor	
209: Forced or Compulsory Labor			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Markaz does not have operations and suppliers at significant risk for incidents of forced or compulsory labor	
410: Security Practices			
410-1	Security personnel trained in human rights policies or procedures	N/A	
411: Rights of Indigenous People			
411-1	Incidents of violations involving rights of indigenous peoples	N/A	
412: Human Rights Assessment			
412-1	Operations that have been subject to human rights reviews or impact assessments	N/A	
413: Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programs		60,61,62,63,64
413-2	Operations with significant actual and potential negative impacts on local communities	Markaz does not have operations with significant actual and potential negative impacts on local communities	
414: Supplier Social Assessment			
414-2	Negative social impacts in the supply chain and actions taken	Not applicable for Markaz	
415: Public Policy			
415-1	Political contributions	N/A	
416: Customer Health and Safety			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Markaz Does not have Incidents of non-compliance concerning the health and safety impacts of products and services	
417: Marketing and Labeling			
417-2	Incidents of non-compliance concerning product and service information and labeling	Markaz does not have Incidents of non-compliance concerning product and service information and labeling	
417-3	Incidents of non-compliance concerning marketing communications	Markaz does not have Incidents of non-compliance concerning product and service information and labeling	
418: Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		48
419: Socioeconomic Compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	Markaz complies with laws and regulations in the social and economic area	

6.3 Material Topics Alignment with Sustainability Enablers

Category/ Theme	Material Topics	SDGs	KNDP
Environment	Paper and Waste Reduction	  	 
	Carbon Footprint	    	 
	Technological Innovation	 	  
	Leveraging ESG	      	   
Social	Performance Management	    	 
	Workplace Culture	  	 
	Leadership and Inclusion	 	 
	Procurement and Supplier Responsibility	   	 
	Community Impact	       	 
	Youth Empowerment	   	  
	Health and Safety Measures	  	
Governance	Economic Diversification	  	 
	Contingency Plan and Crisis Management	 	  
	Corporate Governance	   	  
	Ethical Practices	  	 
	Client Experience	    	 

Category/ Theme	Material Topics	Boursa Kuwait
Environment	Paper and Waste Reduction	Environmental Operations
	Carbon Footprint	Emissions Intensity, GHG Emissions
	Technological Innovation	Sustainability Reporting
	Leveraging ESG	Sustainability Reporting
Social	Performance Management	Employee Turnover
	Workplace Culture	Non-Discrimination
	Leadership and Inclusion	Gender Diversity, Nationalization
	Procurement and Supplier Responsibility	Child & Forced Labor, Human Rights, Supplier Code of Conduct
	Community Impact	Sustainability Reporting
	Youth Empowerment	Sustainability Reporting
	Health and Safety Measures	Global Health & Safety, Injury Rate
Governance	Economic Diversification	Sustainability Reporting
	Contingency Plan and Crisis Management	Sustainability Reporting
	Corporate Governance	Board Diversity
	Ethical Practices	Ethics and Anti Corruption
	Client Experience	Sustainability Reporting



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