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ANNUAL SUSTAINABILITY REPORT 2023

BADWA CAPITAL

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Foreword

Since its establishment, Badwa Capital has built a strong reputation for providing the highest level of excellence in its Advisory (investment banking) services. In 2021, the firm launched its Investments business, which is focused on partnering with the region's leading entrepreneurs to enable the growth of sustainable businesses.

As the firm grows, so does its commitment to its community and stakeholders. We intend to formalize our commitment by providing a transparent overview of our sustainability goals and policies, which we aim to achieve through this Annual Sustainability Report.

This year, we developed a Sustainability Policy which applies to both our business lines as well as our internal operations. The Policy outlines our general approach to business, which includes our exclusionary policy for non-Sharia compliant companies. In addition, it includes our investment approach, including an ESG framework used to register and assess sustainability risks and concerns. This is then used as the basis for discussion in our investment committee meetings and discussions with portfolio company management teams with the aim of driving forward towards common goals.

We seek to align with global ESG standards. That is why we have committed to implementing ESG principles outlined by The Principles of Responsible Investment (PRI), an independent organization supported by the United Nations. Badwa Capital is a signatory with the PRI, and we leverage the community of investor signatories to enhance our learning about, and adherence to, ESG best practices.

We also aim to track our progress through consistent and comparable sustainability-related metrics. We are committed to reporting sustainability disclosures as set by the SASB Standards, part of the IFRS

Foundation, which identifies the subset of environmental, social and governance issues most relevant to an organization's financial performance. Given Badwa's nature as both an Advisory and Investments business, we report on two SASB frameworks: Investment Banking and Brokerage (IB&B) Standards and Asset Management and Custody (AM&C) Standards.

We also use the Annual Sustainability Report to highlight some of the sustainability-related achievements of our portfolio companies. We actively aim to promote the incorporation of sustainability principles in our portfolio companies' operations, and we are excited to see these materialize.

We aim to hold ourselves socially accountable and look for ways to give back to our communities. This year, we established a relationship with the United Nations High Commission for Refugees (UNHCR). We are supporting the UNHCR's work on refugee education in the Middle East and, moving forward, aim to strengthen our partnership with them and other world class organizations.

We are proud to share our sustainability practices and goals with our clients, investors, and communities through this Annual Sustainability Report. This commitment aims to enhance the way we think about implementing the integration of ESG considerations across our business lines, and ultimately delivering sustainable value to our stakeholders.

¹ We have combined the two frameworks in this Annual Sustainability Report for simplicity, given that there are overlaps.



ABOUT BADWA CAPITAL

Badwa Capital is a leading investment bank and growth equity firm focused on the Middle East and is based in the DIFC.

BUSINESS LINES

Advisory

Badwa Capital helps clients achieve their business and financial objectives through transformative and strategic transactions. The firm's professionals combine world-class execution capabilities with unmatched regional insights to deliver thoughtful and independent advice through all phases of mergers, acquisitions, and other strategic transactions. Badwa advises on transaction structures, pricing, and financing options, and plays an active role in negotiations to achieve the optimal outcomes for our clients. The firm is recognized for its uncompromising excellence and a relentless focus on the long-term interests of its clients.

Investments

As a growth investor, Badwa Capital partners with leading entrepreneurs in the Middle East, supporting them as they build innovative and sustainable businesses. Badwa's investment professionals are passionate about working together with entrepreneurs, bringing insights in areas ranging across financing, strategy, operations, and relationship-building. By catalyzing growth, Badwa seeks to support the region's champions as they enter the next phase of their company lifecycles.

OUR VALUES

Excellence

The quality of our work is a principal differentiator of our firm. We achieve the best results for our clients and investors through unsurpassed insight, judgement, and clarity.

Integrity

We take an honest approach to everything we do. We do not compromise on ethics, we take the long road when needed, and we always do the right thing.

Service

We serve the long-term interests of our clients, our investors, and our broader community.



**SUSTAINABILITY
ACCOUNTING STANDARDS
BOARD (SASB) FRAMEWORK**

Employee Diversity & Inclusion

FN-IB-330a.1/ FN-AC-330a.1

Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees

Gender Representation of Employees (%)

	Total	Female	Male	Not Disclosed
Executive Management	2	0%	100%	-
Non-Executive Management	1	0%	100%	-
Professionals	4	75%	25%	-
All Other Employees	-	-	-	-

Information on the racial/ ethnic groups of our employees is not relevant. Our employees represent diverse backgrounds, coming from 7 countries.

Business Ethics

FN-IB-510a.1/ FN-AC-510a.1

Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations

Zero.

FN-IB-510a.2/ FN-AC-510a.2

Description of whistle-blower policies and procedures

The Firm is incorporated in the Dubai International Financial Centre (DIFC) and is regulated by the Dubai Financial Services Authority (DFSA). In line with DFSA's Whistleblowing Regime, Badwa Capital has developed Whistleblowing Policies and Procedures, which apply to all Badwa Capital's members of staff. Under this policy, all concerns are primarily raised via email to the Compliance Officer. In extremely serious cases, or those that involve the Compliance Officer, the employee may contact the CEO or the DFSA directly.

Professional Integrity

FN-IB-510b.1/ FN-AC-270a.1

(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints private civil litigations, or other regulatory proceedings

Zero.

FN-IB-510b.2

Number of mediation and arbitration cases associated with professional integrity, including duty of care, by party

Zero.

FN-IB-510b.3

Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care

Zero.

FN-IB-510b.4

Description of approach to ensuring professional integrity, including duty of care

We are committed to the highest standards of business conduct in our relationships with each other and with our clients. Badwa Capital applies the principles set out by the DFSA in its compliance manual, which includes, but is not limited to, integrity, market conduct, conflicts of interest, suitability, reasonable care of our clients' interests, and compliance with high standards of corporate governance. Employees participate in annual compliance trainings, which cover the contents of the compliance manual. In addition, employees sign an annual declaration stating the disclosure of any personal interests, personal trading accounts and any conflicts of interest.

Incorporation of Environmental, Social, and Governance Factors in Investment Banking & Brokerage Activities

FN-IB-410a.1

Revenue from (1) underwriting, (2) advisory, and (3) securitization transactions incorporating integration of environmental, social, and governance (ESG) factors, by industry

Badwa Capital does not classify advisory revenues according to ESG factors.

FN-IB-410a.2

(1) Number and (2) total value of investments and loans incorporating integration of environmental, social, and governance (ESG) factors, by industry

Badwa Capital has incorporated integration of ESG factors in 1 investment for an undisclosed amount within an investment fund managed by the Firm. This investment falls under Subsector 456: Health and Personal Care Retailer as classified by the North American Industry Classification System (NAICS).

FN-IB-410a.3

Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment banking and brokerage activities

Badwa Capital recognizes that businesses in our region are shifting their strategies to align with the global energy transition. We are ready to support our clients by advising on strategic transactions that could help achieve their ESG goals.

Systematic Risk Management

FN-IB-550a.1

Global Systemically Important Bank (G-SIB) score, by category

Badwa Capital is not a G-SIB, and therefore does not track this metric.

FN-IB-550a.2

Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities

Badwa Capital is not a G-SIB, and therefore this does not apply.

Employee Incentives & Risk Taking

FN-IB-550b.1

Percentage of total remuneration that is variable for Material Risk Takers (MRTs)

We implement a remuneration structure and strategies which are well aligned with the long-term interests of the Firm, and are appropriate to the nature, scale, and complexity of our business. We have 3 employees classified as MRTs at the firm, for which the average variable remuneration is 83%.

FN-IB-550b.1

Percentage of variable remuneration of Material Risk Takers (MRTs) to which malus or clawback provisions were applied

No malus or clawback provisions were applied.

FN-IB-550b.3

Discussion of policies around supervision, control, and validation of traders' pricing of Level 3 assets and liabilities

Not applicable. Badwa Capital does not engage in trading as part of its business

Transparent Information & Fair Advice for Customers

FN-AC-270a.2

Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers

Zero.

FN-AC-270a.3

Description of approach to informing customers about products and services

When communicating with clients about our investment services and products, we are subject to strict marketing and financial promotions regulations. These form an integral part of our internal policies and procedures, which require our marketing to be clear, fair, and not misleading. We also include all key facts, assumptions, and appropriate warnings in relation to the underlying service or investment. Any marketing material prepared by the firm is reviewed by our compliance officer.

Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory

FN-AC-410a.1

Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening

100% of our investments have integrated ESG factors in their investment decisions.

FN-AC-410a.2

Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies

Badwa Capital's investment process integrates the use of an ESG framework (included in the Sustainability Policy) to register and assess ESG risks and concerns, which is then used as the basis for discussion in investment committee meetings. Badwa Capital has a strict exclusionary policy for all non-Sharia compliant companies², and makes a proactive effort to support industries whose operations and business models actively address societal and environmental challenges.

FN-AC-410a.3

Description of proxy voting and investee engagement policies and procedures

This does not apply as Badwa Capital does not have any publicly listed investments. For private portfolio companies, Badwa Capital seeks to add value to the businesses in which it invests by leveraging its extensive experience and network, offering value-add initiatives which include, but are not limited to follow-on capital, business expansion, financing, add-on acquisitions and exit opportunities, all in a manner which is in-line with our sustainability goals.

² Non-Sharia compliant companies include those primarily focused on alcohol, tobacco, drugs, usury, gambling, pornography, and pork products



SUSTAINABILITY HIGHLIGHTS - EYEWA

We promote the inclusion of sustainability principles in our portfolio companies' business operations. This year, we highlight the positive sustainability contributions of Eyewa, a fast-growing omni-channel eyewear retailer in the Middle East. Eyewa sells sunglasses, eyeglasses, and contact lenses through its website, its mobile application, and its network of brick-and-mortar stores across 18 cities in 4 countries.



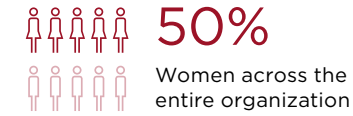
Reducing environmental impact

This year, the Eyewa team partnered with YES Full Circle Waste Collection & Treatment LLC in the UAE to implement a recycling program that repurposes used plastic demo lenses. After shredding the lenses with high-capacity shredding machines, the material is either transformed into new products or used as Refuse Derived Fuel (RDF), which is a sustainable alternative to fossil fuels. Eyewa's last recycling round processed over 5,500 pairs of demo glasses, which would have ordinarily gone to landfill. The Eyewa team aims to roll this program out across all their facilities this year.



Increasing access to eyecare

Eyewa aims to make proper eyecare more publicly accessible in the markets in which it operates. Last year, they provided approximately 50,000 free eye exams across their stores, and this year they are on track to deliver 100,000+ prescription eyeglasses to their customers (with eyeglasses priced between AED 300-1,300). Additionally, Eyewa's store network is able to reach 90% of the population in its markets to provide eye test and eyeglass services.



Fostering an inclusive workplace

Eyewa has been growing its team over the last few years, and currently employs 732 people across 4 countries. Eyewa has achieved recognition for its great workplace culture and employee satisfaction, most recently being certified as a Great Place to Work® across all countries of operations. Eyewa is committed to gender diversity, with over 50% of women in their overall team, and c. 60% women in their functional team. In particular, the Saudi operations is considered one of the preferred employers in the retail sector, with over 60% women in the retail team..

Giving back to the community

This year, Eyewa partnered with the King Faisal Specialist Hospital & Research Centre in Riyadh to educate the public and increase awareness of childhood vision problems. In addition, their team partnered with Emirates Red Crescent to participate in food and clothes donation programs during the Holy Month of Ramadan. After the devastating earthquake in Syria and Turkey, Eyewa employees came together to raise \$16,000 as well as other essential items, which were donated to the impacted communities.

Future initiatives

Eyewa is continuously adapting the way they work to better serve the communities in which it operates. Some initiatives that will be implemented in the coming year include increasing the share of recyclable materials in their packaging, offering Click and Collect options to minimize last-mile delivery, and ensuring and reporting data privacy and security standards.

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