

Dar Al Aila Responsible Investment Policy

1. Introduction

Dar Al Aila, as a premier investor and partner in Saudi Arabia, is committed to integrating Environmental, Social, and Governance (ESG) considerations into its investment decisions. We believe that responsible investments positively impact financial and corporate performance while creating shared value for the community.

2. Policy Statement

Dar Al Aila is dedicated to incorporating ESG factors into investment decisions made through our private equity funds. We align with internationally recognized ESG frameworks to manage and improve the sustainability outcomes of our investments. This policy outlines our commitment to the UN-backed Principles of Responsible Investment and our vision, objectives, management system, and governance controls for ESG integration.

3. Guiding Principles

- Alignment with international frameworks including the UNFCCC Paris Agreement, UN Sustainable Development Goals, and UN Guiding Principles on Business and Human Rights
- Compliance with applicable local laws, regulations, and national policies related to ESG topics
- Implementation of the six principles of UN-backed Principles for Responsible Investment (PRI)

4. ESG Integration in Investment Process

4.1 Pre-Investment

- Screen investment proposals using exclusion list and ESG checklist
- Conduct comprehensive ESG due diligence
- Incorporate material ESG factors in investment decisions

4.2 Post-Investment

- Establish ESG policies, processes, and governance mechanisms for portfolio companies
- Monitor ESG performance metrics
- Provide guidance on ESG matters and leverage external expertise when necessary

5. Monitoring and Reporting

- Require portfolio companies to adopt ESG considerations in business strategy
- Define and monitor ESG metrics (e.g., greenhouse gas emissions, renewable energy use, diversity)
- Include ESG performance dashboard in board meeting presentations
- Discuss ESG matters during board meetings
- Engage external consultants for independent ESG performance evaluation

6. Roles and Responsibilities

- Audit, Risk and Finance Committee: Ensure firm's commitment to Responsible Investment Policy
- ESG Committee: Oversee policy implementation and advise on ESG matters
- Investment Team: Incorporate ESG factors in investment decisions
- ESG Team: Assess ESG risks and opportunities, supervise portfolio companies' ESG performance
- Legal Team: Incorporate ESG-related warranties and covenants in investment agreements

7. Exclusion List

Dar Al Aila will not knowingly invest in entities whose business activities involve:

- Systematic use of harmful or exploitative forced labor or child labor
- Production or trade in illegal products or activities under host country laws or international conventions
- Direct manufacturing, selling, or distribution of controversial weapons
- Casino, gambling, and similar enterprises
- Direct involvement in commercial logging operations in primary tropical moist forests
- Significant revenue from tobacco-related business activities
- Significant revenue from exploration, mining, or production of coal, oil, or natural gas

8. Policy Review

This Responsible Investment Policy will be implemented from 2026 and is subject to periodic review. The latest agreed version will be reviewed in 2026.