

Date: 14th January 2025

التاريخ : 14 يناير 2025

Reference: CM/AR/006/2025

إشارة : CM/AR/006/2025

To: Boursa Kuwait

المحترمين

السادة / شركة بورصة الكويت

Greetings,

تحية طيبة وبعد،،،

**Subject: Disclosure of Material
information Form:
Sustainability report 2023**

الموضوع: إفصاح معلومات جوهرية:

تقرير الإستدامة 2023

As per chapter Four, Module Ten "Disclosure and Transparency" Resolution No. (72 of 2015), regarding the issuance of the executive bylaw of Law No. 7 of 2010 and its amendments.

ووفقاً لأحكام الفصل الرابع في الكتاب العاشر (الإفصاح والشفافية) من القرار رقم (72 لسنة 2015) بشأن إصدار اللائحة التنفيذية للقانون رقم (7 لسنة 2010) وتعديلاتهما .

Attach herewith Disclosure of Material Information Form.

مرفق طيه نموذج الإفصاح عن معلومات جوهرية .

regarding the Sustainability report of Heavy Engineering Industries & Shipbuilding Co K.S.C.P for the financial year ended 31 December 2023

بشأن تقرير الإستدامة الخاص بشركة الصناعات الهندسية الثقيلة وبناء السفن ش.م.ك.ع للسنة المنتهية في 31 ديسمبر 2023 .

Yours Sincerely

وتفضلوا بقبول وافر التقدير والاحترام،،،



مرزوق ناصر الخرافي

رئيس مجلس الإدارة

Marzouk Naser Al-Kharafi
Chairman



نموذج الإفصاح عن المعلومات الجوهرية
Material Disclosure Form

Date	14 th January 2025	14 يناير 2025	التاريخ
Name of the listed company	Heavy Engineering Industries & Shipbuilding Co. K.S.C. (Public)	شركة الصناعات الهندسية الثقيلة وبناء السفن (ش.م.ك) عامة	إسم الشركة المدرجة
Material Information	Publish the Sustainability report of Heavy Engineering Industries & Shipbuilding Co K.S.C.P for the financial year ended 31 December 2023 .	نشر تقرير الإستدامة الخاص بشركة الصناعات الهندسية الثقيلة وبناء السفن ش.م.ك.ع للسنة المنتهية في 31 ديسمبر 2023	المعلومة الجوهرية
Significant Effect of the material information on the financial position of the company	Not Applicable	لا ينطبق	أثر المعلومة الجوهرية على المركز المالي للشركة

Significant Effect on the financial position shall be mentioned if the material information can measure that effect, excluding the financial effect resulting from tenders or similar contracts.

If a Listed Company, which is a member of a Group, disclosed some material information related to it and has Significant Effect on other listed companies' which are members of the same Group, the other companies' disclosure obligations are limited to disclosing the information and the financial effect occurring to that company itself.

يتم ذكر الأثر على المركز المالي في حال كانت المعلومة الجوهرية قابلة لقياس ذلك الأثر، ويستثنى الأثر المالي الناتج عن المناقصات و الممارسات وما يشبهها من عقود.

إذا قامت شركة مدرجة من ضمن مجموعة بالإفصاح عن معلومة جوهرية تخصها ولها إنعكاس مؤثر على باقي الشركات المدرجة من ضمن المجموعة، فإن واجب الإفصاح على باقي الشركات المدرجة ذات العلاقة يقتصر على ذكر المعلومة والأثر المالي المترتب على تلك الشركة بعينها.





HEISCO

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

SUSTAINABILITY REPORT 2023



**His Highness The Amir of Kuwait
Sheikh Meshal Al-Ahmad Al-Jaber Al-Sabah**



**His Highness The Crown Prince
Sheikh Sabah Khaled Al-Hamad Al-Sabah**

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About This Report

This report is the first sustainability report of Heavy Engineering Industries and Shipbuilding Company K.S.C (Public), and includes the company's initiatives and performance in the field of governance, social and environmental responsibility (**ESG**) for the period from January 1 to December 31, 2023. All data contained in the report were reviewed internally, verified and developed in line with international standards and guidelines.

The figures and information contained in the report cover Heavy Engineering Industries and Shipbuilding Company K.S.C. (Public) and its subsidiaries unless otherwise specified.





Chairman's Message

I am pleased to present to you the Sustainability Report **2023** of the Heavy Engineering Industries and Shipbuilding Company. As a pioneer in the industrial and engineering sector, we believe in our role in enhancing corporate value for shareholders, while working to achieve a positive impact on society and the environment. This is achieved by integrating ESG best practices into all our businesses.

This report details our environmental impact, our social responsibility efforts, and the governance policies and procedures we adopted during **2023** as we conducted a comprehensive analysis of our performance with the aim of accurately assessing and setting key standards for environmental, social and governance performance. This analysis has enabled us to develop a clear road map to align our initiatives with the United Nations Sustainable Development Goals and Kuwait's vision of "New Kuwait." **2035**

As part of our future aspirations, the company aims to make tangible progress in its journey towards building a more sustainable future. We will continue to focus on our priorities in strengthening environmental and social initiatives and governance foundations, in line with our current activities and strategic directions.

We believe that our commitment to leading recent developments in sustainability will enhance the resilience and sustainability of our operations, supporting our long-term corporate performance. We are committed to ensuring positive impact and tangible social benefits for the society around us.

Best regards,

Marzouq Nasser Al-Kharafi
Chairman



CEO's Message

I am pleased to present our Sustainability Report **2023**, which show cases the most prominent activities, initiatives and achievements of our company over the past year. This report is a reflection of our deep commitment to meeting stakeholder expectations, aligning our operations with global sustainability best practices, and paying attention to environmental and social aspects that are becoming more important today as key factors affecting performance and risk.

We believe that sustainability is not limited to environmental and social aspects but is a key pillar for achieving sustainable growth and long-term returns. We have seen a growing interest in applying ESG principles as key criteria that affect investment performance, and we are enshrined in all aspects of our business.

During **2023**, we launched several strategic initiatives to improve our performance in various areas of sustainability. These initiatives address improving our environmental practices, enhancing our positive social impact, and raising the level of governance. We also continue to work to enhance communication with stakeholders, by submitting reports highlighting our efforts and achievements. We believe that transparency and openness are key to building trust and fostering sustainable relationships with our partners, shareholders and stakeholders.

As we look to the future, we recognize the challenges that lie ahead, but we believe that collaboration with stakeholders, continuous innovation in our business areas, and the application of sustainability best practices will enable us to achieve our goals and make a lasting positive impact.

In conclusion, I would like to thank the team, partners and stakeholders for their continuous support and joint efforts in achieving our vision for a more sustainable future. We will continue our journey towards development and excellence in this regard.

Best regards,

Samir Hermez
Chief Executive Officer

Company Profile

Heavy Engineering Industries & Shipbuilding Co. K.S.C. (Public), HEISCO, is a major Engineering, Procurement and Construction (EPC) Contracting company based in Kuwait with a diversified range of business in Oil and Gas, Petrochemicals, Power, Pressure Equipment Manufacturing, Shipbuilding & Repair, Dredging & Marine Construction, Civil Construction, Maintenance and other industrial services including Heavy Industry projects.

HEISCO's commitment to its clients is proven by its quality management system certification to **ISO 9001: 2015** and Occupational Health & Safety Management System certification to **ISO 45001: 2018** and the Environmental Management System certification to **ISO 14001:2015** standards. HEISCO is one of the approved contractors of Central Agency for Public Tenders (**CAPT**) for Civil Construction – Category 1, and Electrical works – Category 2.

The Group



HEISCO

HEISCO - Representative Office in the Republic of Iraq

HEISCO - Branch in Kingdom of Saudi Arabia

GULF DREDGING

Gulf Dredging & General Contracting Company Co. K.S.C. (Closed)
and its branches in the Republic of Iraq and the Kingdom of Saudi Arabia.



HEISCO for Technical Specialized Manpower Supply Co. (W.L.L)

Vision

The company aims to be the first choice for its local and international customers in all areas of its specialization

Mission

We are determined to provide a complete service to our customers in shipbuilding and repair, manufacturing and construction, industrial maintenance and marine works, we are committed to achieving a sustainable growth rate by meeting the schedule and quality requirements of our customers. We will provide value-added services at competitive prices by developing effective cost control procedures and regularly updating our resources.

Values

Professional

We adhere to internationally approved standards that have been widely proven effective in the performance of all our business.

Accountability

We take responsibility for our performance to everyone.

Balance

We are committed to taking prudent steps, based on our full understanding of the risk factors to which the Company and its clients are exposed.

Company History

1974 ➤

The Heavy Engineering Industries and Shipbuilding Company, then known as Kuwait Shipbuilding and Repair Company, was established to meet the requirements of the maritime industry sector in the Arabian Gulf region.

1982 ➤

The company's fields have expanded to include the industrial sector and oil and gas contracting.

1984 ➤

The company is listed on the Kuwait Stock Exchange.

1995 ➤

The company's acquisition of Gulf dredging & General Contracting Company K.S.C. (closed).

2003 ➤

The company's name was changed to Heavy Engineering Industries and Shipbuilding Company to suit the expansion in the fields practiced by the company.

2013 ➤

The company was classified in the first category in the civil construction sector at the Central Agency for Public Tenders.

2021 ➤

Entering the Saudi market by establishing a branch of the company in the Kingdom of Saudi Arabia.

2023 ➤

The company was promoted to Boursa Kuwait and listed on the First Market.

Our Business Model

During this year, the company is implementing several projects in the State of Kuwait worth approximately KD **527** million for the benefit of state institutions and various government agencies in addition to international contractors.

The Board of Directors' report for **2023** provides details of all projects completed by the Company and its subsidiaries and projects under implementation.

To view the annual report:

<https://www.heisco.com/documents/E-23-AR.pdf>

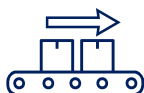


Financial Indicators 2023



KD 146,877,866

Total Operating Income



KD 135,245,073

Total Operating Expenses



KD 11,632,793

Profit Before Deductions

FINANCIAL INDICATORS		
	2022	2023
Total Operating Income	KD 123,704,336	KD 146,877,866
Total Operating Expenses	KD 114,040,385	KD 135,245,073
Profit before deductions	KD 9,663,951	KD 11,632,793
Dividend Percentage	20%	30%
Total Dividends	KD 3,604,830/340	KD 5,407,202/400

Our Approach To Sustainability

The company's corporate sustainability strategy is based on the main pillars of sustainability, governance, environment and society, in order to promote the company's sustainable growth process, in line with the United Nations Sustainable Development Goals and the Sustainable Development Plan for **2030**.

We are committed to delivering on our promises through our various efforts and achievements to achieve sustainability goals at all levels of the company, under the direct supervision of the Board of Directors.

Corporate Sustainability

Vision

Focusing on the development and development of our business models for all the company's activities to become one of the largest international commercial institutions.

Our Goals

- Expanding and entering new markets and strengthening the company's position at the local and regional levels through our overseas branches, that enhance the sustainability of the company.
- Raising the company's position as it is committed to its social and environmental responsibilities.

Our Pillars

Our approach to corporate sustainability is based on three main pillars: governance, society and environment, supporting our various activities and initiatives aimed at creating shareholder value.

Governance

We are committed to promoting responsible and sustainable work through the implementation of effective governance mechanisms that include clear policies and procedures that are widely applied within the organization.

Good governance is an essential tool to clearly define roles and responsibilities, and to provide accurate performance control that enables us to effectively monitor and deal with potential risks from the earliest stages.

Our corporate approach is based on integrating environmental, social and governance considerations into a comprehensive framework. This approach aims to embed these values in the company's culture and operational and business decisions, enhancing the sustainability of our operations and supporting our orientation towards sustainable development.

Society

We believe in the need to protect human rights and provide a safe and supportive work environment for all workers, which enhances their ability to grow and prosper, and we are committed to applying a strict approach against any form of discrimination, bullying or harassment in the workplace, and we work hard to ensure an environment that respects the dignity of all. The company's Code of Conduct reflects our core values and is regularly updated to reinforce our public commitment to the protection of human rights. The Code also includes continuous improvements to processes to ensure that any phenomena of discrimination or abuse are prevented, with effective mechanisms to report them immediately and deal with them firmly while ensuring the confidentiality of the whistle blower. Besides, the company seeks to play a positive role in serving the community through a variety and sustainable range of community initiatives. We aim to be a role model for stakeholders in general, with a focus on making a tangible positive impact that supports sustainable development and enhances the well-being of society in general.

Environment

We place environmental protection at the top of our priorities and are fully aware of the impact of our operations on the environment and the importance of addressing environmental issues as a collective responsibility. We work to minimize the environmental impact of our operations, while continuously improving our environmental management practices. We make special efforts to reduce the consumption of energy and other resources, enhance material recycling, pay attention to all environmental issues and encourage our employees to adopt responsible environmental behaviors that support our sustainability goals.

As part of our commitment to addressing environmental issues and enhancing the sustainability of our operations, we are proud to have been awarded the **ISO 14001** Environmental Safety Management Systems certification, which demonstrates our continued commitment to global environmental standards and sustainable improvements in our environmental performance.

United Nations Sustainable Development Goals

The SDGs are a set of seventeen interconnected goals that serve as a "common blueprint for peace and prosperity for people and planet", where the most relevant goals of the company's approach to sustainability were selected as follows:



3 GOOD HEALTH AND WELL-BEING
An effective role for the company to contribute
In ensuring the good health of employees



4 QUALITY EDUCATION
Ensure quality training for all



5 GENDER EQUALITY
Achieving gender equality



6 CLEAN WATER AND SANITATION
An approach to water conservation



8 DECENT WORK AND ECONOMIC GROWTH
Promoting economic growth



10 REDUCED INEQUALITIES
Confronting discrimination and inequality



13 CLIMATE ACTION
Effective measures to preserve the environment



17 PARTNERSHIPS FOR THE GOALS
Partnerships for success

Our Performance in Governance, Social & Env. Responsibility



Governance



17 PARTNERSHIPS FOR THE GOALS



8 DECENT WORK AND ECONOMIC GROWTH



Board of Directors

The Board of Directors works to achieve the objectives of shareholders and follow up the performance of the executive management by setting strategic objectives and monitoring the implementation of the general framework of governance, in addition to monitoring the operational performance of the company and supervising the performance of the executive management through key performance indicators, and the Board is responsible for promoting and promoting business ethics and transparency, in order to gain the confidence of investors, and protect the rights of stakeholders.

The company's board of directors has a balanced structure commensurate with the company's activities and nature, and has the necessary experience and qualifications, and is familiar with the legal, legislative and corporate governance aspects.

On **14/4/2022**, the Board of Directors was formed based on the decision of the Ordinary General Assembly in which the Board was elected for the next three years, and the Board consists of **5** members, four non-executive members and an independent member.

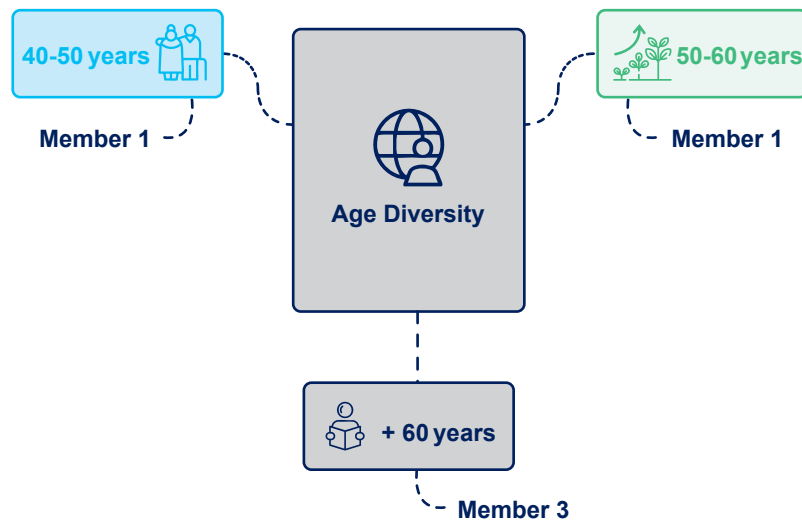
Members of The Board of Directors

NAME	Position	Qualification	Election
Mr. Marzouq Nasser Al-Kharafi	Chairman of the Board of Directors	Bachelor	14/4/2022
Mr. Bader Nasser Al-Kharafi	Vice Chairman	Bachelor	14/4/2022
Mr. Hussain Murad Behbehani	Member	Bachelor	14/4/2022
Mr. Ghazi Ahmed Al Roumi	Member	Bachelor	14/4/2022
Mr. Adnan Musaed Al-Kharafi	Independent Board Member	Bachelor	14/4/2022

Board Independence

According to the Executive regulations of the Capital Markets Authority, the majority of the members of the Board of Directors must be non-executive members, At least **20%** of the members of the Board are independent. The percentage of independent directors of the Board of Directors amounted to **20%** of the Board.

Age Diversity:



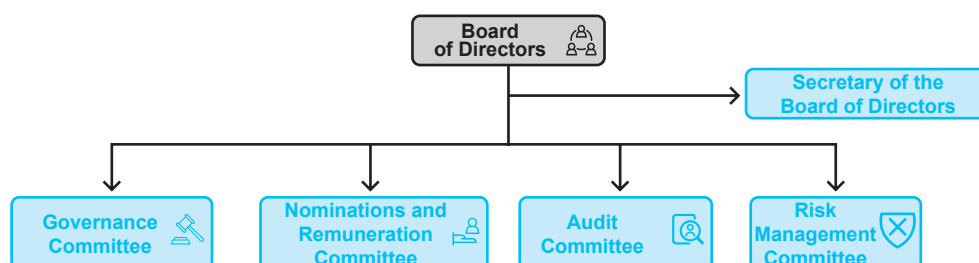
Diversity of Experiences:



Board of Directors Achievements

- Approval of interim and annual financial statements
- Approving the capital estimated Budget
- Updating the overall governance framework and important internal policies

Board Committees



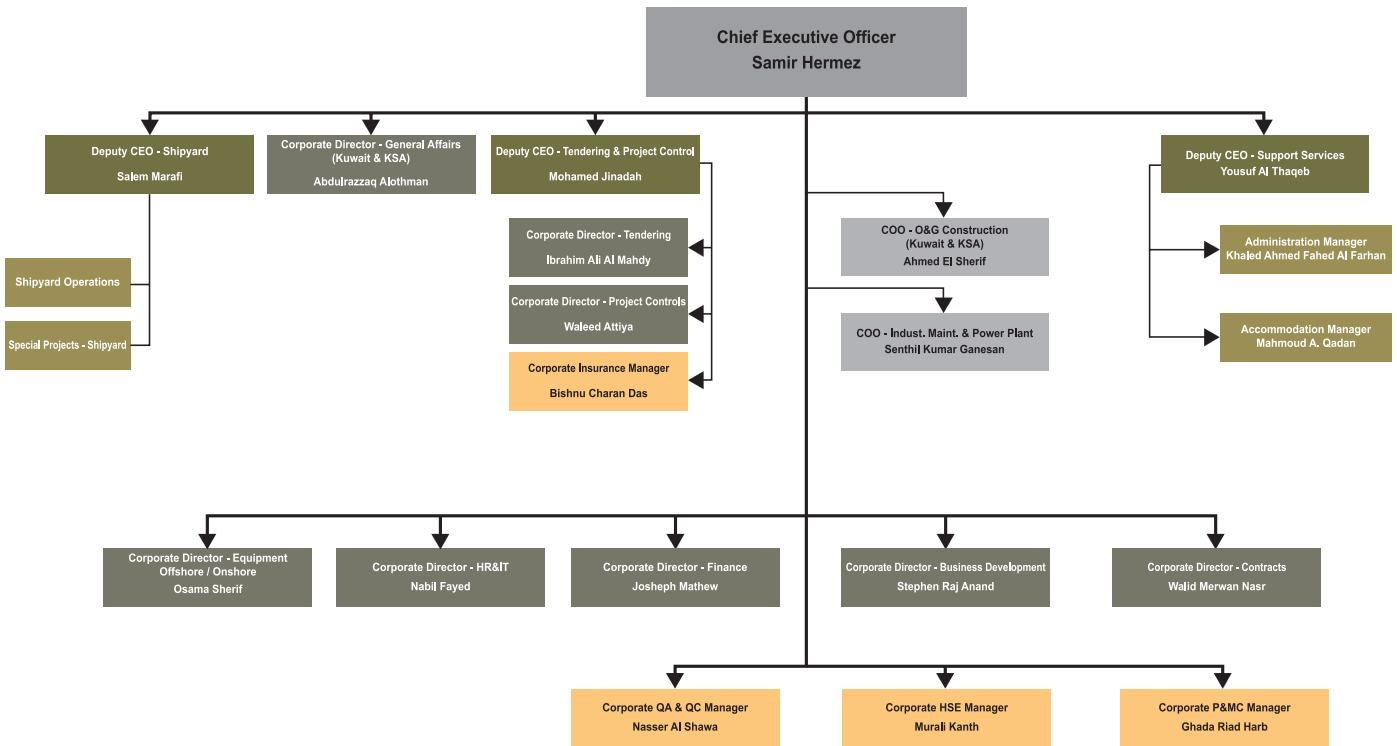
Committee	Main Tasks of the Committee	Committee Members
Governance Committee	<ol style="list-style-type: none"> 1. Permanent and continuous review of decisions, laws and instructions issued by the regulatory authorities regarding governance rules and submitting recommendations to the Board 2. Supervise the application of the principles and manual of governance 	<ol style="list-style-type: none"> 1 Mr. Marzouq Nasser Al-Kharafi 2. Mr. Adnan Musaed Al-Kharafi 3. Mr. Ghazi Ahmed Al-Roumi
Audit Committee	<ol style="list-style-type: none"> 1. Review the periodic financial statements before presenting them to the Board of Directors and express an opinion and recommend thereon. 2. Assess the adequacy of the internal control systems applied within the company and prepare a report containing the opinion and recommendations of the Committee 	<ol style="list-style-type: none"> 1 Mr. Hussain Murad Behbehani 2. Mr. Bader Nasser Al-Kharafi 3. Mr. Adnan Musaed Al-Kharafi
Risk Management Committee	<ol style="list-style-type: none"> 1. Prepare and review risk management strategies and policies before being approved by the Board of Directors. 2. Prepare periodic reports on the nature of the risks to which the company is exposed. 	<ol style="list-style-type: none"> 1 Mr. Ghazi Ahmed Al Roumi 2. Mr. Hussain Murad Behbehani 3. Mr. Adnan Musaed Al-Kharafi
Nomination and Remuneration Committee	<ol style="list-style-type: none"> 1. Preparing recommendations for nominations for the positions of members of the Board of Directors and the Executive Management. 2. Review the remuneration policy of the members of the Board of Directors and the executive management. 3. Ensure the independence of the independent board member. 	<ol style="list-style-type: none"> 1. Mr. Bader Nasser Al-Kharafi 2. Mr. Marzouq Nasser Al-Kharafi 3. Mr. Adnan Musaed Al-Kharafi

Senior Executive Management

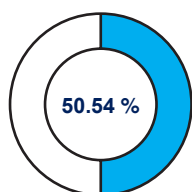
The executive management follows up the company's daily business and manage and monitoring the implementation of strategic objectives, policies and internal regulations.

Heavy Engineering Industries & Shipbuilding Co. K.S.C. (Public)

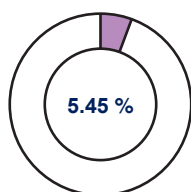
Organization Chart - Corporate Level



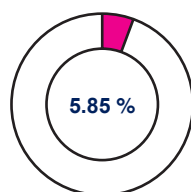
Ownership Structure



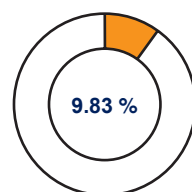
Others



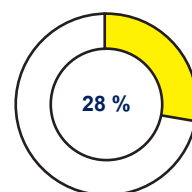
Positive Holding Company



Sufon Holding Company



MHI Holding Limited



Gulf Cables & Electrical Industries Group Co KSCP



Corporate Governance Principles

Disclosure and transparency

The company is committed to applying the highest levels of transparency, as the Board of Directors has adopted disclosure policies and procedures to ensure the provision of accurate and timely information to shareholders, and the Investors Affairs Unit coordinates with all departments to disclose information accurately and in a timely manner.

Enhance and improve performance

The company works to develop the skills of the members of the Board of Directors and the executive management by preparing training programs dedicated to the needs of the work and keeping them informed of legislation and laws. An introductory overview of the company, its strategy and its most important financial indicators was prepared for the new members to ensure that the members of the Board have a clear understanding of the company's business and activities, their legal obligations and the limits of their powers.

Social Responsibility

The Board adopted a policy to ensure the achievement of the company's and society's goals, believing in its responsibility towards society and employees, providing the necessary support to the community to achieve social benefits, and ensuring business continuity in a way that reduces harmful effects on society and the environment. The company works to increase awareness of social responsibility among employees by setting the pillars of an effective framework that includes responsibilities towards society, environmental responsibilities and responsibilities towards different segments of society, and ensuring that employees know the importance of social responsibility programs on an ongoing basis, which contributes to improving the level of performance of the company.

Shareholders' Rights

The company has prepared a policy that guarantees the rights of shareholders in line with the company's objectives and general policy, in order to ensure that all shareholders exercise their rights to achieve justice and equality in a manner that does not conflict with the laws and regulations in force, and the company is committed to treating all shareholders who own the same type of shares equally and fairly without discrimination.

Promote professional conduct, values and ethics

The company has adopted a charter that includes professional practices and behaviors that the members of the Board of Directors, executive management and employees adhere to achieve the company's objectives.

Conflict of Interest

The company has prepared a special policy to reduce cases of conflict of interest, this policy clarifies the procedures to know cases of conflicts of interest, if any, dealing with them effectively, and to ensure that the Board of Directors deals with them and that all decisions taken achieve the interests of the company.

Whistleblowing

The company has prepared a whistle blowing policy that enables any stakeholder to report their suspicions of any irregularities, wrong practices and improper behaviors to the Board of Directors in a manner that ensures the protection of the whistle blower.

Related Parties

The Related Parties Transactions Policy clarifies the guidelines on ways to conduct and manage transactions with related parties, where a register of the related parties list has been prepared, maintained and updated.

Understand The Role of Stakeholders

The company has a policy to protect the rights of stakeholders in which it is committed to recognizing and protecting the rights of stakeholders in accordance with the laws and instructions issued by the relevant regulatory authorities.

This policy aims to provide stability and sustainability through its financial performance and identifies the company's stakeholders and set guidelines on how to protect their rights.

Confidentiality and Security of Information

The company adopts a tight system for the security and confidentiality of information and the company follows the highest standards of control and internal control.

The Board of Directors, the executive management and all employees are committed to maintaining the confidentiality of information and data related to the company, and the company has put in place special procedures to prevent the leakage of any information that may harm the interest of investors.

Internal Control Systems

Internal Audit Unit

The Internal Audit Unit provides oversight of all processes, departments and projects to ensure the effective application of internal regulations objectively and independently with the aim of adding value to the company, its subsidiaries and external branches in a systematic and organized manner. This unit also practices internal audits in accordance with the International Professional Standards for the Practice of Internal Auditing.

Risk Management Unit

The Risk Management Unit implements the risk policy and prepares periodic reports on the nature of the risks to which the company is exposed and submits them to the Risk Committee and the Board of Directors. Risk management staff have the independence and experience to perform their role.

Quality Assurance and Control Department.

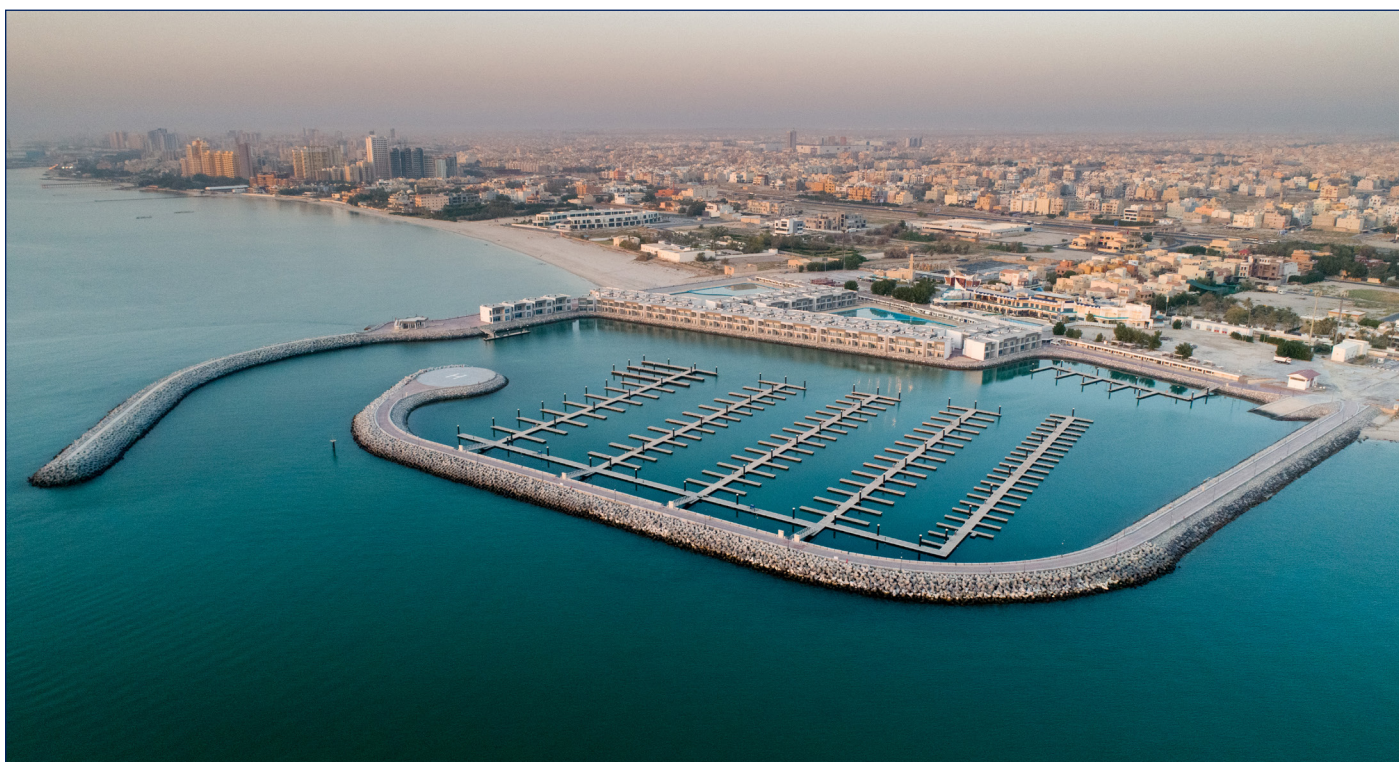
The Quality Assurance and Control Department works to ensure the quality of internal procedures in addition to quality control for technical and engineering procedures and production processes and ensure that they comply with international standards such as **API/ISO**.

Health, Safety and Environment Department

The Health, Safety and Environment Department is responsible for implementing policies aimed at protecting the health and safety of employees and preserving the environment in all operations and activities carried out by the company and ensuring that they do not adversely affect the environment and the health of employees and comply with local and international laws and regulations related to safety, health and the environment.



Social Responsibility



Talent Retention and Attraction

Our company seeks to provide rewarding job opportunities that allow aspirants to develop their careers and contribute to the success of the organization. We believe in the importance of attracting diverse talent and providing a work environment that enables employees to acquire the skills necessary for growth and progress within the company.

We create clear pathways for professional development, ensuring employees have continuous opportunities to learn and advance their careers. In **2023**, the company continued to maintain its outstanding track record in employee retention, reflecting its commitment to providing a supportive and stimulating work environment that meets the aspirations of the team and enhances their belonging to the organization.

	2023
Employees' Retention Rate	112.8%
Employees Turnover Rate	32.74%
Number of New Employees	5893

Performance Appraisal

The company adopts a comprehensive employee performance appraisal system, in which their performance is reviewed at the end of each year based on a set of key performance indicators. This assessment aims to measure the extent to which they have achieved the set goals and their practical achievements. Based on the results of this evaluation, employees are classified and the remuneration due to each of them is determined in line with their efforts and contributions to achieving the company's goals. This approach ensures transparency and fairness in the evaluation and continuous motivation of employees to improve their performance and promote a spirit of excellence within the work environment.

Benefits for employees

The company is keen to provide various benefits aimed at enhancing the health and well-being of its employees, which reflects positively on their daily lives and professional performance. These advantages include:

- Medical insurance: to ensure that employees and their families receive high-quality health care.
- Life Insurance: To provide additional protection that enhances the financial security of employees' families.
- Annual incentive bonuses: awarded to employees in recognition of their efforts and contribution to achieving the goals of the organization.

These benefits underscore the company's commitment to providing a supportive and stimulating work environment that fosters employees' sense of belonging.

Diversity and Inclusion

The company strives to create a safe and inclusive work environment based on cooperation, trust and equality, which may help improve productivity and create sustainable value.

Age Diversity Among Employees

Group	Number of Employees
40-18	9269
50-41	4193
60-51	1542
Older than 60	103

Gender Diversity

Women represent **1.44%** of the company's total senior management in **2023**.

Diversity In Management



Enhancing The Training And Development Process

The company strives to create a safe and inclusive work environment based on cooperation, trust and equality, which may help improve productivity and create sustainable value.

The company is interested in developing the capabilities and competencies of its employees and providing them with the necessary skills for professional development. Education and training programs are an essential part of our strategy to enhance employee performance and enable them to face future challenges with confidence and efficiency.

Our efforts in this area include:

- Specialized training programs: designed to meet the needs of employees in their various fields of work.
- Workshops and educational courses: aimed at developing technical, managerial and leadership skills
- Supporting continuing education: by offering opportunities to attend conferences and accredited courses to obtain professional certificates.
- Career guidance: helps employees chart clear career routes and achieve their ambitions.

This approach aims to create a work environment that encourages continuous learning, enhances the capabilities of individuals, and contributes to achieving the company's goals in a sustainable manner.

Total Employees Trained	Number of Employees
Number of Males	2904
Number of Females	0
Total Training Hours	14520
Average Training Hours for An Employee	5



National Labor

The company attaches special importance to the selection and employment of national cadres, based on its commitment to supporting national labor and making it a driving force for the company's growth and prosperity. We seek to attract and develop Kuwaiti talent by providing rewarding career opportunities that allow them to develop professionally and contribute effectively to achieving the company's goals.

The company works to create a work environment that stimulates national competencies to innovate and create, while providing continuous training and development programs to enhance their skills and enable them to play a key role in the company's march towards a sustainable future, and then qualify them for leadership positions.

Cases of Discrimination

The company is proud to maintain a completely non-discrimination record during **2023**. The company did not receive any complaints from employees or customers regarding discrimination, reflecting our firm commitment to providing an equal and fair working environment that respects the rights of all and promotes a spirit of belonging. We are always keen to implement strict policies against discrimination in all its forms, while providing open communication channels and effective mechanisms to report any wrongdoing, ensuring that any concerns are addressed and a culture of respect and equality within the company is fostered.

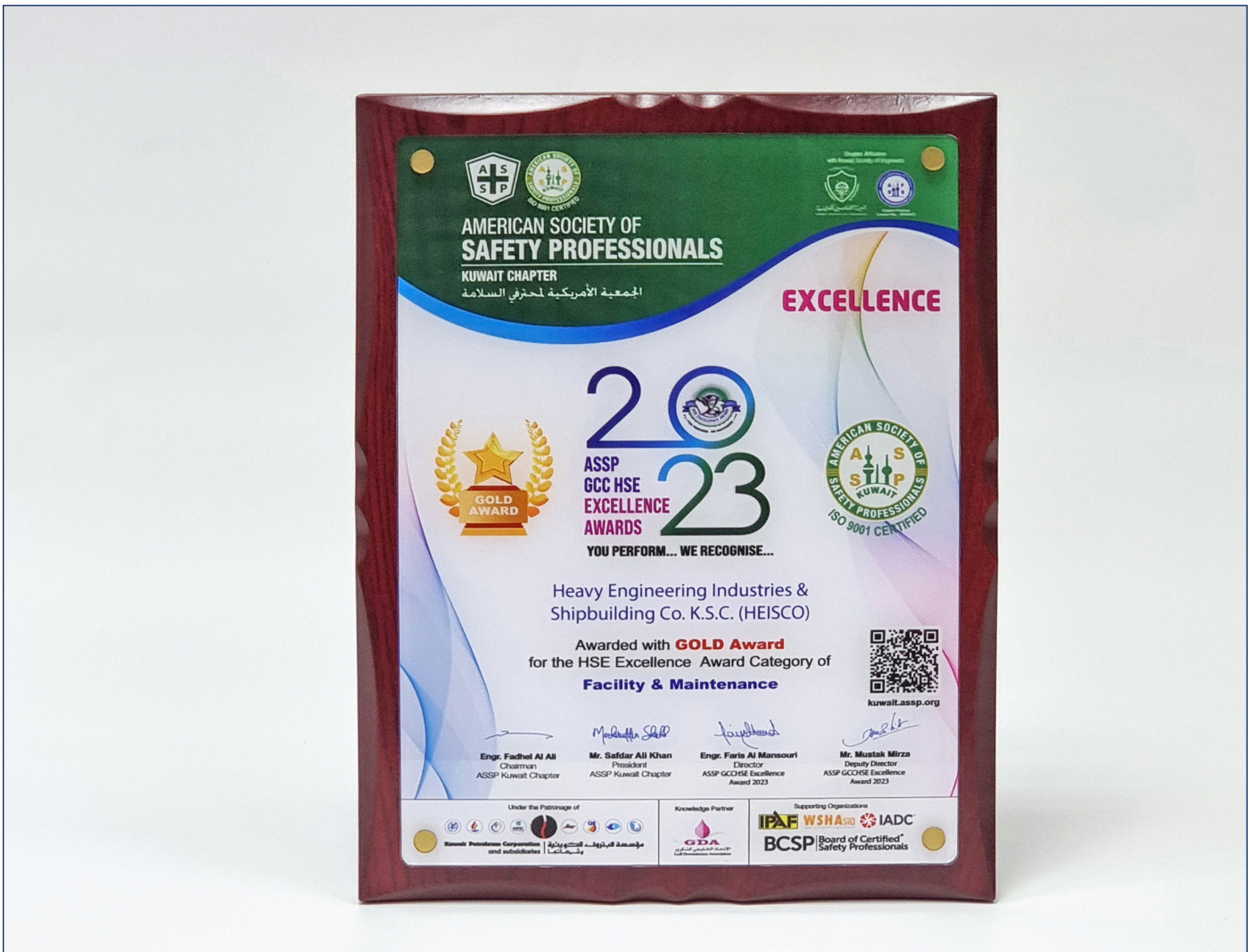
Fire Safety and Evacuation Plan

The company follows fire safety plans and emergency evacuation procedures in accordance with the requirements of the fire force in the State of Kuwait, which aims to quickly notify the occupants of the building in case of emergency and determine the procedures and methods of evacuation. , Provide accurate information to emergency teams about the nature of the emergency situation for a safe and effective response.

Mock Eviction Plan

Through the Health, Safety and Environment Department, the company prepares specialized training courses on procedures for employees to deal with all emergencies and how to evacuate buildings in an orderly and safe manner that ensures the safety of their occupants.

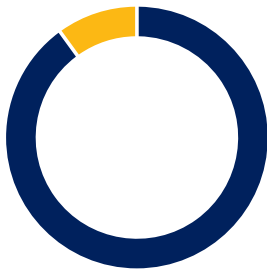
Notable Awards The Company has Received in The Field HSE



The company achieved **27,366,960** man-hours during **2023**, during which it received the Gold Award from the American society of Safety Professionals. On category of Facilities and Maintenance

Responsible Practices in Procurement Management

The company is interested in sustainable economic development by focusing on the priority of concluding contracts with local suppliers, as the percentage of supplies from local suppliers in **2023** reached **90%**



■ Local Suppliers ■ External Suppliers



Our Impact in Society

During **2023**, the company was keen to react positively to the events and challenges witnessed by the world, confirming its leading role in providing meaningful contributions and donations.

The company has worked hand in hand with several social institutions to contribute to various initiatives aimed at reducing some of the problems that negatively affect society. This comes from the company's vision to support sustainable development and enhance the well-being of society by providing innovative and sustainable solutions.



KD 65,128

Contribution to the share of the Kuwait Foundation for the Advancement of Sciences



KD 32,000

Total Community Contribution, Donations and Sponsorship During the Year

Our Contributions To The Community



KD 212,562

National Employment Support



KD 85,025

Zakat



**التعاون
Taawon**

LOYAC



Kuwait Food Bank & Relief

Environment

We are committed to achieving global trends in the field of environmental sustainability, based on our vision to contribute effectively to achieving the goals of the United Nations Sustainable Development Authority. We strive to reduce the environmental impact of our activities by adopting the latest technologies and adopting environmentally friendly practices.

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



6 CLEAN WATER AND SANITATION



17 PARTNERSHIPS FOR THE GOALS



Sustainable Investment

We seek to invest in projects that promote energy conservation and find innovative solutions for the sustainability of natural resources, based on our commitment to preserving the environment and ensuring its sustainability for future generations.

As part of our commitment to sustainability and environmental protection, the company has contracted with a company specialized in waste recycling to enhance its efforts to reduce environmental impact and enhance the utilization of resources. This collaboration aims to apply best practices in the field of waste management. Waste is collected and sorted periodically and converted into reusable materials. This collaboration is an important step towards achieving the company's environmental goals and contributing to a sustainable economy that reduces waste and enhances the efficiency of resource use.



Electricity & Water Consumption

We are committed to taking serious steps to rationalize electricity and water consumption in its operations, in line with our drive towards efficiency and sustainability. Through the application of innovative strategies through the modernization of systems and the adoption of modern technologies, which led to a significant reduction in electricity consumption and contributed to reducing annual consumption.

We have developed water resources management systems to rationalize their use and reduce waste, while improving the efficiency of water-related processes. We are also working to reuse water in industrial processes whenever possible, underscoring our commitment to conserving this vital resource.

These efforts are not just environmental steps, but part of a comprehensive strategy that promotes innovation and sustainability and seeks to balance economic growth with environmental protection. We are committed to continuing these efforts to ensure a positive and sustainable impact.

Through these practices, we emphasize our role as a responsible company that contributes to building a more sustainable future.



Notable Awards for Preserving Safety & Environment



The company's receipt of such awards in environmental performance is in recognition of its commitment to sustainability and environmental protection practices, and a tribute to the company's continuous efforts in integrating environmental considerations into its profitability strategy.

Disclosures of Governance, Social and Env. Responsibility





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GRI Standards		Disclosure	Location /Notes
General Disclosures			
Standard 2: GRI General Disclosures 2021	1-2	Institutional Details	You can view the institutional information in the various sections of this report.
	2-2	Entities Included In the Organization's Sustainability Report	Heavy Engineering Industries & Shipbuilding Company and its Subsidiaries
	3-2	Covered Period	Page No. 5
	5-2	External Verification	Page No. 5
	6-2	Other Activities and Business Relationships	Page No. 8-11
	7-2	Employees	Page No. 27-29
	8-2	Non-Employed Workers	No Irregular Labor
	9-2	Governance Structure and Composition	Page No. 18
	10-2	Nomination and Election of Board Of Directors	Page No. 18
	11-2	Chairman of the Board Of Directors	Page No. 18
	15-2	Conflict of Interest	Page No. 23
	17-2	The Collective Knowledge of the Senior Management Team	Page No. 18-21
	18-2	Evaluation of the Performance of the Board	Page No. 18 & 27
	19-2	Wage Policies	Confidential
	20-2	Wage Determination Process	Confidential
	22-2	Sustainable Development Strategy	Page No. 13-14
	23-2	Policy Commitments	Page No. 23-24
	24-2	Include Responsible Business Policy Commitments	Page No. 23-24



GRI Standards		Disclosure	Location /Notes
General Disclosures			
	26-2	Mechanisms for Seeking Advice and Expressing Concerns	Page No. 24
	27-2	Compliance With Laws and Regulations	Page No. 25
	28-2	Membership of Professional Associations or Unions	Page No. 8
Economic Performance			
Global Reporting Initiative: 201 Performance Economic 2016	1-201	Economic Value Produced and Distributed	Page No. 12
	2-201	Financial Impacts, Risks and Other Opportunities	This Information is metioned in the Integrated Report 2023
Market Presence			
GRI 202: Market Presence 2016	1-202	Percentage of Basic Wage at the Beginner Level by Gender	Confidential
	2-202	Senior Management From the Local Community	Page No. 30
Economic Impacts Directness			
Standard 203: GRI Indirect Economic Impacts For 2016	203	Important Indirect Economic Impacts	Page No. 33
Procurement Practices			
GRI 204 : Procurement Practices 2016	1-204	Percentage of Expenditure on Local Suppliers	Page No. 32



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GRI Standards		Disclosure	Location /Notes
Anti-Corruption			
Standard 205 GRI : Combat Corruption of 2016	1-205	Operations Assessed for Risks Related to Corruption	There are no risk related to Corruption during 2023
	3-205	Confirmed Incidents of Corruption and Actions Taken	Nil
Energy			
GRI 302 : Energy 2016	1-302	Energy Consumption Within the Organization	Page No. 36
Water & Effluent			
	5-303	Water Consumption	Page No. 36
Employment			
Recruitment : GRI 401 2016	1-401	New Employee Appointments and Employee Turnover	Page No. 27
Occupational Health and Safety			
GRI 403 : Health Occupational Safety 2018	1-403	Occupational Health and Safety Management System	Page No. 25 & 31
	9-403	Work Injuries	Page No. 31
Training & Education			
GRI 404 : Training and Education 2016	1-404	Average Training Hours Per Year	Page No. 29
	2-404	Programs to Upgrade the Skills of Employees	Page No. 29
	3-404	Percentage of Employees Subject to Periodic Reviews Of Performance And Career Development	Page No. 27



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GRI Standards		Disclosure	Location /Notes
Diversity and Equal Opportunities			
GRI405 Diversity and Equal Opportunities 2016	1-405	Percentage Of Jobs Held By Men And Women In The Company	Page No. 28
Non-Discrimination			
GRI406 Non-Discrimination 2016	1-406	Incidents Of Discrimination And Corrective Action Taken	Page No. 30
Child Labour			
GRI Child Labor : 408 2016	1-408	Operations And Suppliers At High Risk Of Child Labour Incidents	Not Applicable
Forced Labour			
GRI 409 : Forced Labour 2016	1-409	Operations And Suppliers At Risk Of Accidents Forced Labour	Not Applicable
Local Communities			
GRI 413: Local Communities 2016	1-413	Social Engagement And Impact Assessments	Page No. 33
Supplier Social Assessment			
GRI 414 : Supplier Social Evaluation 2016	1-414		Page No. 32

Contact us

Shuwaikh Port - Gate No. 7

P.O. Box: **21998** Safat **13080**, State of Kuwait.

Phone: +965 24624000

Fax: +965 24830291

For more information, please contact the Investor Affairs Unit.

investorsaffairs@heisco.com

