

أسواق العثيم

تحصل على

جائزة RLI للإستدامة
في قطاع التجزئة

Othaim Markets
Is Awarded
**RLI Innovation In
Sustainability**
Award - Retailer 2022

THE GLOBAL
RLI
Awards
2022
WINNER



Environmental, Social and Governance practice Report

Abdullah Al-Othaim Markets
Company For the year 2022G

Environmental Practices
Social Responsibilities
Governance Practices

Environmental, social and governance practices

With the transformation plan to improve customer experience, Abdullah Al-Othaim Markets Company was keen to implement the best environmental, social and corporate governance practices in line with the vision of the Kingdom of Saudi Arabia and achieve sustainability goals. From this standpoint, the company was awarded the International Retail and Leisure Award (RLI) presented by KANTAR for the impact The tangible and effort presented in the local environment that the company sought through practices in this field in a manner commensurate with the aspirations of sustainability goals.

The criteria for evaluating the candidates for this award were as follows:



Sustainable energy.



Climate resistance.



Environmental and social practice.



Environmental and social innovation.



Social diversity and economic inclusion.



Commitment to the laws to which companies are subject.



Environmental Practices

The Kingdom played a central role in the international energy market, as it aims to reach net zero emissions by 2060 AD, and the Kingdom's Vision 2030 AD will help accelerate the energy transition to achieve sustainability goals. Today, the company continues its expansion strategy, and plans to increase its expansion footprint during the next five years, and among the environmental practices that it The company applied it as follows:

a) Reducing packaging waste:

1) Digital Gift Card:

The company offers shoppers the option to use the cards through the Iktissab application, which is an environmentally friendly option that suits the customer and meets all his requirements. However, switching to digital gift cards allows the company to reduce unnecessary packaging, which means less waste.

2) Paperless receipts:

The company allows shoppers to review their bills through an earnings app instead of printing them on paper tape, which is an environmentally friendly and accessible option.

b) Emphasis on organic plant foods

The company offers shoppers organic food as an alternative to traditional food. Moreover, the Kingdom has witnessed a growth in the consumption of organic food over the past years, so the company will continue to promote organic products to meet the desires of its customers.



d) Waste recycling

The company realizes the importance of waste recycling as it helps reduce energy use compared to using new raw materials, as well as reducing water and air pollution and reducing gas emissions. The company also deals with a garbage rental company to dispose of its waste according to the waste management system in the Kingdom and uses biodegradable bags instead. than traditional plastics as environmentally friendly which makes them more effective.

e) Zod factory for pastries and bakeries

Zod Factory for Pastries and Bakeries is a branch of Abdullah Al-Othaim Markets Company, and one of the most modern and integrated factories for sweets, pastries and bakery products in the Kingdom. The total area of the factory is 8352 square meters and has a production capacity of 80 tons of products per day and provides more than 170 thousand shipments per day to more than 325 batches, and quality control measures are taken to ensure that the final products meet the requirements of the Saudi Food and Drug Authority (SFDA).

Environmental practices for Zod Factory for Pastries and Bakeries:-



Energy efficiency

Converting lighting to LED reduces consumption from 400 watts to 200 watts; And saving 200,000 kilowatt-hours of energy consumption annually.



Reducing food waste

The products are sorted during the packaging processes and recycled into a different format.



Sourcing products locally

Most of the raw products are sourced locally



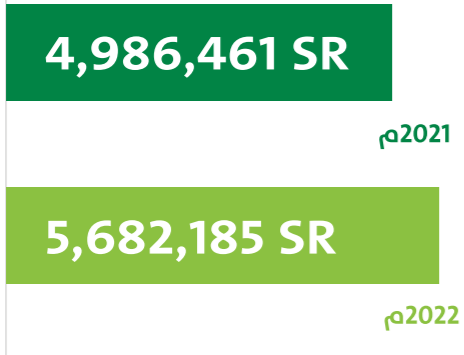
Abdullah Al-Othaim Markets Company and zod Factory for Pastries and Bakeries obtained certificates from ISO – HACCP, as follows:

- Retail and wholesale merchandise - Abdullah Al-Othaim Markets Company.
- Receipt and storage for the retail trade of food products and the preparation of baked goods - Abdullah Al-Othaim Markets.
- Production, packaging and distribution of baked goods, sweets and pastries - Zod factory for pastries and bakeries.
- Packing of vegetables, meat and cheese - supplied factory for pastries and bakeries.

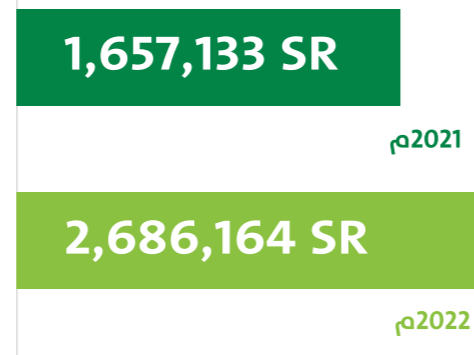


SOCIAL RESPONSIBILITIES

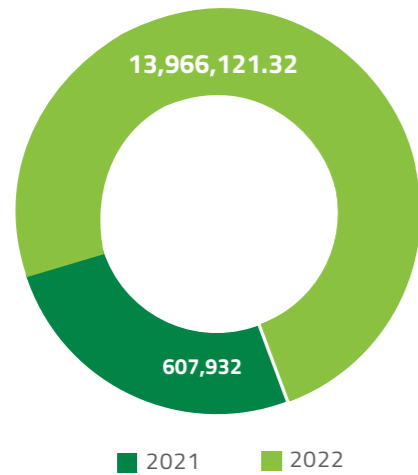
Based on the role of the company in the field of social responsibility, it has paid attention to it and plays a distinct and wide role in various community service activities



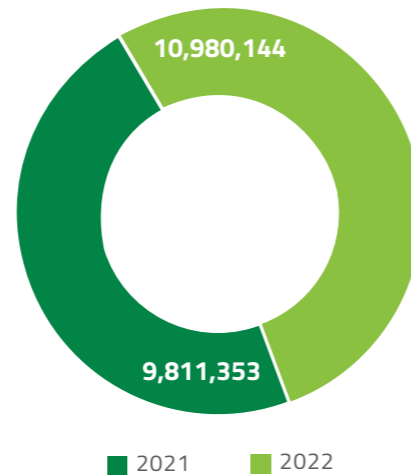
The company's contribution with vouchers to support the needy with basic needs through Sanabel Al-Khair cards



The company's contribution to initiatives and partnerships with government agencies that aim to train and develop national cadres



The company's contribution to supporting social security benefits through the Acquisition Program and serving many special groups in cooperation with the Ministry of Human Resources and Social Development "the Ministry". The year witnessed the signing of an agreement between the company and the Ministry to serve a large number of beneficiaries, which contributed to raising the value of support for the year 2022.



The company's contribution to the vouchers in cooperation with charities to support the beneficiaries

1

The initiative of donating the rest of the crescent



The total contributions of our customers through the initiative of donating the rest of the crescent since the beginning of the initiative amounted to SR 9,838,980,67, and during the year 2022G it amounted to SR299,237

2

The company's contributions to the social

The company's total contributions to social initiatives during the year 2022G amounted to SR 33,314,614,32 compared to SR17,562,879 for the year 2021G



اكتساب
Iktissab
توفير وإدخار

The company offers many targeted and continuous programs in various fields, as it has contributed and supported a number of programs, including:

Al-Othaim Digital Academy:

a) Assessment Center:

b) Employee Engagement Survey:

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c) Social activities and charitable works:

d) Charitable magnetic vouchers initiative:

e) The initiative to activate self-service kiosks in branches (Kiosk)

f) Zakat al-Fitr vouchers initiative:

g) The sacrifice vouchers initiative:

Al-Othaim Digital Academy:

Number of trainees by the end of 2022G



5,074

The number of trainees



90,525

Al-Othaim Digital Academy The company's digital platform was launched during the year:



(5850) training hours



(9259) certificates



More than (300) trainees benefited from the platform



Training (1805) employees

Assessment Center: Creating a center for evaluation and job succession for leaders, which benefited from the services of the center (36) department directors and (7) vice presidents, with a personal development plan for each participant, and we aim during 2023 to evaluate (300) other managers.

Employee Engagement Survey: A program for developing employee engagement and improving the work environment was launched during the year, by offering a questionnaire platform that is conducted periodically and benefiting from it with a plan to improve the work environment.

C) Social activities and charitable works:

Blood donation campaigns for employees in cooperation with Diriyah General Hospital.
 Sponsoring the annual Iftar campaign for people with limited income, in cooperation with Effat University in Jeddah.
 Participate in awareness campaigns, health programs and various cultural events in cooperation with the concerned authorities
 Made in Saudi Arabia program in cooperation with the Saudi Export Development Authority.
 The National Day event at the headquarters of the General Administration, with publication on social media.
 A cooperation agreement with the Consumer Protection Association and the company obtaining the "Consumer Friend Certificate" due to the company's compliance with the application of the necessary standards
 Cooperating with the national platform for donations by activating a secret and public campaign, which was held in branches throughout the Kingdom.



Cooperating with the Kiswa Foundation in the eastern region to create an initiative to donate clothes to the poor in the company's branches.
 The "Good" Housing Foundation campaign in the company's branches across the Kingdom
 Installing self-service machines (Absher) in a number of branches, in cooperation with the Passports Directorate
 Campaign (Volunteer with us) in cooperation with the Saudi Red Crescent Authority.
 Sharek Health Research Association campaign in cooperation with the Food and Drug Authority.
 (Positives) initiative is an idea for my country - Qassim University - Bunyan Charity Association.
 Participation in the campaign, we are all people with ready-made food baskets, in cooperation with the Principality of Al-Jouf Region - Al-Jouf Chamber of Commerce.
 Awareness campaigns about traffic regulations in a number of branches in cooperation with the Traffic Department.
 Events to urge the preservation of grace and not to waste food in cooperation with the Society for the Preservation of Grace.
 Awareness campaigns on the occasion of World Diabetes Day in a number of branches, in cooperation with the Ministry of Health.
 Participation in many international days with publications and competitions through the company's accounts on the communication sites (International Arabic Language Day - Disability - Diabetes - Drug Control - Father - Blood Donation - Smoking Control - Mother - Civil Defense - Children's Cancer - Cancer - National Day - Allegiance - Anniversary - holidays - teacher day - Alzheimer's).

D) Charitable magnetic vouchers initiative:

The company continued to issue charitable magnetic cards, which are intended for the use of beneficiaries registered in associations accredited with the company. It is an important option for charities to provide support to the needy and disburse support amounts on basic needs, as it benefits from the technical system.



SANABEL AL KHAIR

واهديتها
لمن تحب



E) The initiative to activate self-service kiosks in branches (Kiosk)

The company introduced the initiative as a matter of facilitation for all customers to allow them to benefit from all electronic services directly and with self-service within a limited number of branches. and recording a suggestion or complaint), which makes it easier for customers to carry out operations through it directly and quickly,

Operations number



409,340
Operation

The number of branches providing the service



110
branch



Abdullah Al-Othaim Markets signs a cooperation agreement with the Ministry of Human Resources to support purchases of social security employees.



Basic tips campaign for diabetics



F) Zakat al-Fitr vouchers initiative:

They are the vouchers that are sold for the purpose of paying zakat on behalf of the actual payer, and they are in the category of (20 riyals - 100 riyals - 200 riyals). During the year, the company introduced the initiative to issue zakat al-fitr vouchers cards that are sold to the payer, and the payer can present this voucher to the beneficiary or to charities

G) The sacrifice vouchers initiative:

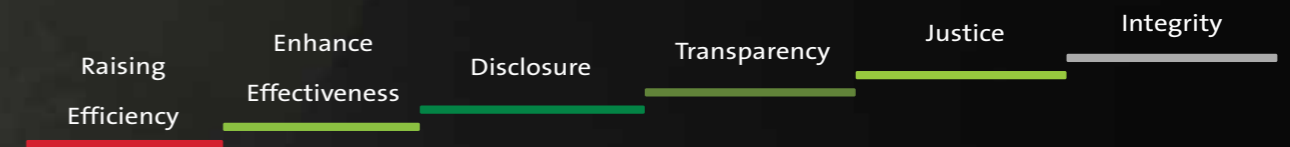
They are the vouchers that are sold in cooperation with the charitable associations accredited by the company to play the role of the sacrificer by performing the rituals of the sacrifice and distributing them to the poor and needy by the charitable associations and the role of the company by providing them in the branches spread throughout the Kingdom.



“
THE
SACRIFICE
VOUCHERS
INITIATIVE

Governance Practices

Key Governance Principles:



Abdullah Al-Othaim Markets Company continues its commitment to achieving the best value for all shareholders and stakeholders through its performance. The company adopts an organizational governance framework that meets the requirements applicable to public shareholding companies listed in the Kingdom and is in line with international best practices, and its realization of the importance of an effective system of governance because of its positive effects that benefit all parties by achieving the company's objectives with high efficiency and regulating the relationship between management The executive, board of directors, shareholders, and to maintain the confidence of the stakeholders and to comply with the requirements stipulated in the relevant laws and regulations, the company has developed organizing policies and regulations, and the following is a summary of some of the policies and practices applied by the company as follows:

A) Corporate Governance Regulations:

The Corporate Governance Regulations include clear guidelines - for example:

- A) Duties and Tasks of the members of the Board of Directors.
- B) Delegation of powers and decision-making within the company.
- C) A system of internal control.
- D) Organizing the company's relationship with its shareholders.
- E) Insider trading provisions.
- F) Organizing cases of conflict of interest.

B) Dealing with cases of Conflict of Interest:

The company has developed a policy for dealing with conflicts of interest and standards for competing businesses to ensure, for example, the following:

- 1) Transactions with related parties shall be conducted on a purely commercial, fair and reasonable basis and in a way that serves the interests of the company's shareholders.
- 2) The members of the Board of Directors of the company, members of the committees and the executive management should be aware of the necessary procedures for approving transactions with related parties.
- 3) Studying competing transactions and businesses, their compatibility with regulations and standards, their compatibility with regulations, and the extent of their benefit to the company and its shareholders.
- 4) Review by the concerned committees of any dealings or contracts that the company may conduct with related parties, and any competing actions carried out by Board members and stakeholders.

C) Whistleblowing Policy and Procedures:

The company is aware of the importance of encouraging a culture of openness and accountability within it and at all levels, and in accordance with high standards of behavior and professional ethics that comply with the rules of professional conduct, and to report any violations in order to ensure that employees and all concerned persons have confidence and reassurance to raise any issues of real importance without fear of responsible, are taken seriously and are investigated appropriately and confidentially.

Therefore, the company enhances the efforts of its board members, officials, and employees to exercise due diligence and take into account honesty, transparency and integrity when carrying out their responsibilities, and to comply with all applicable laws and regulations. Therefore, the company has been given strength and effectiveness through the policy of reporting violations to remove any concerns of its officials and employees regarding any illegal behavior. immoral or illegal in relation to the company's business, and the company is committed to ensuring confidentiality and protecting bona fide whistleblowers from being subjected to retaliation even if their reports are incorrect.

D) Independent Members:

The company is committed to forming a board of directors who have a mixture of diverse and accumulated experience in several fields, commensurate with the size and nature of its activity. The company maintains its commitment to a number of independent members in accordance with the relevant laws and regulations, as well as the independence of the heads of the Remuneration and Nomination Committee and the Audit Committee. It also sets the necessary performance indicators for members. The non-dependent.



E) Disclosure Practices:

In response to global changes, initiatives, and sustainable development goals, the company sets among its objectives disclosures on environmental, social practices, and corporate governance (ESG) and disclosure of subsequent events of interest to shareholders. The company adopted holding conference calls during the year 2022 AD and presentations after the company announced its financial results with investors and analysts. Continuous disclosures of any material events to enhance communication with stakeholders

F) Code of Conduct:

Based on the values of teamwork in the company and its importance in supporting the company's environment and striving for the best results with perfection, the company has adopted the application of rules of professional conduct that are consistent with our religious values, whether in terms of honesty, responsibility, accountability and potential conflicts of interest at the level of the company's management or the parties that deal with it such as suppliers and customers of the company to stay away from Any matters that would affect the performance of their work, starting from accepting gifts, employing relatives, preserving private rights such as intellectual property, and any types of unethical practices, and out of concern for the company in this aspect, a committee of behavioral abuses in the work environment was formed to follow up and implement the rules of professional behavior and the best ethical practices.

G) Cyber Security:

The company pays great attention to digital transformation and puts in place all means that contribute to protecting its information and protecting the information of its customers through the company's security systems, such as checking the protection of cloud e-mail, the network access control system, and the firewall system that contributes to addressing all attempts to infringe on the company's technical servers. The information security policy and supporting systems provide the necessary cover and face technical risks, in addition to continuous awareness.



H) Data Privacy and Customer Protection:

Protecting the interests of customers is of paramount importance to the company, as the company is committed to the highest levels of professionalism towards its customers, and it also aims to continuously improve the level of service provided and the customer experience in a comprehensive manner, including the service evaluation system for the customer spread in the company's branches, as it leads to serving them in the simplest way possible, which allows our employees Assisting customers in making appropriate decisions. The company has a team specialized in evaluating product and service quality, which is responsible for developing the quality of services provided. The work environment in the company and its subsidiaries encourages all employees to promote values related to customer centricity and experience.

I) Loyalty Program:

It is the beginning of a new shopping phase. The loyalty program gives the opportunity to obtain earned cash amounts that are added to the customer's card balance and discounts every time you shop from the company or from the participating stores, which offers customers special offers, programs and promotional activities with the aim of attracting customers and gaining and maintaining their trust. Gaining the privacy and confidentiality of customers' personal information in accordance with the highest standards and in accordance with the limit permitted by relevant laws and legislations. The card can be obtained for free and easily through sales accountants when you visit one of the company's branches, or through the application on smart devices.



K) Risk Management

Early identification of major risks is important to ensure business continuity and the absence of any disturbance, so various controls and measures are put in place to ensure the minimum impact, if any. However, the company seeks to raise awareness of risk management, follow-up and verify them before they occur through many stages.

Y) Environment and Human resources

Based on the company's belief and keenness to preserve human capital, the company continues to develop and improve its work environment in a way that attracts competencies. The company has developed a package of policies in this aspect, including career incentive policies, promotions, annual bonuses and increases of all kinds, in addition to the evaluation and succession center. A number of initiatives were launched during the year, including:

- Enrolling a number of the company's leaders in "Hadaf" Leadership Academy to develop leadership skills.
- Enrolling a number of employees in various departments in government initiatives submitted by the Ministry of Industry and Mineral Resources and the Ministry of Human Resources
- Launch employee engagement survey and development plans to improve engagement with managers
- Continuous updating of structures in line with continuous development and job creation
- Automation of human resources procedures such as letters of introduction, bank loans, experience certificate and qualifications to facilitate the employee experience.



L) Communication with stakeholders

The company is keen to communicate with all



Suppliers

- Communication with suppliers is done through a platform belonging to the company.
- Hold periodic meetings



Our Employees

- We communicate with our employees through the Al-Othaim portal for each employee to see all the data and requests for the conduct of work procedures.
- Launching Your Voice Heard initiative to improve internal communication.
- Launching the monthly summit meeting.



Customers

- Customer service deployed in all branches of the company throughout the Kingdom.
- Provide a hotline to receive any customer inquiries.
- Social media is available on electronic applications.



Investors

- General Assembly.
- Investors' conference call after the end of each quarterly period.
- Investor Relations page on the company's website and e-mail to Ir@othaimmatkets.com



Society

The company is keen to strengthen its relationship with the community through the initiatives and contributions it offers in the field of social responsibility

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