

INVESTING FOR IMPACT

Integrated
Annual Report
2023



We are a values-driven investor guided by stewardship, integrity, and a commitment to impactful partnerships. **Our focus on Shariah-compliant investments, sustainability, and collaborative growth positions us as the partner of choice** for those seeking prosperity across generations.



Partners in Prosperity

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<https://annualreview.sedco.com/>

ABOUT THE REPORT



We are proud to present SEDCO Holding's first Integrated Report. This report covers the 12-month period from 1 January to 31 December 2023. The integrated report presents a holistic review of SEDCO's business and sustainability performance in 2023. The Report discusses how transformation, investment strategies, governance measures, and operational developments are creating value for shareholders, employees, partners, communities, and the Kingdom.

Page 21 details our overarching LEAP strategy and the unique way we do business to create social impact and sustainable outcomes for all.

Pages 26 to 51 constitutes a comprehensive review of our impact through domestic investments and targeted social and environmental programs. Pages 58 to 61 presents a report on SEDCO's experienced team and dynamic corporate culture, while pages 52 to 57 detail developments with our operations and business units.

SEDCO's commitment to ethics and good governance is presented via the Our Ethic section on page 62.

REPORTING JOURNEY

As part of SEDCO's sustainability journey and commitment to transparency and accountability, we continue to improve our standards of corporate reporting and disclosure.

Publication of our first Integrated Report involves significant improvements in data collection, validation, and presentation – providing clearer insights into SEDCO's transformative strategy, operational performance, sustainability efforts, and broader impact across the Kingdom.

INTEGRATED ANNUAL REPORT 2023

First Integrated Report

- Reporting against GRI and SASB indicators
- Alignment with International <IR> Framework and Tadawul ESG guidelines
- Progress toward incorporation of CMA guidelines for governance disclosure



ANNUAL REVIEW 2022 SUSTAINABILITY REPORT 2022

Maturing Sustainability Reporting

- Third-party review and certification of essential ESG disclosures by GRI



ANNUAL REVIEW 2021 SUSTAINABILITY REPORT 2021

First Sustainability Report

- Introduction of ESG disclosures via GRI Standards

REPORTING SCOPE AND BOUNDARY

The scope and boundary of this report focuses on SEDCO Holding, with a detailed review of the Company's strategies, operations, sustainability initiatives, and governance framework.

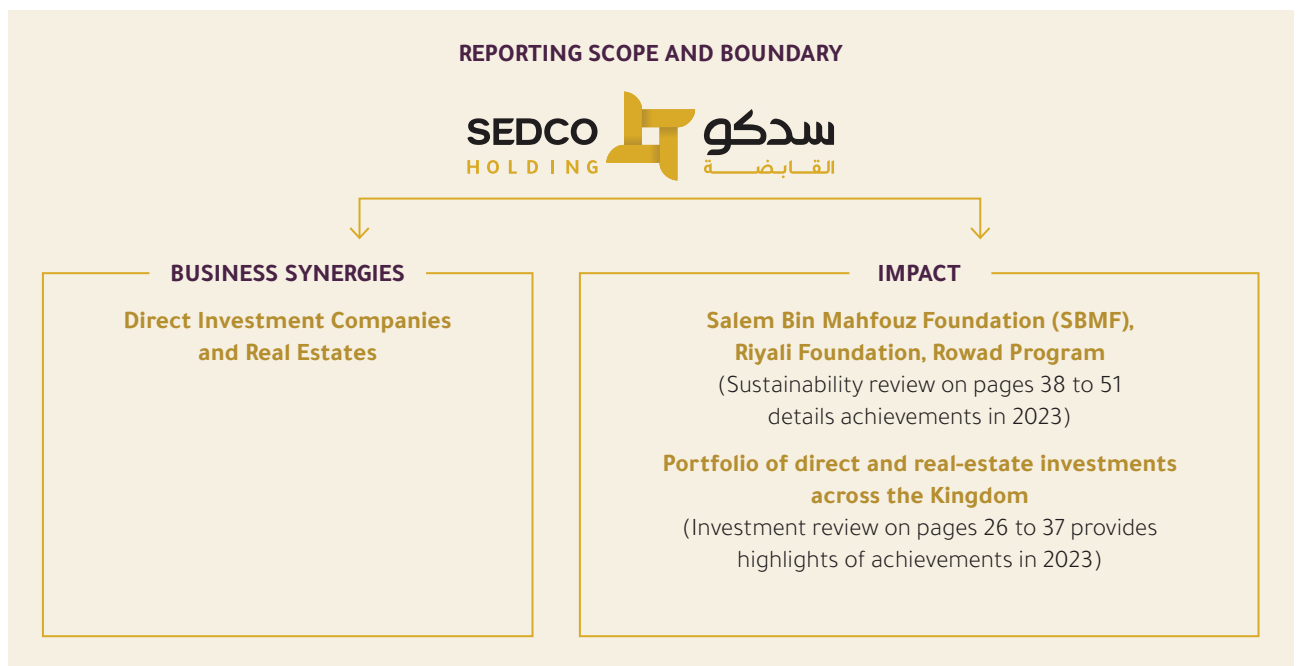
Additionally, in line with our ethos of value creation and ambition to build prosperity for generations to come, we explore SEDCO's far-reaching impact in the Kingdom of Saudi Arabia.

The Report discusses SEDCO Holding's synergistic interactions with subsidiaries and affiliate companies; induced impact through an investment portfolio consisting of industry-leading Saudi businesses and innovative real-estate initiatives; and contribution to community development through the Salem Bin Mahfouz Foundation (SBMF), Riyali Foundation, and Rowad program.

COMMENTS AND FEEDBACK

We welcome your feedback on the structure and contents of this report. Please direct any comments to the Corporate Communications and Sustainability team through

SEDCO Holding Communications
communication@sedco.com



HIGHLIGHTS

Partners in Prosperity



Riyadh Expansion Success

The successful launch of SEDCO Holding's Riyadh office, positioning SEDCO for strategic growth in the capital.

Investments in New Asset Classes

Bold diversification into new asset classes with investments and deployment in Jamjoom Pharma, in the healthcare sector, and the logistics sector.



Strengthening The Education Sector

Forged a partnership with Andalus Education Company, integrating Yusr International School into their network. This collaboration positions SEDCO for future growth within the industry.



Commitment to Sustainability

SEDCO secures first MSCI rating reflecting the success of ESG strategy implementation and reporting aligned with GRI standards.



Investor Relations Established

Established a dedicated Investor Relations function, demonstrating commitment to proactive shareholder engagement.



New Hotels

Elaf Group officially opens Joudyan Red Sea Mall Hotel, Joudyan Olaya Riyadh, and a new hotel in Madinah.



Governance Framework Strengthened

Reinforced commitment to robust corporate governance by updating the Corporate Governance Manual, Delegation of Authority, Corporate Policies, and By-laws to align with new Saudi regulations. These updates ensure compliance and alignment with evolving best practices, and strengthen SEDCO's decision-making frameworks.

Family Business Leadership

Ranked eighth on Forbes' list of the top 100 Arab family businesses for 2023.

CHAIRMAN'S STATEMENT

In 2023, we completed significant real estate projects and made **our first direct investments in logistics and healthcare.**



In 2023, we continued our journey towards strategic financial investment under our key pillars – domestic investment and real estate. We made substantial headway in each pillar while holding true to the values that have informed our journey over four and a half decades.

Our renewed focus as an active financial investor saw a renewed focus on creating shareholder value while aligning with development opportunities in key sectors within the Kingdom. We completed significant real estate projects and made our first public direct investments in logistics and healthcare companies.

Sustainability has been a core value at SEDCO Holding since inception. We took the next step along our sustainability journey by formally adopting an Environmental, Social and Governance (ESG) framework and receiving a rating from MSCI. We also published formal sustainability reports for previous years, codifying the values and ethics built deep into our organizational culture and investment processes. Our community values were once again evident as our team members offered volunteering hours to good causes under our Badir program, with their efforts recognized as SEDCO won the National Award for Volunteer Work for the second straight year.

We pursued plans for a new Riyadh office, signalling SEDCO's determination to continue its expansion and explore new opportunities. The new office is situated in the heart of the King Abdullah Financial District (KAFFD) and will become a mainstay of our operations in the Kingdom's capital city.

People remain SEDCO's most important asset. We are constantly investing in their well-being, skills and training, and were once again certified as a Great Place to Work in Saudi Arabia.

On behalf of our shareholders and Board of Directors, I thank the Custodian of the Two Holy Mosques; the Crown Prince and Prime Minister; and all government ministers for their wise counsel and guidance. I also gratefully acknowledge our shareholders for supporting the SEDCO Holding Board and executive team as we explore new directions in line with our values.

The Board demonstrated far-sightedness in guiding us through a pivotal year with major achievements. Our executive team's willingness to embrace and implement change was also exceptional. Under their collective stewardship, we enter 2024 in a strong position. I thank them, and all members of the SEDCO Holding team, for their commitment to further strengthening our business.

Saleh Salem BinMahfouz

Chairman

CHIEF EXECUTIVE OFFICER'S MESSAGE

Our LEAP strategy

has enhanced shareholder communication, robust Investor Relations function, and a revamped investment strategy.



As we reflect on the transformative journey of SEDCO Holding over the past year, I am filled with profound gratitude and pride in what we have accomplished together.

The milestones achieved during 2023 stands as a hallmark of our sustained commitment to ethical and sustainable investing that drives prosperity for generations to come.

We have maintained our strategic trajectory and furthered our transition strategically from operational roles to becoming an active financial investor, focusing on crafting a well-balanced portfolio that optimises income generation and growth. Our transformation has been rooted in our LEAP strategy, which has propelled us towards enhancing shareholder communication, developing a robust Investor Relations function, and revamping our investment strategy, leading to us diversifying our investments within the Kingdom. The inauguration of our new office in Riyadh marks a milestone in this expansion, opening doors to new partnerships aligned with the national interest.

By keeping our focus in key sectors that are in alignment with the Kingdom's Vision 2030 we have contributed further economic development. Notably, our investment in Jamjoom Pharma during its IPO underscores our dedication to enhancing the Kingdom's healthcare sector, while the strategic integration of Yusr International School with Andalus Education symbolized our drive for excellence in the educational sector. Moreover, the groundbreaking of The Point in Abha heralds our renewed focus on the real estate sector, promising to bring a vitality to this foundational pillar of our business.

We are poised to continue this upward trajectory, with our strategic emphasis on our workforce's capabilities ensures that we continue to harness fresh ideas and innovation

through comprehensive training and development programs. As a testament to our organizational culture and the commitment of our team, we are proud to be recognized Great Place to Work certified organization for the tenth consecutive year.

On behalf of my management colleagues, I would like to express appreciation to the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud; and HRH Prince Mohammed bin Salman bin Abdulaziz, Crown Prince and Prime Minister, for their visionary leadership, valuable guidance and balanced approach to achieve Saudi Vision 2030 goals, laying the foundations of success for the future.

I also wish to extend my heartfelt gratitude to our remarkable team, whose dedication has been the bedrock of SEDCO's performance. To our esteemed Board of Directors, thank you for your visionary guidance, and to our shareholders, your continued trust and support have been the driving force behind our accomplishments.

As we begin 2024, we are preparing to embark on a new journey celebrating and learning from all that has come to pass. With confidence in our team, we are excited to see how SEDCO will be propelled to even greater success this year.

Rayyan Nagadi

Chief Executive Officer

WHO WE ARE

SEDCO stands out for its exemplary corporate governance, industry-leading expertise, and operational excellence. Recognized as a frontrunner in the industry, we continue to be the preferred partner of choice.





INTRODUCING SEDCO HOLDING

OUR HISTORY

Established in 1976, SEDCO has consistently played a pivotal role in fostering economic growth within Saudi Arabia. Over nearly fifty years, SEDCO has been instrumental in supporting local businesses and enhancing community development. Our strategic investments have contributed to the Kingdom's economic diversification, through portfolio companies that have emerged as frontrunners in vital industry segments.

As we approach the significant milestone of fifty years, we continue to build on our illustrious past and the pioneering endeavours of our founders.



1976

Saudi Economic and Development Company (SEDCO) founded by the late Sheikh Salem Ahmed BinMahfouz.

1981

Establishment of AutoWorld, a pioneer in the field of operational lease and vehicle maintenance.



2012

Launch of the **Riyali** financial literacy program, which was awarded the Makkah Excellence Award for Social Responsibility.



2009

Restructuring of SEDCO Holding and launch of **SEDCO Development**. Obtaining a CMA license to create asset manager **SEDCO Capital**.

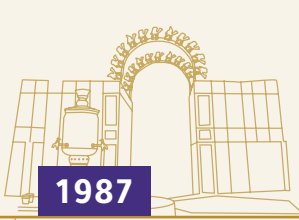
2015

Acquisition of a stake in men's apparel brand **AlShiaka**.



2017

Acquisition of a 50% stake in **Yusr** International Schools (YIS).



1987

Al Mahmal Center, one of Jeddah's first malls and a well-known landmark, opens its doors.



1996

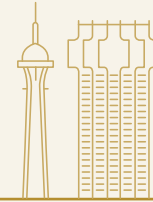
Establishment of **Elaf Group**, a leader in travel, tourism and hospitality.



إنتماء
Intimaa

1997

Founding of **Intimaa**, provider of a full-spectrum of real estate services in Saudi Arabia.



2007

Opening of **Red Sea Mall**, Jeddah's biggest mall and one of the Kingdom's premier retail experiences. The property includes the Headquarters of SEDCO Holding Group and Elaf Group's first hotel in Jeddah.



2004

Establishment of **Al Mahmal Development Company**, a property manager and developer.
Appointment of the first Chief Executive Officer from outside the family to promote the principles of corporate governance; a tradition which is followed to date.



2003

Acquisition of 50% ownership interest in **Al-Nahdi** pharmaceuticals, which has grown to become the Kingdom's leading pharmacy chain.

LEAP

SEDCO HOLDING سدكو القابضة

2022

- Transformative **LEAP strategy** launched; marking SEDCO's transition to the role of financial investor
- Full divestment of SEDCO's stake in **Ejada**, one of Saudi Arabia's largest IT solutions and services companies.
- Partial exit of **Nahdi Medical Company**, through one of

- Saudi Arabia's largest private IPOs on record and the Kingdom's largest IPO since Aramco.
- Sale of Arabian Entertainment Company (**Tarfeeh**), which operates 17 restaurants in the Kingdom and is the local franchisee for Applebee's.



2023

- Partnership with **Andalus Education Company**.
- Launch of **Rowad**, a financial management education program for entrepreneurs.
- Opening of new office in Riyadh.
- First cornerstone investment in the Saudi Main Market in **Jamjoom Pharma**.

DRIVING PROSPERITY FOR GENERATIONS TO COME

We continue to actively seek investment opportunities that spur real economic growth and social development in the Kingdom. We invest in dynamic markets and crucial sectors that are integral to sustainable growth and prosperity.



SEDCO stands out for its exemplary corporate governance, industry-leading expertise, and operational excellence. Recognised as a frontrunner in the industry, we continue to be the preferred partner of choice.

OUR EVOLUTION

Our future involves a shift from operational roles to become an active financial investor with a mindset to create prosperity for generations to come. We will curate balanced portfolios comprising a mix of income-generating assets and those that offer high growth potential. We aspire to be collaborative partners in the pursuit of success, consistently delivering shared value to our stakeholders.

A mission to create value

- ✔ Our mission is to achieve maximum value through focused investments and partnerships in Shariah-compliant local and global markets, while maintaining the highest corporate governance standards, and incorporating sustainability into initiatives driving economic and social impact.

Sustainability at our heart

- ✔ We aim to create tangible social impact and sustainable positive outcomes for our stakeholders and the Kingdom. Sustainability as a core value is reflected in our business ethics, integrity, transparency, and accountability.

Our values

Stewardship

- ✔ We are responsible stewards of our shareholders' resources, balancing the risk-reward profile of our investments and adopting an investor mindset in everything we do.

Partnership mindset

- ✔ We strive to be a partner of choice given our professionalism and commitment to mutually beneficial outcomes.

Integrity

- ✔ We will always act with courage and conviction as we strive, without exception, to do the right thing in line with our moral values.

People orientation

- ✔ We focus on our people, provide professional and career development opportunities, and reward effective performance.

Impact

- ✔ We are guided by an overarching goal to create tangible impact and sustainable outcomes that have a positive impact on our country and local communities.

SEDCO Holding is a leading Saudi ethical and sustainable investor with a track record of excellence dating back more than 48 years.



Great Place to Work
Certified 2022-2023



Forbes Top 100 Arab Family Businesses
Ranked #8



Human Resources and Social Development

Ministry of Human Resources and Social Development

National Award
for Volunteering

Winner: Empowerment in volunteering Category, Badir



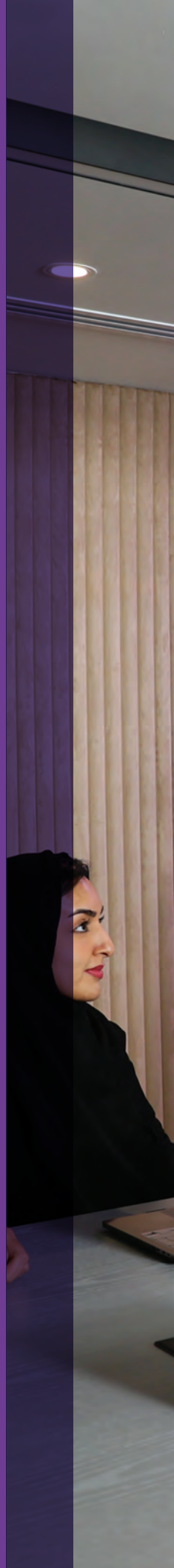
Gulf Sustainability Awards

Gold: Best Sustainable Education and Awareness Programme, Riyali

Silver: Best Corporate Social Responsibility Initiatives category, Badir

STRATEGIC DIRECTION

Our strategic direction powers the Company's transition away from operational roles to that of an active financial investor and partner. It also encapsulates our values and aspirations: to generate tangible social impact and facilitate long-term positive outcomes for our shareholders, partners, communities, and nation.



SEDCO Holding



To Evolve

Evolution is a redefined legacy, value framework, and those rooted in a deep

To Impact

Transforming generations to support our future investing in our strengthening operational promoting stewardship and network, while upholding our long-standing commitment to accountability and ethical business conduct.

To Sustain

Bringing to bear our pillars: Direct investment An evolved approach new asset classes with diversification, positive while delivering superior returns.



Welcome to
SEDCO Holdings

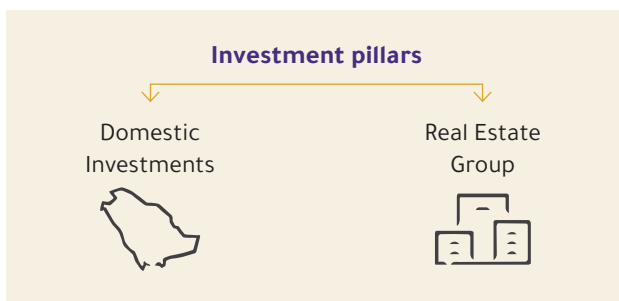
LEAP

STRATEGY REVIEW



SEDCO Holding’s LEAP strategy, deployed in 2022, marks a transformative shift as the company evolves to move away from operational roles to an active financial investor. This evolution involves a number of changes throughout the SEDCO Holding; from our investment strategies and business model, to our organization structure, teams, and corporate governance. Above all this, it entails a mindset shift as we create prosperity for generations to come.

Building on our proven success in investing in Saudi businesses that have risen to industry leadership, we are refining our focus to concentrate on two core pillars: Domestic Investments and Real Estate Group Investments.



We will continue to employ a long-term balanced approach to our capital expenditure. Undertaking strategic and well-timed divestments which will play a crucial role in funding new deployments, while ensuring consistent returns to our shareholders. As we step into our role as an active financial investor, we aim to expand into new asset classes, and curate diversified and stable portfolios comprising a balance of income-generating assets and those with substantial growth potential. Throughout, we will act as partners in prosperity: creating shared value for stakeholders in our focus areas by bringing valuable resources and industry-leading expertise to the table.

Our strategy is a milestone in our journey to better serve our stakeholders and align with opportunities in the Kingdom and the wider economy.



Business strategy

Guiding our evolution is a redefined business strategy, value framework, and sense of purpose rooted in a deep understanding of the Saudi market. This reflects our commitment to dynamism and agility in an ever-changing business landscape.

Active financial investor mindset

Our active financial investor mindset enables us to invest in highly selective and sustainable endeavours as we transition from operational roles to explore new asset classes and make strategic plays to leverage emerging opportunities.

Performance-driven culture

Transforming our operations to support our evolution. We are investing in our capabilities, strengthening operational efficiency, promoting stewardship and teamwork, while upholding our long-standing commitment to accountability and ethical business conduct.

Strategic contributor to the Kingdom and Vision 2030

We continue to be aligned with Vision 2030: Strategic investment plays a supporting role in the Kingdom's development. As the transformation of the Kingdom's socioeconomic landscape accelerates, we strive to stay ahead of changes and adapt our strategies accordingly.

World-class investment expertise

Bringing to bear our expertise in two core pillars: Domestic investments and Real Estate. An evolved approach will see us expand into new asset classes with greater diversification, positioning us for growth while delivering superior and sustainable returns.

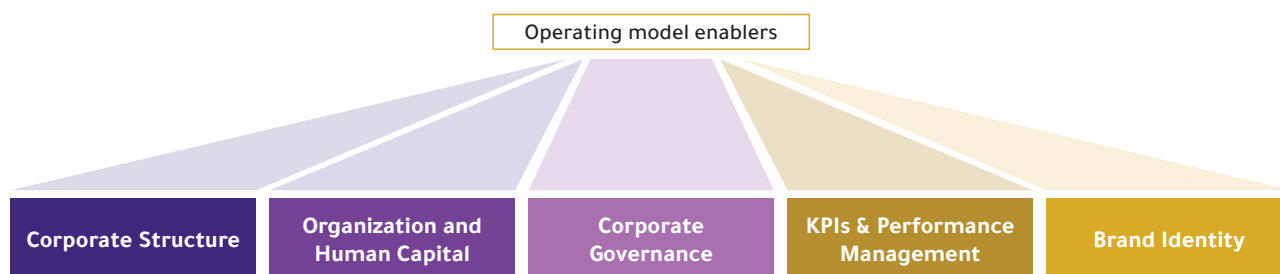
Sustainability to enhance prosperity

We aspire to create tangible social impact and positive outcomes for our teams, communities, and nation. Sustainability is a core value, underscoring our commitment to business ethics, integrity, and transparency, forming the essence of our Company.

HOW WE ARE EVOLVING: OUR STRATEGIC ENABLERS

Implementation of a strategic direction

requires evolution of our operating model to ensure success.



CORPORATE STRUCTURE

To align our corporate structure with the new strategic direction, we are fostering greater integration and agility across our organization. This includes centralising investment capabilities into unified functions and establishing new roles to streamline reporting and management.

Progress made by our strategic business units and changes to our corporate structure are reviewed in the Corporate Governance report, on page 62, and through discussions around Our Team on page 58.

ORGANIZATION AND HUMAN CAPITAL

We are bolstering the capacity of our investment teams and realizing significant gains from SEDCO's strategic shift. Bringing an investor mindset to all that we do, we are managing two distinct, at-scale asset pools with unique approaches and targets.

A comprehensive review of SEDCO's investment portfolio coupled with our social and environmental impact, beginning on page 26, presents a picture of our organisational setup around asset pool focus, investment objectives, and sustainability ambitions. A review of our Human Capital, on page 60, describes how we continue to strengthen capacity in our chosen sectors to ensure best-of-breed investment capabilities.

CORPORATE GOVERNANCE

To ensure that our governance framework aligns with that of a financial investor, the Management Investment Committee will evolve and the Governance Manual will be updated to reflect changes in our organizational and operating models.

The Corporate Governance report on page 62 details our ongoing commitment to ethics and good governance, and progress made during the year.

KPI'S AND PERFORMANCE MANAGEMENT

Ensuring vertical alignment and horizontal consistency, we have established strategic Key Performance Indicators (KPIs) from the CEO level, and cascaded down to our operational functions; aligning them with our transformational strategy.

Actions to deliver our strategy at an operational level and developments to our performance-driven culture, are explored in the discussions on Human Capital, on page 60.

BRAND IDENTITY

From the activation of our values to enhancing SEDCO's corporate communications and sustainability efforts, we are effectively engaging with our stakeholders and reinforcing our brand identity as a leading Sharia-compliant financial investor.

Alongside the performance of our strategic business units, our approach to engaging stakeholders is discussed on page 41. Together, these detail our progress in strengthening SEDCO's brand identity.

TRACKING OUR PROGRESS

In 2023, several changes were approved, initiatives were completed, and other projects were launched in line with our LEAP strategy. Progress against our major initiatives is summarised below:

LEAP
TO EVOLVE
Charting the future

Projects focused on strategies and policies.

Initiative	Key objective	Status
Set up of new Domestic Investment Policy	A detailed policy for domestic investment built on dividends, monetization initiatives, and investments.	Completed 100%
Development of new IT Strategy	Identify critical success capabilities, map utilization, revamp policies and procedures, and execute the vision.	Ongoing 95%
Establishment of new Real Estate vision, strategy, and business	Implement the approved real estate strategy; perform a baseline assessment of assets portfolio; and define the optimal strategic direction.	Ongoing 95%
Revamp of our total rewards strategy	Revamp of our total rewards strategy	Upcoming

LEAP
TO DELIVER
Gearing for excellence

Projects that require on-ground team and resource deployment.

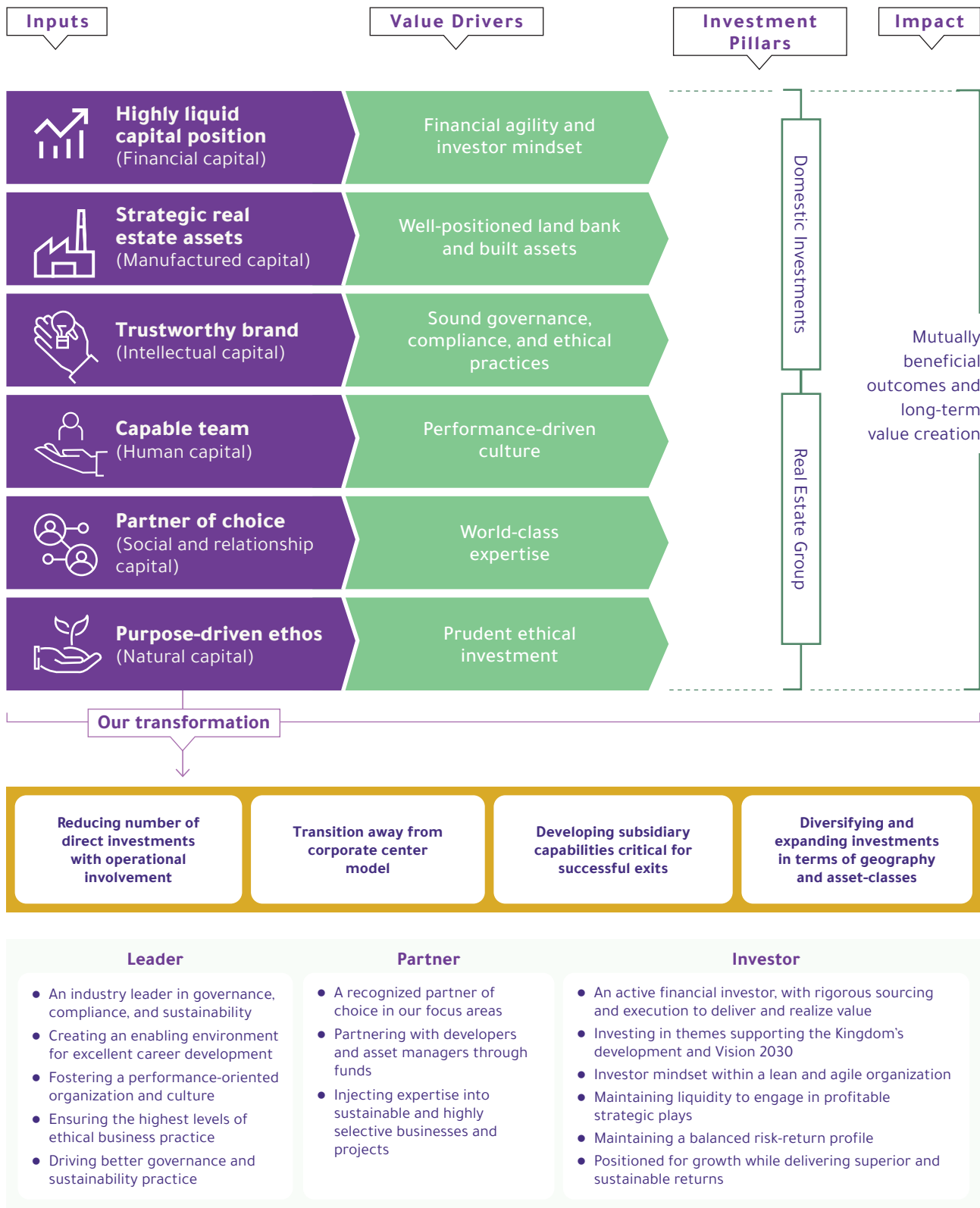
Initiative	Key objective	Status
Renovation of our Jeddah office	Upgrade and harmonize aesthetics of office spaces with the broader vision, values, culture, and branding of the Company.	Completed 100%
Launch of our Riyadh office and operations	Establish a presence in Riyadh to increase investments and initiate new partnership opportunities.	Completed 100%
Business Intelligence (BI) dashboard and tools for Board and Executive Management	Update the management reporting hierarchy and create new dashboards for the CEO and Board.	Completed 100%
Public Equity Statement	Create a policy for guidance on investment in publicly listed securities in Saudi Arabia including IPO investment guidance.	Completed 100%

LEAP
TO SUSTAIN
Sustainable trajectory

Projects related to governance practices, continuity and ESG.

Initiative	Key objective	Status
Update of by-laws and alignment with new regulations	Ensure compliance with new companies' by laws and update all relevant legal documents.	Completed 100%
Governance, Risk and Compliance developments	Review and update Corporate Governance (CG) framework, Enterprise Risk Management (ERM), compliance framework, and procurement.	Completed 100%
Reporting against GRI and set up of high-level ESG strategy	Develop a 2022 sustainability report; rate SEDCO on MSCI ESG Index; develop high-level ESG strategy for 2023; and conduct ESG workshops.	Completed 100%

AN EVOLVING BUSINESS MODEL





INVESTMENT IMPACT

Our investments are aligned with the Kingdom's development through SEDCO's investment themes, strategic plays, and focus on priority sectors.



LEAP
TO EVOLVE

LE

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DOMESTIC INVESTMENT

For nearly half a century,
SEDCO has been empowering local
businesses and communities, propelling
them toward prosperity.

PORTFOLIO

DIRECT INVESTMENTS

Publicly listed securities in KSA's Main Market (Tadawul) and successful private companies in key sectors aligned with Saudi Vision 2030 and SEDCO's strategy.

Nahdi Medical Company



The region's leading pharmacy chain, listed on the Saudi Exchange in 2022.

Acquired 2003 (50%)

Jamjoom Pharma



One of the fastest-growing pharmaceutical companies in MENA, which recently completed KSA's biggest IPO of 2023.

Financial investment

Shariah-compliant bonds (Sukuk)

Sovereign fixed income securities issued by the Saudi Government or secondary market offerings through primary dealers elected by the NDMC.

Financial investment

AutoWorld



A wholly-owned subsidiary that is a pioneer in the field of operational lease and car maintenance.

Established – 1981

SEDCO Capital



Regulated asset management subsidiary, functioning as a stand-alone entity providing Shariah-compliant, ESG-led asset management and investment advisory.

Established – 2009

Elaf Group



Market-leader in travel, tourism, and hospitality; wholly owned by SEDCO Holding.

Established – 1981

Al Mahmal Facilities



Facilities management specialist also offering engineering and other services.

Established – 1988



Dar Al Fouad Hospital



Tertiary healthcare institution specializing in cardiology and oncology.

Acquired – 2006

AlAndalus



The largest K12 educational group in the Western Province with more than ten educational complexes in seven cities.

Acquired – 2023

Arabian Farms



A premier egg producer that has expanded into other poultry products as well.

Acquired – 1978

AlShiaka



Leading manufacturer and retailer of traditional ready-made thobes.

Acquired – 2015

INDIRECT INVESTMENTS

Investing with local fund and asset managers, such as in domestic Discretionary Portfolio Management (DPM), venture capital, and private equity funds targeting IT, logistics, and other sectors.

Domestic Investment



In 2023, SEDCO's domestic investment position spans a diverse range of sectors, company sizes, and asset-classes; including direct investments in public and private companies, and indirect investments, new deployments in Discretionary Portfolio Managed public equities, Shariah-compliant bonds (Sukuk), and Private Equity/Venture Capital funds.

For nearly half a century, SEDCO has been empowering local businesses and communities, propelling them toward prosperity. We are proud of our track-record; investing in leading Saudi companies in crucial industry sectors. Today, we continue to actively seek investment opportunities that spur real economic growth and social development in the Kingdom.

As we transition into an active financial investor role; we are refining our focus, exploring fresh domestic investment prospects, venturing into new asset classes, and defining clear performance metrics for our portfolio. We are sector-agnostic in our approach, while prioritizing focus-sectors such as healthcare, logistics, education, and hospitality; leveraging our existing exposure and embracing new sectors where strategic opportunities beckon. This shift underscores our dynamic stance as we navigate the evolving investment landscape and contribute to the unfolding narrative of economic growth and diversification in Saudi Arabia.

Throughout this evolution, our commitment to fostering economic growth and societal advancement remains unwavering. We will continue to work with premier, like-minded partners; cementing alliances that will enhance our portfolio and ultimately fortify our engagement with the Kingdom's economic trajectory.

True to our values

Our investments are resonant with the core values that define our company; ensuring we invest wisely and for the long-term, with the best interests of the Kingdom and our shareholders at heart.

SEDCO's Investment Policy Statement (IPS) serves as the guiding framework for every investment decision we make; clearly outlining criteria such as preferred sectors/themes, asset classes, ticket sizes, expected returns, equity interests, and levels of engagement.

Exhaustive due diligence on potential opportunities is a vital process within our investment strategy. Rigorous background checks, coupled with financial, legal, and commercial assessments, ensure any investments not only align with our financial objectives but also mirror our deeply ingrained commitment to sustainability, transparency, accountability, and ethical business practice. Regular performance reviews of our investments provide ongoing monitoring and scrutiny to maintain compliance with regulations and consistency with our goals and values.

12.5%

Stake in AIAndalus

Through a share swap exchanging SEDCO's ownership in Yusr.

Fueling our investments

SEDCO's finance function supports the primary investment pillars: Domestic Investment and Real Estate Group, ensuring sufficient liquidity for operations and enabling timely deployments that are fundamental to our engagements as an active financial investor. Strengthening these efforts, a strategic financing plan is being developed for new investments: involving the establishment of bank facilities allocated to each portfolio and leveraging current assets as collateral to minimize the cost of financing.

We achieve dynamic and highly effective liquidity management by optimizing cash flows, proactively borrowing against liquid assets in the portfolio, and generating returns from Murabaha deposits and sovereign sukuk.

Priority sectors



Healthcare



Education



Hospitality and tourism



Logistics



Asset management



Facilities management



Other
(Agriculture, retail, and food processing)

DOMESTIC INVESTMENT HIGHLIGHTS 2023



Our Domestic investment portfolio witnessed strong growth in 2023 through additional investments as well as robust value creation from existing and new investments. Funds deployed during the year strengthened our efforts at diversification and developed our portfolio in line with business goals.

After approval of SEDCO's Public Equity investment policy in late 2022, we re-initiated targeted direct equity investments in 2023 with the execution of a novel open-market share accumulation strategy in the Saudi main market.

- ✓ SEDCO's first cornerstone investment in the Saudi Main Market, of around SAR 210 Mn, in **Jamjoom Pharma**. Subscription to 3.49 million shares at the IPO, making SEDCO its single largest institutional investor. Jamjoom's listing was Saudi Arabia's biggest IPO of 2023 and SEDCO's investment has since doubled in value.
- ✓ Share swap transaction involving exchange of SEDCO's 100% ownership in Yusr International School (Yusr) for a minority stake in AIAndalus Educational Company (**AIAndalus**), the largest K12 educational group in the Western Province with more than 10 educational complexes across seven cities, boasting a track record stretching back to 1984. SEDCO Holding comes in as an institutional partner with resources and strategic expertise to ready the brand for a potential IPO in the medium term, in line with Andalus Education Company's growth trajectory to expand and capitalize on educational sector opportunities in the Kingdom. SEDCO's CIO for DI serves on the Board for AIAndalus.

SEDCO Capital completes second capital increase raising an additional SAR 600 Mn to acquire Atelier La Vie.

- ✓ Expansion into new asset classes (PE and VC funds), through the Saudi Healthcare Opportunities Fund.
- ✓ Continued investments in Discretionary Portfolio Managed (DPM) public equities and Sukuk. SEDCO's DPM investment program was approved and initiated in the fourth quarter of 2022.

PORTFOLIO HIGHLIGHTS 2023



Nahdi continues to expand in the healthcare sector, opening 5 Nahdi Care clinics during the year and targeting 7 clinics by the end of the first quarter of 2024. Nahdi's presence in the United Arab Emirates was also strengthened by opening 5 additional pharmacies in 2023, bringing the total number in the UAE to 12.



SEDCO Capital completed its second capital increase raising an additional SAR 600 Mn to acquire Atelier La Vie, a new and attractive addition to the SC REIT portfolio. The property is located in a premium location on King Abdulaziz Road in Jeddah.



إيلاف

Elaf celebrated the official opening of the Joudyan Red Sea Mall Hotel, a 5-star property with 132 rooms and 23 suites, in October 2023.



AlAndalus opened 2 new campuses, in Jeddah and Abha, during the academic year 2023/24.



Al Mahmal recorded strong performance and growth due to new contracts and change in revenue mix with relatively higher margin refurbishment and restoration work. An executive committee was also formed to oversee the company's strategic transformation.



DOMESTIC INVESTMENT OUTLOOK FOR 2024

Our domestic investments will continue to support Saudi Vision 2030 and the Kingdom's development through SEDCO's investment themes, strategic plays, and focus on priority sectors such as healthcare, hospitality, logistics, and education. Continued diversification of our portfolio to include new and varied asset classes will help achieve

a balance between improving returns and dividend distributions while effectively managing risks.

While continuously exploring M&A opportunities to enhance the growth and expansion of our portfolio companies, we will actively implement strategic options for private direct investments with the aim of reducing our level of involvement in operations.

REAL ESTATE GROUP

PORTFOLIO

LOCAL REAL ESTATE INVESTMENTS

Retail	
Red Sea Mall Jeddah's largest mixed-use retail development boasting a blend of local and international brands and a variety of cafes, restaurants, shops and entertainment.	
Al Balad Center	
Al Bawadi Center	
Tahlia Retail Plaza	
Al Mahmal Center a landmark shopping mall located in Al Balad, the historic district in Jeddah, which is classified as a UNESCO World Heritage site.	
	Residential
	Current residential assets in multiple cities across the Kingdom including a gated community in Al Khobar.
	Industrial
	Warehouses in Jeddah and Jizan.
	Strategic Land Bank
	Sizable land bank of prime assets located across the Kingdom with mixed-use development potential or long-leased to strategic tenants.

REGIONAL REAL ESTATE INVESTMENTS

Commercial buildings and land bank held directly or through fund managers across multiple countries outside of the Kingdom including Lebanon, UAE, Egypt, Bahrain, East Asia etc.

In keeping with SEDCO Holding's new strategic direction, the Company's Real Estate (RE) portfolio comprises three pillars - Investment, Development, and Asset Management.

With a shift towards the financial investor mindset, SEDCO Holding Real Estate Group (SHREG) takes a proactive approach in aligning RE initiatives with the overarching strategy and the objective of fulfilling a financial prerogative to shareholders.

SEDCO's Real Estate today encompasses a land bank portfolio (49%), built assets (26%), RE Private Equity (11%), and Real Estate Investment Trusts (REITs) through SEDCO's share in SEDCO Capital REIT. The built-assets portfolio boasts a strong position in the hospitality sector, followed by retail space, residential real-estate, and others.

REAL ESTATE HIGHLIGHTS 2023



The Company explored several key real estate investment transactions in 2023. Presently, we are in the final stages of concluding two further transactions that will reinforce the trajectory of RE projects into 2024/25, in line with our shift toward the role of a financial investor.

After receiving Board approval in 2023 to divest a large portion of the land portfolio classified as non-core, the Company commenced initiatives and explored opportunities for divestment that would enable and spur other RE projects in the following years. Placing an emphasis on cashflow generation, we have looked to recycle non-core assets through divestment into investment-generating opportunities and/or to develop core assets.



We are also setting up to incorporate infrastructure as a new asset class while analyzing potential for Public-Private-Partnerships and other evolving opportunities. Following the strategic decision to diversify beyond our dominant position in the Western region, the Company is focused on investments in Riyadh and other cities and in sectors poised for growth in the future.

Investment

- ✓ Growth of SEDCO Capital's Real Estate Investment Trust (REIT) in 2023, significantly benefited SEDCO's Real Estate portfolio.

Development

- ✓ **The Point** in Abha, a mixed-use development located on a land area over 75,000 sqm broke ground in mid-2023. It will comprise 250 hotel rooms and serviced apartments, 41 Food and Beverage (F&B) outlets, 150 retail establishments, healthcare, hypermarket capabilities, cinemas, a youth center, and public areas with water features and outdoor parks. The development is a joint venture between the Red Sea Markets for Real Estate Investments Asir, and the Tourism Development Fund (TDF). The Red Sea Markets Company operates as a subsidiary of SEDCO Holding. The project aligns with the Vision 2030 goals of boosting economic growth and positioning the Kingdom as a global tourism hub.



- ✔ SEDCO development provides advisory services for an ultra-luxury hotel property (Four Seasons) in Madinah. The property comprises 246 rooms across a 13-floor building.
- ✔ **Overseeing design and feasibility for six development projects**, including 3 mixed-use developments, 1 retail project, 1 petrol station, and 1 land subdivision development. These projects cover key locations such as Mecca, Madinah, and Jeddah, with each project at a different stage of development, from feasibility to design tender phase and work commencement including geotechnical investigations and topographic survey.

Asset-Management

- ✔ Efforts to leverage income-generating assets paid dividends in the last quarter of 2023 as we saw significantly boosted yields from asset management.
- ✔ Restructuring operations, we appointed Hilton as the operator for The Galleria Hotel. This has proved to be a sound decision, resulting in positive financial results.
- ✔ Existing commercial real estate (office buildings) were repositioned to double the income generated from upgrades and renovations.

REAL ESTATE OUTLOOK FOR 2024

The Government remains the largest real estate player in the market, and as government institutions are expected to partner with the private sector for provision of capital and diversification of risk, we will actively seek collaborations through public funds and semi-government entities.

Improving market returns, cash yield generation, portfolio growth, and establishment of partnerships with top-tier developers are all on the agenda in the coming years. Consolidation of our real estate capabilities promises to support execution, avoid delays, provide greater leverage in negotiations with third-party developers, and release management bandwidth to enable higher focus on core investment activities; while strengthening SEDCO's brand in the real estate market.

DELIVERING ON OUR LEAP STRATEGY

We are actively pursuing co-investment opportunities;

collaborating with partners and incorporating flexibility depending on project context and expertise required.

DOMESTIC INVESTMENT

Reducing operational involvement

Reducing the number of direct investments with operational involvement and shifting towards an investor role in more profitable strategic plays is a core transformative shift in our LEAP strategy.

Following the momentum from exiting legacy investments in Tarfeeh and Ejada in 2022; we have swapped our ownership in Yusr to a minority stake in AlAndalus, and are in the process of swapping the illiquid ownership in AutoWorld into a minority stake in publicly traded Budget. We expect SEDCO's operational involvement to reduce further as we implement other strategic options for legacy investments.

Increasing diversification

We are working to invest in a diverse set of strategic themes, sectors, and asset-classes that support the Kingdom's economic development and Vision 2030.

Diversifying into new asset classes to improve our overall risk-return profile, we initiated the indirect investment program in regional Private Equity (PE) and Venture Capital (VC) funds, along with Single Asset funds. This involved establishing a comprehensive fund investment process and a due diligence methodology, leading to investments in two funds. We expanded the Discretionary Portfolio Management (DPM) investment program by adding two new asset managers, Riyadh Capital and SEDCO Capital alongside our existing manager Jadwa Investment. Consequently we also launched the public equity investment program leading to a major deployment in Jamjoom Pharma in the Saudi main market. Investments in new asset classes now constitutes approximately 12% of the DI portfolio.

REAL ESTATE INVESTMENT

Aligned with SEDCO's strategic reorientation, we are actively pursuing co-investment opportunities with partners who will bring additional value to the table. Our collaborative approach involves flexible leadership dynamics, depending on the project context and expertise required.

Developing synergies across the Group, our Real Estate functions support the growth of subsidiaries such as Elaf, Al Mahmal, SEDCO Development, SEDCO Capital, and others: serving as multiplier and catalyst introducing new infrastructure projects, partners, and opportunities. From a transactional perspective, our operations facilitate their growth as we invest

alongside them and leverage the specific industrial proficiency and expertise in their respective domains.

The land department, together with brokerage, research, and valuations, were integrated within Asset Management, enhancing our capabilities for divestment, exploring new opportunities, and more.

Integrated talent from a number of real-estate related subsidiaries within the SHREG Division. The SHREG Division is led by one head, which has helped create accountability and responsibility within the team. Where necessary, SEDCO's legal department and other ancillary functions provide support to improve transactions and the broader portfolio.

SOCIAL AND ENVIRONMENTAL IMPACT

We serve the Kingdom and create lasting value for our stakeholders, by integrating sustainability into all aspects of our operations.





We are extending our impact to millions of Saudis through the groundbreaking work of Riyali, Rowad, and SBMF.

Throughout our almost five decades in business, we have been dedicated to serving the Kingdom and creating lasting value for all our stakeholders. We do this by integrating sustainability into all aspects of our operations; from investment decisions to the corporate culture we uphold.

In making this vision a reality, we employ a sustainability framework based on the three pillars of Environment, Society, and Governance (ESG), and are in the process of formalizing an ESG strategy that is seamlessly integrated with SEDCO's strategic plan.

How we measure success (Materiality)

In 2021, SEDCO conducted a materiality assessment of local, regional, and global peers to better understand the ESG space and establish a baseline for materiality and sustainability. Based on results of the initial materiality assessment, we conducted stakeholder discussions with senior management and created SEDCO's sustainability framework, which was presented to the Board in 2022. The framework reflects significant material topics that are aligned with Saudi Vision 2030 and informed by a number of the Sustainable Development Goals (SDGs) where SEDCO's expertise can have the greatest impact within the Kingdom.

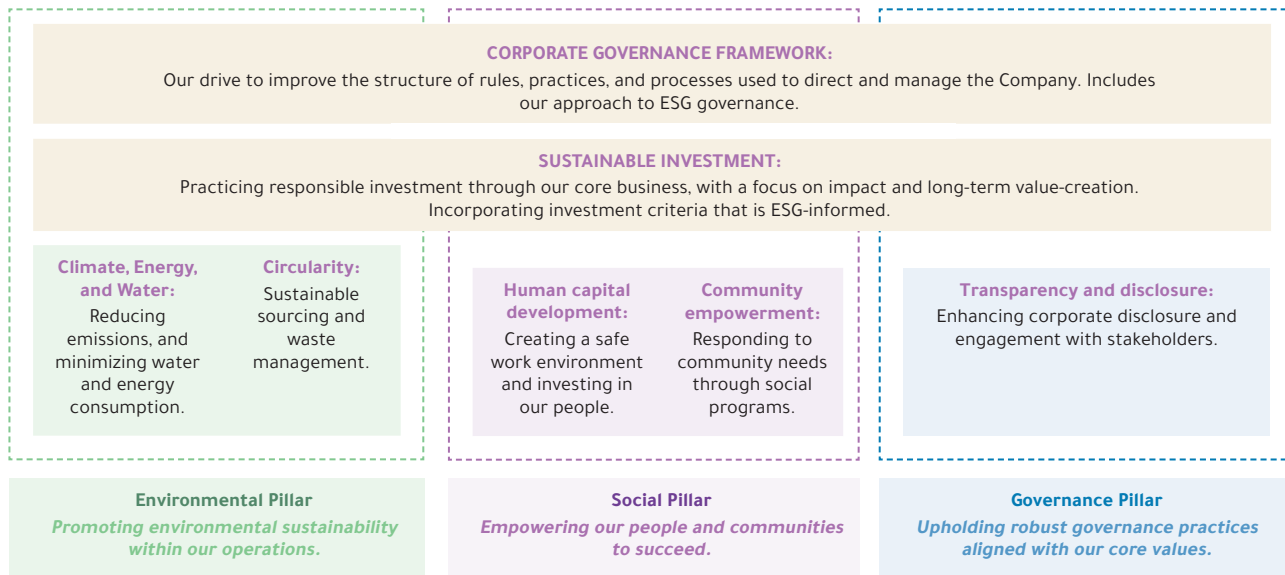
In 2023 we worked on developing an ESG Strategy that includes the creation of KPIs that support us to measure the success and progress against this framework. While implementing sustainability projects and tracking our impact, we also identified new initiatives to explore and areas for improvement. We are now in the process of introducing formal ESG-related KPIs for our teams, which are linked to our strategy.



ENGAGING OUR STAKEHOLDERS

By actively engaging with all stakeholder groups, addressing their needs, and keeping them informed about the Company and its activities, we can better identify opportunities for collaboration and meaningful interaction. A table on SEDCO's channels for communicating and engaging with stakeholders is presented in the online report.





OUR FRAMEWORK FOR IMPACT







INSPIRED BY VISION 2030 AND THE GLOBAL GOALS

Vision 2030: Ambitious Nation

Whilst driving enhanced focus on ESG across our portfolio companies, our social and volunteering programs such as Badir, and supported foundations, such as SBMF, are delivering on our social responsibility and growing the non-profit sector.



Our environmental initiatives seek to minimize our environmental footprint, playing our part in climate action.


We are committed to creating a healthy and safe workplace that is diverse and inclusive; with stand-out programs, such as Unbod, which contribute to employee wellbeing.

Vision 2030: Vibrant Society

Focused investments in hospitality, tourism, education and healthcare sectors are improving access and quality of services. Within SEDCO, our efforts to uphold health and wellbeing of employees, initiatives to promote environmental sustainability, and actions to increase transparency, are contributing to a vibrant society.


Volunteering programs such as Badir, SEDCO's Journey of Giving, and projects from SBMF are contributing to poverty reduction, food security, and community development.



Quality education remains a priority for SEDCO, as we continue to invest in the Education sector, while also pioneering inclusive and innovative learning opportunities such as Riyali and Rowad.

Vision 2030: Thriving Economy

Our investments support diversification of the economy, help grow and localize key sectors, bolster local companies, and develop economic ties and partnerships. Our award-winning initiatives such as Riyali and Rowad empower youth, help nurture entrepreneurs and SMEs. Within SEDCO, we are developing capabilities of the Kingdom's human capital and working to increase diversity.



Through adoption of Shariah principles and continual improvement of disclosure, stakeholder engagement, and corporate governance; we are building a transparent, accountable, and responsive institution that ensures ethical engagement with all actors.



Be'aty (My Environment)

Our internal environmental program, Be'aty (my environment), was launched in 2019 to minimize our environmental footprint and foster employee engagement in environmental conservation. The initiative seeks to raise awareness and equip employees with tools to minimize their environmental footprint both within and beyond the office environment. By facilitating better environmental practices at our premises, and organizing continuous awareness and capacity building initiatives, the program has realized significant savings with regard to energy, water, and waste.

In 2023, training program for employees with a focus on facility management personnel helped promote recycling and better waste management practices. Continued awareness-raising through creative campaigns and giveaways helped boost employee engagement and participation with the program.

We are in the process of expanding the program to cover our supply chain; to evaluate and choose suppliers based on their commitment to environmental responsibility, and collaborate with suppliers to ensure sustainable sourcing of materials.



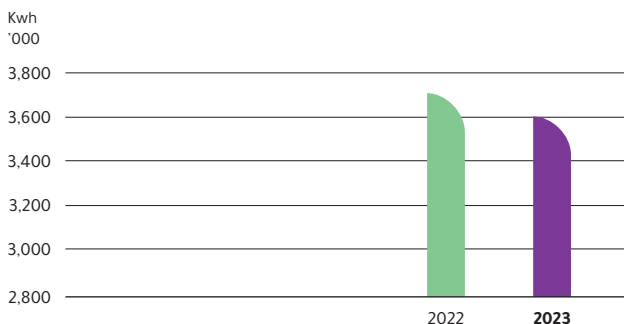
ENERGY

We work to minimize our energy consumption by incorporating energy-saving technology, instituting improvements to energy efficiency, and raising awareness amongst employees to foster responsible energy practices.

Building Management Systems (BMSs) installed across our premises help monitor and control building functions such as Heating, Ventilation, Air Conditioning (HVAC), lighting, and security. This not only optimizes energy consumption but also ensures a comfortable and safe working environment. Remote monitoring and control of building systems through the BMS, allow facility managers to adjust settings, identify issues, and perform maintenance in an efficient manner.

In 2023, we completed efforts to incorporate energy-saving LED lights and lamps for the complete floor-area of our office premises, and implemented a thorough review of our data collection processes to ensure the accuracy and timeliness of information gathered regarding our energy efficiency initiatives.

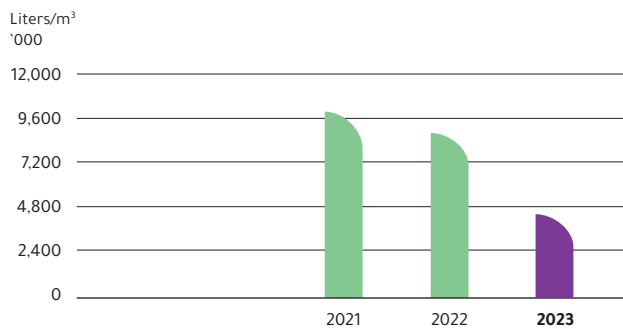
Total electricity consumption



WATER

Operating in a region with extremely high water-stress, we recognize the critical importance of water stewardship. Despite consuming a minute quantity of water, we continued to improve and implement water-saving technologies while refining our measures for collection and reporting of water consumption data.

Water consumption



WASTE

In 2023, we managed to recycle 3,410 kg of office waste, we were able to conserve resources equivalent to saving 58 trees, 8.6 cubic metres of landfill space, 5,115 tons of CO₂ equivalent emissions, 23,870 gallons of water, and 19,689 kilowatts of energy. Progress with our paperless and digital systems, such as an online signing system, contributed to further reduction in paper usage in 2023.

*reduction in 2022 was partly due to our recycling partner implementing a new tracking method, in addition to formalizing the adoption of paperless systems such as DocuSign.

EMISSIONS

We are working toward monitoring, measuring, analyzing, and reporting the Company's direct emissions (Scope 1 and 2), which aligns with our sustainability targets.



COMMITTED TO OUR PEOPLE

We believe that our investments and social ambitions are enriched by investing in our people and fostering a healthy culture within the Company. We recognize our people and culture are key assets, who empower SEDCO's ability to achieve targets and deliver on sustainability strategies and ambitions. With the foundation of a robust policy framework that outlines programs and initiatives to empower staff and cultivate a conducive work environment, we provide our employees with an outstanding value-proposition.

SEDCO Holding is also committed to developing a performance-driven culture that reflects the Company's values and commitment to sustainability and social responsibility. More information on SEDCO's performance-driven culture is provided on page 61.

UNBOD – EMPLOYEE WELLNESS PROGRAM

Unbod was launched in 2018 as a proactive approach to promoting employee health and wellbeing across our workforce. The program aims to motivate employees to prioritize their physical, mental and spiritual well-being by taking a holistic approach to health. A yearly calendar of annual initiatives are planned to promote community health in the workplace.

In 2023, we organized a Padel tournament at the SEDCO Arena Padel court located in the Company building. The court, which was set up and allocated for employees to play Padel, has seen an overwhelmingly positive response from staff. The tournament brought together 16 teams from different departments and portfolio companies, competing over 3 days.

A Ramadan Health Challenge involved collaboration with a reputed wellness company to promote wellness and healthy habits through incentives and engaging activities. The wellness company helped personalize programs for each employee through access to certified health coaches and a customized smartphone app with tailored nutrition and workout plans. The Health Challenge saw employees clock more than 2,000 hours of workouts and one million steps, burning more than 22,000 calories.

A Steps-Tracking competition was organized during the year, in partnership with a non-profit running club. Designed to inspire employees to embrace a healthy and active lifestyle, the challenge saw almost 50 participants who completed a total of 10,891,426 steps during the month-long event. We also organized health talks, a group-walk, and cycling day as part of wellness-focused experiences for employees.

EMPOWERING COMMUNITIES

Our employee volunteering program - Badir; innovative award-winning initiatives Riyali and Rowad; and the licensed charity – Salem Bin Mahfouz Foundation (SBMF), which was founded by SEDCO; represent our broad approach to community development and empowerment in line with our values and expertise.

- 8 Journey of Giving initiatives
- 2 Volunteering Day initiatives
- 4 Student visits
- 2 Consultancies to start-ups



BADIR – EMPLOYEE VOLUNTEERISM

SEDCO’s employee volunteering program, Badir, has been an integral aspect of our Company’s work culture for over six years, serving as a platform for employees to make a meaningful impact beyond their work roles. It plays a crucial role in fostering social cohesion among employees and building connections with local communities. Volunteering is a formal part of employee KPIs, with structured volunteering initiatives organized during work-hours that enable employees to contribute.

Badir provides a range of support services, including general assistance, specialized consultations, and coaching for students, entrepreneurs, and small businesses. Our aim is to promote social, economic, and environmental development in order to create lasting positive impact in our communities.

During 2023, the Company provided the opportunity for students from different Universities to visit and be introduced to SEDCO’s Legal, Audit, HR, and CCS departments and functions. These programs and visits provide vital industry exposure to youth who are making decisions about studies, career, and vocation.

Another highlight of employee volunteering in 2023, was consultations provided to start-ups by a committee of experts from SEDCO. Specialist staff from our teams worked with entrepreneurs, providing insight and consultancy before reviewing and vetting project/ business ideas.

JOURNEY OF GIVING

SEDCO’s annual Ramadan campaign, Journey of Giving, brings together employees in support of charities and works to strengthen community connections. In 2023, the program reached over 1,100 beneficiaries through food baskets, clothes, toys, and other charitable giving.

	2021	2022	2023
Volunteer hours	2,757	2,190	2,908
Estimated economic value generated (SAR)	358,150	374,056	571,812
Beneficiaries	32,975	1,697	4,170
Donations	327	845	1,800

*Project impact presented with approximate values.



EXTENDING OUR IMPACT

Salem Bin Mahfouz Foundation (SBMF)



Since its establishment in 1996, SBMF has continued the legacy and mission of SEDCO's founders: to empower civil society, meet societal needs, and contribute to the Kingdom's development. The Foundation partners with like-minded institutions, provides institutional grants, and implements programs focused on three core areas: education, civil society strengthening, and community development.

CORE AREAS OF OPERATION

Education

Providing scholarships at undergraduate and graduate levels; training and equipping teachers and students; promoting cooperative learning models that improve the standard of education; and fostering student engagement through volunteerism, arts, sports, and cultural activities.

Civil Society

Building the capacity of non-profit organizations; delivering financial support to impactful programs; nurturing competencies in media, art, and leadership; and contributing to religious and community cohesion.

Community

Supporting programs that target family and youth development, economic empowerment, and volunteering.

Achievements in 2023

Providing 40 scholarships ranging from specialized to general education.
 Providing over 55 institutional grants for educational development and responding to over 125 individual assistance requests.
 Training over 950 primary school teachers in student-centered educational methods and modern learning tools.
 Presenting the Jeddah Award for the Most-Distinguished Teacher.

Continuing to support around 40 civil society organizations to achieve financial sustainability while developing and running impactful programs.
 Establishing and incubating nine social entrepreneurship companies.
 Providing long-term operational support to intermediary entities with the aim of developing the Kingdom's non-profit sector.
 Maintenance and operation of Aisha and Bab Sharif mosques, that are central to local communities.

Working with the King Salman Relief and Business Center to provide humanitarian relief and support for conflict-affected communities in the Gaza Strip.
 Mobilizing and involving almost 20,000 staff in volunteer work.



Rowad

The Rowad program, initiated in 2022, supports Saudi entrepreneurs to establish their businesses and pursue a sustainable course for business success. The program works to enhance financial literacy and equip entrepreneurs with the management and planning skills to scale and grow their ideas to maturity.

THE POTENTIAL

Start-up ventures and innovative entrepreneurs in the Kingdom are a vital component in a rapidly diversifying and developing economy. They have the potential to bring game-changing ideas that could transform sectors and create a lasting impact in the lives of entire communities.

Saudi Vision 2030 goals have outlined a path for the Kingdom's startup ecosystem, including increasing the contribution of SMEs from 20% to 35% of GDP. In line with governmental commitment, a number of regulators and government institutions are lending their support to start-ups that have the potential to positively impact the economy, develop society, and propel economic growth.

THE CHALLENGE

With the brisk pace of technological development across the globe, the startup ecosystem has become increasingly competitive. Despite having great ideas and sound business plans, entrepreneurs can still struggle to bridge knowledge and capacity gaps, or secure financing to scale and grow their ventures.

Studies conducted by the program have shown that as much as 79% of companies close business within the first three years of starting commercial activity, with entrepreneurs opting for self-financing and/or family support and soft-loans that limit the capacity for scale and hinder long-term business continuity.

We launched Rowad Nomou,

a program specifically designed for entrepreneurs and founders of tech startups that have reached a growth stage.



ROWAD'S ANSWER

Delivering accessible and engaging content from industry experts to develop the skill-sets and capabilities of entrepreneurs, start-ups, and small and medium enterprises (SMEs). The Rowad program utilizes a modern e-learning platform and new learning techniques to provide vital knowledge and resources that address the unique needs of the Saudi startup ecosystem.

Learning modules and content include fundamentals of financial management, financing options, accounting basics, investment readiness, due-diligence, and the foundation of Shariah-principles in economic systems. Content is curated by industry experts including successful founders, investors, legal and financial consultants, and government counterparts. Offered in Arabic and English, learning content is delivered through a number of channels and means that cater to a variety of learning styles.

The program develops the capacity of entrepreneurs, equips them with the skills and connections to secure funding, and thereby contributes to the development of a vibrant and prosperous Saudi private sector, aligned with Saudi Vision 2030 goals. The Rowad Program was awarded Best Learning Technologies Project in appreciation of efforts to advance vocational training in the Kingdom.

In 2023 we took Rowad to Biban Forum 23, which focused on startups and SMEs and brought together investors, entrepreneurs, and policymakers to support the development of entrepreneurship and SMEs in the Kingdom. SEDCO signed Memoranda of Understanding (MoUs) with Monsha'at - the SME General Authority, Kafalah - the SME Loan Guarantee Program, and the Dulani Business Center to amplify the rollout of Rowad content that would support the Kingdom's startup ecosystem. During the year we also developed partnerships with FinTech Saudi, the National eLearning Center, Attliq pre-accelerator program, the Jeddah Chamber, and the Ministry of Communications and IT.

Continuing a strong pipeline of developments with the Rowad program, we launched Rowad Nomou: a program specifically designed for entrepreneurs and founders of tech startups that have reached a growth stage and are looking to secure external funding. Rowad Nomou offers comprehensive course content covering the fundamentals of financial management, financing or funding, valuation, resource-allocation, accounting, cash flows, and Shariah-compliance practices.

The program also sets up opportunities for startup founders and entrepreneurs to secure financing across the various stages of growth: starting from seed funding to private equity investments.



Riyali

A social initiative by SEDCO Holding, Riyali provides financial literacy programs for various segments of the Saudi population. Since inception in 2012, the program has seen widespread success, acceptance, and engagement, reaching over 2.1 million beneficiaries by 2023.

THE SOCIETAL CHALLENGE

Financial planning, management, and household savings play an important part in the Saudi Vision 2030 imperatives to build a vibrant community and prosperous economy. Financial literacy of youth in particular, is critical to achieving the Kingdom's financial sector goals.

However, early surveys from the program indicate that 80% of Saudi youth spend on wants over needs, 44% do not engage in saving, and only 11% are aware or considerate of where they spend their money.

A VISION FOR THE KINGDOM

SEDCO's extensive experience in the financial sector played a significant role in the conception of Riyali as a financial literacy program. Backed by a sound theory of change aligned with national and global goals, the Riyali program sets out a clear path for change beginning at individual, household, and institutional (school) level, and building up to scale as a program that impacts millions across the Kingdom.

Raising awareness on financial matters through carefully curated lessons and learning plans, rallying interest and engagement through competitions and challenges, and inculcating a culture of financial responsibility and better long-term habits; the program utilizes a number of approaches to drive positive long-term impact.

Over 2.1 million
total beneficiaries.



A MONUMENTAL IMPACT

- Over 2.1 million total beneficiaries.
- Around 870,000 hours of training provided.
- Engaging youth in more than 23,000 schools.
- Implemented across almost 50 educational departments.
- Almost 13,000 youth ambassadors and 12,000 teachers trained as Riyali ambassadors.
- Increased financial awareness and responsible financial behavior among students. High success-rates with 86% of participants starting saving after the program, and approximately 80% indicating their knowledge has increased and reporting a sense of confidence in financial management after applying learnings.
- Significant contribution to Saudi Vision 2030 goals by: enhancing government effectiveness, empowering social responsibility, raising saving rates amongst the community, and contributing to developing a financially literate citizenry.

Recognizing the immense potential for Riyali to reach even more people, we took the decision to spin-off the program into a stand-alone entity by forming the Riyali Foundation in 2023. This builds on the program's ongoing partnerships with key players such as the Ministry of Education, which is mainstreaming the Riyali program across all departments of education throughout the Kingdom's provinces and schools. With these developments, we expect Riyali to continue making a positive influence on society, reaching approximately 3 million beneficiaries by the end of 2024.

OUR BUSINESS: OPERATIONS REVIEW

We are enhancing our capabilities, creating a supportive environment for our teams, and putting in place strong processes and policies essential to successfully implementing our LEAP strategy.





DIGITALIZATION



SEDCO Holding's Information Technology digital initiatives and projects are centered around advancing automation, boosting reliability, optimizing efficiency, and enhancing overall operational effectiveness. SEDCO Holding consistently maintains the highest standards in information security and business continuity. Led by a strategically aligned IT function, SEDCO Holding follows a systematic and structured process for digital adoption, aligning our priorities with the evolving needs of the business.

In the pivotal year of 2023, significant milestones were achieved across the group in the digitalization journey. These accomplishments include strategically positioning SEDCO Holding for sustained growth and expansion. The focus on transformative processes empowered the company to seamlessly transition into an active financial investor role, while also fortifying its decision-making capabilities with well-informed insights.

STRATEGIC TECHNOLOGY INTEGRATION

SEDCO Holding's IT department made several digital advancements in 2023 that contributed to streamlining business processes, increasing efficiency, and empowering decision-making across the organization.

Employee self-service Platform Modernization.	Launch of SEDCO's Volunteering Digital Management Platform "Badir".	Overhaul and revamp of SEDCO's Employee Performance Management platform "Injaz".
Development of SEDCO's Business Intelligence (BI) Financial Dashboards.	Implementation and launch of SEDCO's Real Estate Information System (REIS).	Set up of "Chronograph" a renowned digital portfolio monitoring solution for the Domestic Investments department.

Digital advancements in 2023 contributed to streamlining business processes, increasing efficiency, and empowering decision-making.



CYBERSECURITY AND OPERATIONAL RESILIENCE

SEDCO’s cybersecurity infrastructure adheres to the stringent guidelines set by the Saudi Capital Market Authority (CMA), encompassing cybersecurity governance, risk management, audit reviews, and operational controls. Our robust cybersecurity framework entails safeguards and proactive measures to ensure data security and privacy for both our and our clients’ assets and information. There were no registered incidents or breaches related to cybersecurity, data security, and data integrity throughout the year 2023, affirming the strength of our digital safeguards.

At SEDCO Holding’s IT department, we employ a business continuity management framework, which further strengthens our operational resilience by minimizing/mitigating risks and enabling timely responses and interventions to incidents as they arise. The framework also ensures compliance with the industry’s highest standards, while consolidating our brand value and reputation.

Highlights of initiatives in 2023

Implementation of “Darktrace” an email gateway solution and “Zimperium” a mobile endpoint security solution that ensures secured access to SEDCO’s critical systems.	Acquisition of a new Security Information and Event Management Solution (SIEM) to enhance incident detection and response.	Installation of a Vulnerability Management Platform to continuously identify and address IT vulnerabilities.
Development of an Internal Tool for IT Asset Management.	Roll-out of a Mobile Threat Defense (MTD) solution to improve the security of mobile devices and data.	

BUILDING THE SEDCO BRAND



With almost five decades in business: boasting an outstanding track record of investing in Saudi businesses and contribution to the Kingdom, and following a dynamic new strategy that sees the Company evolve into the role of an active financial investor; SEDCO's brand represents a unique mix of history, dynamism, and transformation.

Growth of SEDCO's brand equity contributes to attracting and retaining talent and ensures the Company is top-of-mind and partner-of-choice for leading institutions engaging with the Kingdom's development. We employ a multi-channel approach to reach diverse audiences and build the SEDCO brand; leveraging mainstream and digital media, maintaining a presence on social platforms, organizing strategic events, and employing targeted communications to achieve business goals.

CELEBRATING OUR EXPANSION INTO RIYADH

SEDCO's expansion into the Riyadh market, with the inauguration of a new office, was marked with a gala dinner hosted in Diriyah. Sheikh Saleh Binmahfouz, Chairman of SEDCO's Board of Directors, other board members, and key partners from Riyadh attended the opening ceremony.

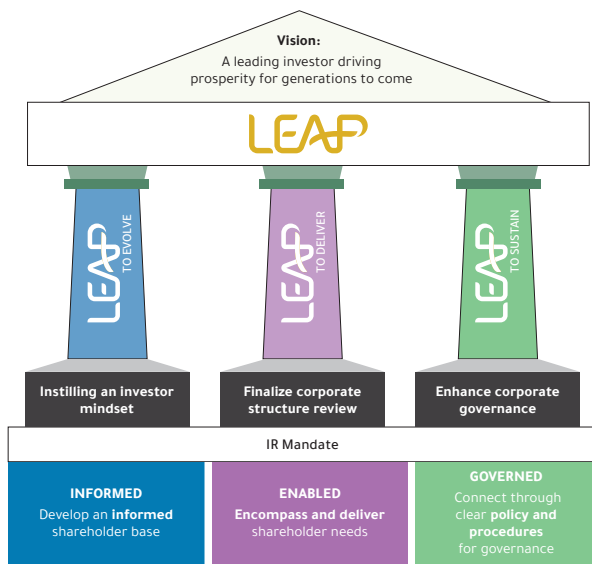
Our strategic expansion and new office symbolize SEDCO's commitment to contributing to the realization of Saudi Vision 2030's ambitious goal of propelling Riyadh to be amongst the top 10 largest city economies globally. The move positions us to uncover new investment opportunities that drive economic growth and social development in the Kingdom.

SEDCO's new office is outfitted with advanced equipment and contemporary designs, crafted to foster a vibrant and stimulating work environment. This workspace is tailored to ignite creativity, innovation, and facilitate collaborative interactions.

Supporting the needs of our shareholders

We carried out a number of initiatives and facilitated proactive interactions and connections.

SEDCO's newly established Investor Relations (IR) function focuses on supporting the needs of shareholders through systematised and proactive interactions. In 2023, a new Investor Relations framework was drafted, aligned with SEDCO's LEAP Strategy. The framework is built on three key pillars that serve to develop an informed shareholder base; create an enabling structure to incorporate and deliver their needs; and ensure good governance through clear implementation of policies and procedures.



HIGHLIGHTS OF ACHIEVEMENTS IN 2023:

Workshop: Responsible Family Ownership

Co-sponsored by SEDCO Holding, the workshop in Jeddah was aimed at empowering and educating the next generation of business leaders in corporate governance and building successful businesses. The event featured Prof. Rodrigo Basco, Associate Professor at the American University of Sharjah (AUS), whose research focuses on entrepreneurship, management, and regional development with special interest in family firms.

Workshop: Succession & Communication in Family Businesses

A second workshop was conducted in Riyadh and led by Prof. Christine Blondel, Adjunct Professor at INSEAD, who has over 20 years of experience in the family business field and exposure to hundreds of family business cases through her teaching, writing, conferences, advising and Board membership.

Newsletters

Newsletters were circulated periodically to shareholders, featuring updates on key events related to SEDCO Holding as well as informative articles in the area of family business governance.

Surveys

Building on the achievements of the first year, a comprehensive survey was shared with the Family Council (FC) and Shareholders Advisory Committee (SAC) chairs to align and set expectations for the upcoming year's objectives.

Family Business Council in Gulf (FBCG) Visit

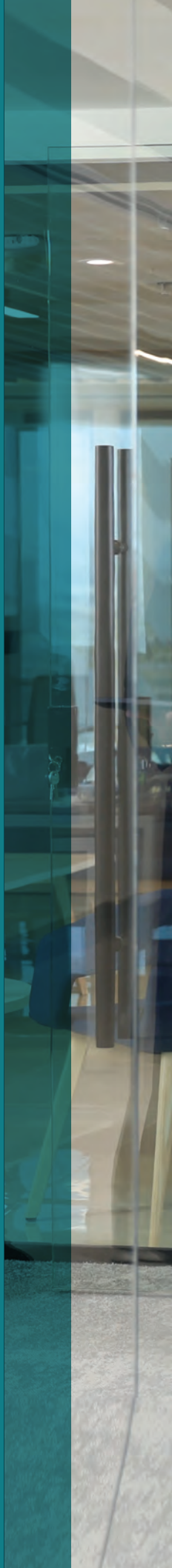
SEDCO was proud to participate and host the first learning journey initiative for the FBCG, which aims to forge connections and share knowledge related to family businesses.

Incubator Support Team

In collaboration with the Family Council, we successfully established a pool of SEDCO experts, categorized based on their areas of expertise, to mentor and guide shareholder entrepreneurs in the Incubator Support Team program.

OUR TEAM

We continued to develop the capability of our teams, and focused on re-imagining our work environments to foster ideation, communication, and collaboration.





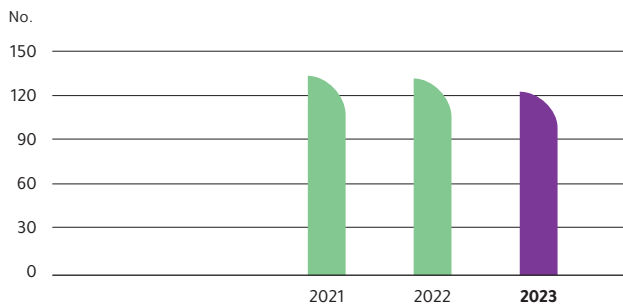
OUR DYNAMIC TEAM AND CULTURE



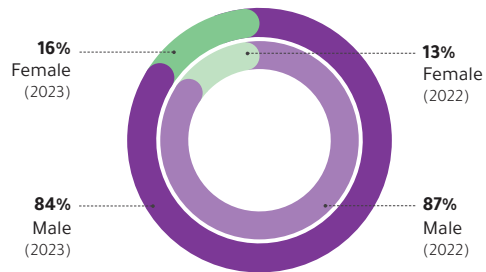
OUR TEAM IN NUMBERS

126 employees	16% women in the workforce	65% Saudization rate
3.32% attrition rate	91% employee engagement rate	88% employee satisfaction rate
3,700 training hours	165 training courses	Re-certified as Great Place to Work

Total workforce



Gender diversity



Diversity of governing bodies

	2022		2023	
	Male	Female	Male	Female
Board	8	0	8	0
Senior Management/ Executives	14	0	19	0

Local employment

	2022		2023	
	Male	Female	Male	Female
% of senior management from the local community	57%	0	47%	0

3,700hrs

Training provided in 2023

Employees completed over 165 courses in a variety of areas to enhance their professional growth and expertise.

Non-discrimination

	2022	2023
# of incidents of discrimination recorded	0	0

Training and education

	2022	2023
% of employees receiving regular performance reviews	100%	100%

BUILDING A PERFORMANCE-DRIVEN CULTURE

SEDCO is dedicated to nurturing a culture of performance excellence by investing in its people. With a committed team and collaborative approach, we achieve our objectives while upholding principles of stewardship, teamwork, and egalitarianism, and maintaining the highest standards of ethical conduct and accountability.

Our values, driven by core competencies, are instilled in all employees through comprehensive onboarding orientation and training programs, ensuring alignment with our organizational ethos. The Company's compensation strategy aims for employees to attain upper quartile total compensation by aligning fixed and variable pay, with a philosophy of competitive remuneration for all employees upon achieving company objectives.

In 2023, we made significant strides towards strengthening our performance-driven culture.

- SEDCO's Injaz employee performance management system underwent an upgrade, marking a significant milestone in our digital transformation journey. The revamped website has improved communication and collaboration within the team, resulting in greater transparency and increased efficiency for the Company.
- We collaborated with department heads to gather information on relevant technical and non-technical topics, customizing impactful training opportunities for our workforce.
- Employees underwent extensive training across various formats and platforms, accumulating over 3,700 hours in 165 courses covering key areas such as public speaking, finance, IT proficiency, teamwork, leadership, project management, and data analysis; aiming to enhance their professional growth and expertise.

AN ENGAGING AND DIVERSE WORK ENVIRONMENT

SEDCO's work environment, corporate culture, and employee-focused initiatives have grown to become an integral part of our success.

In 2023, as we expanded our footprint into Riyadh and continued to develop the capability of our teams, we also focused on re-imagining our work environments to foster ideation, communication, and collaboration.

Our uniquely engaging volunteerism and employee-giving initiatives, Badir and Journey of Giving, have helped build a sense of belonging, while enabling employees to give back to the communities we serve. The result is a workforce that is deeply engaged; contributing to the vibrance and success of our overall endeavors. These and other award-winning HR initiatives that create a stimulating work environment and contribute to employee engagement, are detailed in our Social Review on page 45.

OUR ETHICS

Our reputation as a leading Shariah-compliant financial investor is founded on a commitment to the highest ethical standards. While upholding stringent standards for transparency, accountability, and ethical behaviour we remain a family office; taking an approach to corporate governance designed to meet the unique needs of the family and prioritize enduring prosperity over short-term expediency.



BOARD OF DIRECTORS



Saleh Salem BinMahfouz
Chairman



Abdelelah Salem BinMahfouz
Vice Chairman



Abdulraouf M. A. Mannaa
Board Member



Ahmed Salem BinMahfouz
Board Member



Yaser BinMahfouz
Board Member



Zeyad bin Othman AlHekail
Board Member



Simon Palethorpe
Board Member



Mark Redman
Board Member

EXECUTIVE TEAM



Rayyan Nagadi
Chief Executive Officer



Tharwat Amer
Chief Financial Officer



Ossama A. Banaja
Chief Investments Officer – Domestic



Mohammed Mosly
Chief Operations Officer



Sherif Selim
Chief Real Estate Officer



Abdulrahman Al Turjuman
VP, Corporate Communications and
Sustainability



Alauddin Bakri
VP, Human Resources



Magid Ali
VP of Legal Affairs



Ibrahim Ajlan
VP, Information Technology



Adnan Karshe
Head of Internal Audit

CORPORATE GOVERNANCE

SEDCO's corporate governance is rooted in well-established principles of **fairness, transparency, accountability, and responsibility.**

Our commitment to these principles over the years has yielded an outstanding track record in corporate governance. Recognizing our dedication, the Institute of Directors has classified our services as among the best in the region.

SEDCO has developed a set of policies to help clarify and communicate important aspects of performance expectations. Key elements that form effective governance for SEDCO are:



Corporate Governance Framework Review project 2023

In response to significant changes in 2022 and various strategic considerations, SEDCO initiated a thorough review of its Corporate Governance Manual conducted

by specialist consultants. This review was essential to accommodate the new investment strategy and gain a comprehensive understanding of the implications of Saudi Arabia's new Companies' Law, which came into effect in 2023.

SEDCO's Board is at the helm of corporate governance;

driving ethical conduct, ensuring compliance, and addressing responsibility to shareholders.

In 2023, four significant improvements were proposed to SEDCO's Corporate Governance Framework.

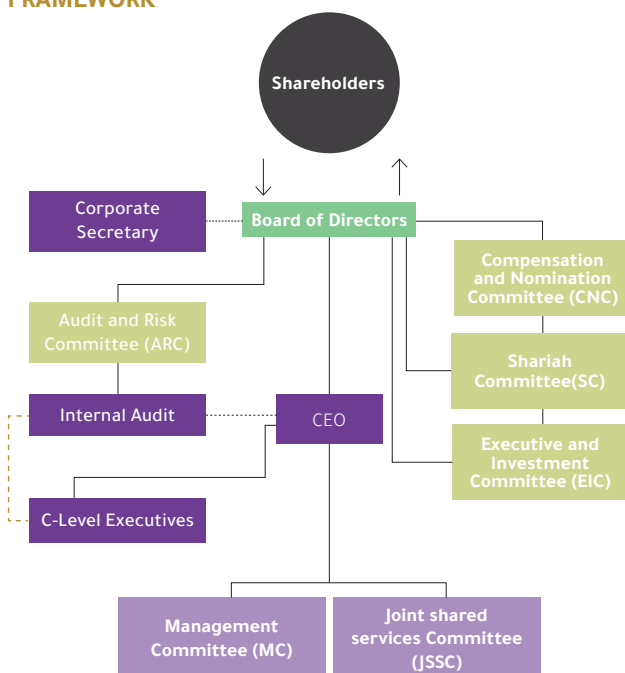
1. Aligning with the provisions of the New Companies Law, the term of the Board is set to transition from three years to a span of four years.
2. An alteration in the composition of the Board of Directors, expanding it from eight members to nine.
3. Comprehensive improvements to: proxy arrangements, quorum requirements, voting procedures through circulation, and guidelines pertaining to Board meetings.
4. Overall improvements to bolster the governance structure concerning affiliates and investee companies, along with decisions associated with them.

At the Board level, there was an elevation in the responsibilities of the Investment Committee, which now include executive functions as the Executive and Investment Committee. The newly formed Shariah Committee also came into effect with three Committee Members appointed.

FUNCTIONING OF THE BOARD

The Board of Directors are at the helm of SEDCO's corporate governance framework; driving our ethical conduct, compliance with regulations, and addressing responsibility to shareholders. The successful functioning of our Board ensures we retain the trust and integrity placed on us by investors, partners, employees, and other key stakeholders. The Board also plays a crucial role in setting the strategic direction of the Company and putting in place suitable leadership to accomplish that direction.

SEDCO'S GOVERNANCE FRAMEWORK



Board Member induction: The Corporate Governance Manual provides comprehensive information on the induction process for both SEDCO Holding Board Members and Board Members of affiliates.

Board training: As part of the ongoing review of the Corporate Governance Framework, a new section focused on Board training has been introduced. This section

delineates various recommended Board training programs along with their suggested frequencies.

Board effectiveness evaluation: The Corporate Governance Manual details the Board Evaluation Process specific to the SEDCO Holding Board, including frequency at which evaluations are conducted.

BOARD COMMITTEES

Committee	Members	Functions
Audit and Risk Committee (ARC)	Abdulraouf Mannaa Saleh Mugbel A. Alkhalaf Michael Mark Redman Khaled Al Khwaiter	The ARC reviews, approves, and/or provides recommendations on matters pertaining to: internal and external audits, financial reports, risk management strategies, legal and compliance affairs.
Compensation and Nomination Committee (CNC)	Simon Palethorpe Abdulraouf Mannaa Amr Al Taher Jumana BinMahfouz	The CNC reviews, approves, and/or provides recommendations on matters pertaining to: compensation, nomination processes, corporate governance practices, human development initiatives, and organizational structure.
Executive and Investment Committee (EIC)	Yaser BinMahfouz Zeyad AlHekail Mark Redman Rayan Nagadi	The EIC reviews, approves, and/or provides recommendations on matters pertaining to: strategy, budgeting, investment and divestment decisions, and overall financial performance.
Shariah Committee (SC)	Abdulaziz Al Qassar Yousef Al Shubaily Khalid Gama	The SC verifies the adequacy, efficiency, and effectiveness of the Shariah governance framework. It offers support and assistance to the SEDCO Holding Board or any delegated portion of the Board in fulfilling their oversight responsibilities related to Shariah investment and financial decisions, as well as providing opinions and views on such matters.

Internal Audit Function

SEDCO's Internal Audit Department (IAD) comprises professionally qualified individuals with substantial internal audit and industry experience, possessing in-depth knowledge of risk and control processes. The team is also equipped with professional competencies and qualifications, including requisite industry certifications such as Certified Internal Auditor (CIA) and Certified Information Systems Auditor (CISA). These certifications mandate the completion of a specified number of Continuing Professional Education (CPE) hours annually, ensuring the team remains current with evolving industry standards and practices.

Our methodology is designed to ensure continuity and consistency through a streamlined execution process. The team reports functionally to SEDCO Holding's Audit and Risk Committee and administratively to the CEO. SEDCO's Internal Audit function operates across

a spectrum from assurance to consulting, aligning its services with the specific nature of each engagement.

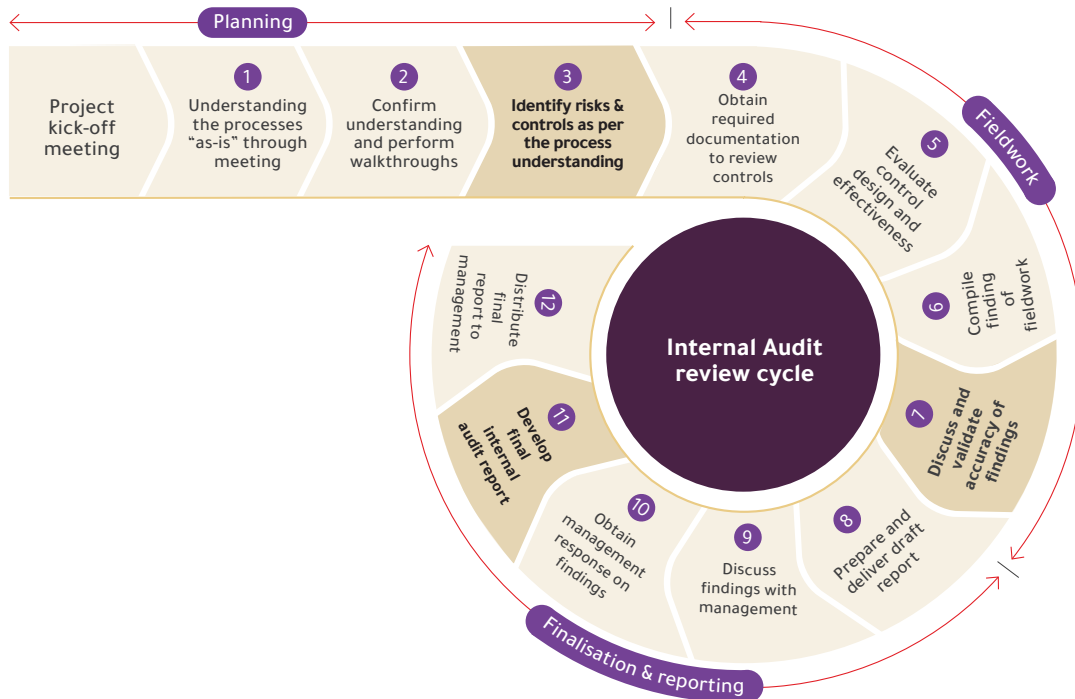
Assurance services provided by the IAD involve an objective assessment of evidence to deliver independent opinions or conclusions pertaining to processes, systems, or other subject matter. These engagements involve steps and the acquisition of specific information that instills executive management with confidence in the Company's risk management, governance, and internal control systems.

Consulting services are advisory in nature and initiated upon specific requests from clients. The scope and nature of consulting engagements are defined through agreements with the client, emphasizing problem-solving activities and value addition to operating management.

Audit Cycle

The IAD employs TeamMate+, a comprehensive audit management software, to streamline and enhance the audit cycle management process. External Quality

Assurance (EQA) assessments are conducted by the Institute of Internal Auditors (US IIA) every five years, with the most recent evaluation carried out in 2020.



ESG GOVERNANCE AND RISK MANAGEMENT

Ongoing review of the Corporate Governance Framework is bringing in consideration of ESG factors and other topics identified as material to the Company. The changes detail SEDCO Holding’s commitments to Environmental, Social, and Governance pillars, along with ESG governance outlining the oversight by the Board and its committees on ESG-related matters.

Given the pivotal role that the ESG mandate plays in SEDCO Holding’s overarching strategy, the Sustainability Council, comprised of members from SEDCO Holding and selected individuals from affiliated or related organizations within SEDCO, actively engages with the Corporate Communications and Sustainability Team in reviewing climate-related risks and opportunities

and the potential ESG impacts of SEDCO Holding’s strategic roadmap. Included in the ESG Strategy is a continued commitment to reduce the environmental impact of the Company’s operations, including greenhouse gas emissions.

GOVERNANCE DEVELOPMENTS IN THE COMING YEARS

In the upcoming year, our objective is to continue implementation of the updated Corporate Governance Manual, Framework, Delegation of Authority and Policies; across processes and systems.

Improvements to our CG framework. With a newly formed committee, expanded and elevated mandates, and adjustments to our Board composition and term; we continue to uphold the highest standards of corporate governance.

OUR CODE OF BUSINESS CONDUCT

SEDCO's Code of Business Conduct outlines the principles and standards that guide employees at all levels of the organization in their daily operations, fostering a culture grounded in integrity and accountability. Continuing an outstanding track record of ethical business practice, SEDCO recorded no instances of non-compliance in 2023.

The Code of Business Conduct necessitates adherence to pertinent laws and regulations as a foundational requirement. It addresses critical areas such as conflicts of interest, upholding integrity, preventing insider trading, managing gifts, acceptance, business-related entertainment, and combating money laundering.

In addition, the Code offers clear directives on navigating ethical issues and provides structured reporting channels for addressing unethical conduct internally. This Code applies across all SEDCO activities and extends to SEDCO's suppliers, contractors, and consultants, where applicable.

The responsibility for overseeing ethics and compliance within SEDCO's portfolio companies rests with the respective management teams of these entities. While SEDCO Holding has no direct involvement, the Company carries out a top-level review of portfolio companies where SEDCO has majority ownership.

The Code is integrated into our overarching Corporate Governance framework and Human Resources policies. Dedicated policies developed at the SEDCO Holding level, including directives such as the Personal Conduct Policy and the Proper Business Practice Policy, are integral components of the Governance, Risk, and Compliance (GRC) project. These policies are currently incorporated in the updated Corporate Governance Manual.



The implementation and oversight of the Code are managed collaboratively by SEDCO's Legal Department in conjunction with the compliance function, Corporate Communication and Sustainability Department; as well as the Human Resources Department, which facilitates staff training and communication. SEDCO's Code is accessible to all employees, delineating their entitlements and providing clarity on addressing potential concerns. In instances where an employee identifies a possible breach of the Code, they have the option to report anonymously via a dedicated email channel.

Additionally, SEDCO's Quality Assurance and Improvement Program encompasses both internal and external evaluations. Internal assessments are conducted annually; either by department heads or by qualified personnel possessing adequate expertise in internal auditing. External evaluations are conducted at a minimum interval of every five years by a qualified and independent assessor or an external assessment team. Findings from both internal and external assessments are presented by the Vice President of Internal Audit to the senior management team and the Audit and Risk Committee (ARC).

SHARIAH COMPLIANCE

Given the expansive scale and nature of SEDCO's operations, the Board of Directors moved to establish a specialised Shariah Committee within the organization in 2022. The committee was entrusted with overseeing the Shariah governance framework and supervising all investment decisions.

In 2023, a Shariah compliance template was designed for implementation across our investment sectors: Domestic, and Real Estate. As part of our adherence to Shariah principles, all potential investment opportunities require the approval of the Shariah Advisor prior to a transaction proceeding.

In addition, recognizing the importance of Shariah compliance, the Legal department has established a dedicated Shariah Division. Comprising two members of the legal department, this division ensures effective coordination and communication between the Shariah Committee and SEDCO Holding management teams.



**This Integrated Annual Report is
GHG-neutral**

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