



**Saudi Jordanian Investment Fund Company
(Limited Public Shareholding)**

Environmental, Social and Governance (“ESG”) Policy

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1. Objectives and Scope of the Manual

Saudi Jordanian Investment Fund Company (“SJIF”) has developed this ESG Policy to outline its responsible investment strategy and ESG integration approach across all SJIF’s direct operations and investment portfolio.

The aim of this policy is to solidify and institutionalize SJIF’s commitment to environmental protection, social responsibility, robust governance, and ethical operations. It outlines SJIF’s stature as a responsible investor and approach to integrate ESG in operations, investment decisions and portfolio oversight.

2. SJIF ESG Strategy and Investment Beliefs

SJIF applies a rigorous, disciplined, and multipronged investment approach to build a diversified portfolio across various industries and stages of the business life cycle. Beyond the provision of equity capital, SJIF seeks to add value through active cooperation with the management teams of its portfolio companies. This includes support in developing business strategies, executing plans, attracting competent talent, acquiring funding, instilling sound governance practices, and managing risks. Investment opportunities pursued by SJIF need to have a clear developmental impact, as well as alignment with its shareholders, including the sustainability strategy of the Public Investment Fund (“PIF”) of Saudi Arabia.

SJIF is committed to creating social and economic impact through its investments and operations, and to integrating the concept of sustainability into its values, policies and actions. SJIF’s CSR plan should work in harmony with the identity of each project, while focusing on the overall corporate image. SJIF will build constructive collaboration with all relevant stakeholders to support or implement actions and initiatives that aim to strengthen social and economic development, job creation, development of skills, improving infrastructure and key services such as health and education.

2.1 Industry Engagement

SJIF corporate values align with the United Nations Sustainable Development Goals (SDGs). SJIF is focused on driving social and economic development in the communities in which it operates. SJIF is exploring relevant industry guidelines for responsible investment such as the Principles for Responsible Investment (PRI) and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

3. SJIF Position on Key ESG Focus Areas

SJIF understands the importance of including ESG considerations across its operations and investment activities. SJIF focuses on identifying, monitoring, reporting, and mitigating ESG risks and opportunities in our direct operations as well as in our investment portfolio. Key ESG topics include managing direct and indirect environmental impact; promoting diversity and human capital development; promoting employee health and safety; corporate social responsibility and advocating positive change through distinguished governance, responsible approach to handling risks and conducting all business in a high level of integrity and ethical standards.

3.1 Responsible Operations

3.1.1 Managing Direct Environmental Impact

The emphasis on environmental issues must begin with addressing the impact of our own operations. SJIF seeks to continually improve environmental stewardship within our company and strives to conserve natural resources and ensures proper management of the environmental impacts related to our direct operations especially in the areas of energy, water and waste. We seek to use effective ways to minimize our impact on the environment, monitoring and analyzing our operations and facilities to help us determine how we can be more efficient and environmentally friendly.

3.1.2 Integrating ESG In Investment Decisions and Engagement

Sustainability is embedded within our investment decisions; we recognize the importance of integrating ESG issues into our investment operations in alignment with the Principles for Responsible Investment (The PRI). We aim to assess individual investments by evaluating their financial and ESG performance. In addition, SJIF avoids investments that could potentially be harmful to the environment and society.

SJIF regards ESG integration as an important procedure in its investment process that considers the ESG risks associated with the companies in which it invests and employs strategies to evaluate their impact within the context of financial analysis. This process complements the traditional investment analysis focused on financial data.

3.2 Social Inclusion

3.2.1 Diversity and Human Resources Development

SJIF respects the rights of people and aims to promote a diverse and inclusive workforce. SJIF is an equal opportunity employer that empowers team members regardless of race, ethnicity, gender, age, religion, and disability. Our principles of inclusiveness, fairness, and equal opportunity are embedded within our employment policies and practices.

SJIF believes that promoting diversity and inclusion at company level and across our portfolio will provide a diverse perspective and competitive advantage, enhancing decision-making and the overall performance of the workplace. We aim to improve female representation across all levels of operation. Any employee who has been found by SJIF after appropriate investigation to have engaged in discrimination or harassment will be subject to disciplinary action.

SJIF fosters an innovative work environment to attract and retain talent through investing in diverse training and career development opportunities. In line with SJIF's Human Resources Policies and Procedures Manual, SJIF provides a framework for helping all its employees get the right learning, experiences and coaching to make a difference to their career. Formal learning helps employees acquire the skills and knowledge they need, whilst a focus on the right experiences can put their knowledge into practice and develop new skills. The training delivery methods follow a blended approach combining in-house training, local training, external training and conferences and seminars. In addition, SJIF performs employees' performance appraisal and develops annual training plans for all employees.

SJIF's Human Resources Policies and Procedures Manual sets out SJIF's commitment to achieve a highly motivated and productive work environment for the company's employees. We will continuously provide our employees with career development programs. All HR policies and procedures are compliant with the Jordanian Labor Law and other regulations set out by relevant regulatory authorities in the Hashemite Kingdom of Jordan.

3.2.2 Employee Health, Safety & Wellbeing

SJIF believes in its' important role in securing good health and well-being. This involves providing good employment conditions and putting policies in place to encourage employees to have active and healthy lifestyles.

SJIF strives to implement measures to identify and assess all health and safety hazards and manage these risks to prevent accidents, injuries, and occupational illness. For our human capital to be able to fully demonstrate their capabilities, it is important to create a working environment that ensures the wellbeing of employees, from supporting employees to reduce stress, to adopting healthy habits.

3.2.3 Human Rights

SJIF employees are the basis of its success. We treat employees with due respect and trust whilst respecting their human rights. We aim to identify, analyze, and manage / mitigate human rights risks within our own operations, supply chain, and investment portfolios. SJIF commits to ensure that forced, compulsory and child labor do not take place in any of its businesses or portfolio companies. As part of its assessment of potential investment opportunities, SJIF strives to integrate human rights considerations into its' due diligence processes referencing key internationally recognized principles including the Universal Declaration of Human Rights, the United Nations

Guiding Principles on Business and Human Rights, and the International Labour Organisation's (ILO) Fundamental Convention.

3.2.4 Community

In line with SJIF CSR Policy, SJIF seeks to be an active contributor to sustainable development in Jordan. SJIF has designed a CSR strategy that supports its objectives, corporate value, and long-term vision of generating positive and sustainable social and economic impact in sectors, areas, and communities of operation through value-added programs and initiatives.

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SJIF regularly identifies a number of proactive and responsible programs and initiatives to be carried out both on the corporate level and on an investment project level. The programs and initiatives are based on the pillars of development, value, and philanthropy.

SJIF's CSR initiatives are identified and developed in close coordination with stakeholders related to each investment project. SJIF identifies CSR initiatives and programs to be implemented once investment projects are announced, and continues to explore and manage value-added CSR initiatives during the implementation and management of each project.

3.3 Governance and Business Ethics

3.3.1 Governance, Accountability, Transparency and Ethics

Sound corporate governance is essential to our business success and continuity that emphasizes on both transparency and accountability at the highest level of the company. In line with SJIF's Code of Business Conduct and Ethics, all employees are required to act with the highest ethical standards and always to act in accordance with the duties of their office and to avoid conflicts of interests that could impact their duties.

SJIF is committed to meeting the highest standards of governance in line with all laws and regulatory requirements. In addition to improving transparency and accountability to deliver value, we have established a robust governance framework that effectively addresses the roles and responsibilities of the Board and management and provides structures, policies, and tools to ensure our sustainable long-term growth.

SJIF is committed to high standards of ethical behavior and operate a zero-tolerance approach to bribery and corruption. The use of SJIF funds or assets for gifts, gratuities or other favors to employees or government officials is prohibited. Bribes and kickbacks are criminal acts, strictly prohibited by law.

3.3.2 Risk Management

SJIF is committed to implementing appropriate strategies to identify, measure and monitor the risks associated with its activities on a continuous basis. SJIF applies leading risk management practices with aim to manage the overall risk profile in most efficient and effective way.

The Risk Appetite Framework is established to ensure strong risk management awareness and culture, and to embed these practices in day-to-day business activities and responsibilities. This framework guides and defines how risks (including those related to ESG) are measured and managed. Risk management provides the foundation and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the company.

3.3.3 Data Privacy

SJIF ensures that the Company's information is secured and follow the guidelines of all applicable privacy and data protection laws and regulations. We aim to maintain and improve information security within accepted best practices and minimize exposure to cyber-security risks in order to protect our assets and stakeholders.

SJIF has developed Information Technology Policy Manual that safeguards the privacy of personal information through adequate security measures and raises employee's awareness regarding data security.

4. ESG Governance

4.1 Overview

SJIF's corporate governance is central to achieving the company's sustainability objectives. We are committed to excellence in governance practices and ensure that they are in compliance with all statutory requirements, and industry best practice.

Our senior leadership provides oversight of our responsible investment efforts. Accountability for this work extends throughout the company with each of the representative committees and departments within SJIF's governance structure, with duties ranging from developing to implementing to overseeing ESG-related plans and actions.

4.2 Roles and Responsibilities Across SJIF

4.2.1 Board of Directors

The Board is responsible for setting and approving of the business objectives of the company and the general strategy for achieving those objectives. The Board oversees the general business of the company. The Board reviews and approves ESG strategy, policies, reporting, and CSR initiatives. In addition, the Board is responsible for overseeing ESG targets set by the Executive Committee.

4.2.2 Executive Committee

The Executive Committee ensures that all mechanisms necessary to implement decisions made by the members of SJIF's Board have been put in place. Furthermore, the Executive Committee is responsible for setting ESG commitments and targets.

4.2.3 Investment Team

The investment team shall take ESG considerations into their investment analysis and decision making and establish a dialogue about ESG issues. The investment team ensures that the key strategic initiatives and targets set by the Board are deployed.

4.3 ESG Training

SJIF believes in ongoing learning and awareness process when it comes to ESG at the Board, executive management, and staff levels. SJIF aims to provide its employees with relevant and up-to-date training regarding sustainability market trends and ESG integration strategies. We ensure that employees are aware of them through training sessions and awareness-raising measures provided by third party experts. This allows us to establish a common understanding of ESG across SJIF, and develop the expertise needed to understand, and act upon, the agendas and decision-making processes of key stakeholders.

5. Approach to Integrating ESG Factors in Investment Decisions

SJIF's investment process is based on active management and fundamental research. We use a combination of top-down and bottom-up approaches in building and managing the portfolio. Our selection of investments and decision is done based on extensive research and research-integrated environment. SJIF has adopted a seven-factor investment criteria in determining the opportunities to be pursued by SJIF. Each factor is assigned a score and a weight to arrive at an overall weighted average score for each opportunity. The weights assigned to the factors represent SJIF's priorities within its investment strategy. After scoring each considered opportunity, SJIF pursues the opportunities with the highest relative weighted average score.

By integrating ESG considerations with economic and financial factors, the investment team seeks to identify financially material ESG factors and arrive at an independent, comprehensive view of the investment. For the long-term investment strategy, we consider ESG integration a crucial tool to improve the risk-return profile of the investments we make. Therefore, we integrate ESG factors in the fundamental research process for most investment strategies and asset classes.

5.1 Screening and Pre-Due Diligence

At the idea generation stage, the due diligence entails a preliminary understanding of the company's background, operating and financial performance and the key takeaways are incorporated into the investment proposal. Integrating ESG into the screening process and excluding sectors with unacceptable ESG risks strengthen the resilience of our portfolio over time.

5.2 Due Diligence and Investment

Opportunities that pass the initial screening stage shall be present to the Board. Then, in depth evaluation is conducted by the investment team on each of the shortlisted opportunities, which includes thorough examination of each opportunity's market, product or service, business model, strategy, team credentials, financial performance, and future plans. Upon a successful conclusion of the due diligence exercise, the investment team engages with the target to draft the definitive agreements.

5.3 Monitoring and Engagement

The investment team regularly monitors the developments and the performance of each portfolio holding, and reports progress in a quarterly Investment Report that is shared with the Board. The investment team shall be in regular contact with the investees and support them on a strategic level to add value to the investees and to ensure they are being run in a prudent, sound, and ethical manner.

SJIF sets out clear expectations to portfolio companies on governance, roles, and responsibilities, and provide efficient, clear tools and training directly to portfolio companies to enhance their ESG performance and scores.

5.4 Exits

ESG implications for investment exits are rapidly emerging, therefore SJIF aims to work with its portfolio companies to integrate, measure, and communicate their bespoke approach to ESG, as these characteristics are increasingly valued in investment exits.

SJIF aims to ensure exit readiness from an ESG perspective by assessing and tracking stock exchange listing requirements relating to ESG and in markets where portfolio companies (or bonds or other financial instructions) may be listed. At exit, SJIF always aims to safeguard the company's long-term interests. Exit processes are planned and implemented in agreement with management of the portfolio companies.

6. Engagement

SJIF believes strongly in the power of engagement to effect positive change. We endeavor to continuously incorporate the insights from our stewardship activities into investment decisions, and vice versa, to enhance long-term value of our investments.

Engagement is an integral part of SJIF's sustainable investment approach. The investment team conducts meetings with portfolio company management as a regular part of the research process and to understand how companies are using their capital and conducting their business. The investment team may engage with portfolio company management on a variety of issues, including ESG matters. This helps analysts and portfolio managers focus on the governance, human and natural capital issues that are most material and relevant to the long-term financial success of a company.

7. Reporting

SJIF believes that it is important not only to have an ESG Policy in place, but also to report on the activities covered by that policy. We want to be transparent with relevant stakeholders and wider society when it comes to our responsible investing activities through our reports.

SJIF is committed to publicly disclosing our ESG-related investment activities and progress to all stakeholders through the corporate website and annual report on an annual basis. We place particular emphasis on ensuring high standards of data quality and use this to drive continuous improvement. Our voluntary disclosures and reporting approach will continuously draw references from leading international standards, including the Principles for Responsible Investment (PRI) and Global Reporting Initiative (GRI). We aim to encourage our portfolio companies to disclose ESG information and we strive to provide essential reporting guidelines for portfolio companies, to simplify and reduce any intimidation around reporting.