

Sustainability

During 2022, sustainability principles continued to guide how Almarai thrives in the midst of evolving macro challenges. Our integrated management of environmental, social, and governance performance helped us evolve stronger from the pandemic and market conditions. We remain committed to the three pillars of our 2025 strategic sustainability plan and implementing industry-leading practices that protect both the wellbeing of our Consumers and employees, while delivering true value for the environment, the communities we serve, and our stakeholders. We continued to review and sharpen our sustainability strategy in 2022 to ensure it remains relevant and effective and helps to set a conducive path for our business to thrive in years to come. Further details on the progress we made in 2022 can be found in our 2022 Sustainability Report.

issues that are most relevant to the organization. During 2022, Almarai concluded a review of the identified and other relevant material issues to ensure their relevance, the results are presented below. We observed that ‘Nutrition and wellbeing’ has gained importance for our internal stakeholders, likely due to the ensuing pandemic that highlighted Almarai’s crucial role on food security for our communities. In addition, our external stakeholders placed more importance in employee health, safety, talent, and diversity, and on our community investment efforts. In 2022, Almarai continued to monitor the identified material issues, programmes, and progress to ensure we remain on-track to deliver on our committed goals.

Materiality

Almarai conducted a formal materiality assessment in 2019 that engaged both internal and external stakeholders to identify material environmental, social, and governance



Sustainability framework

Almarai believes that the world can be a better place if we are all committed to doing better every day. By living up to our commitments, we can make positive changes that support a better tomorrow.

In 2019, we developed a set of 25 goals and targets to achieve by 2025 during the development of our sustainability strategy, “Doing better every day”.

Our strategy is built upon three interconnected pillars and 12 material issues that are essential in supporting our contribution to building a more sustainable future”

Doing better every day

Almarai believes the world can be a better place if we are all committed to doing better every day. By living up to our commitments, we can make positive changes that support a better tomorrow.

Our commitments



Caring for people

Our promise to improve the lives of those that are integral to our business success every day.



Protecting the planet

Our promise to minimize our impact on our shared natural resources every day.



Producing responsible products

Our promise to deliver “Quality you can trust” and enhance supply chain sustainability every day.

Nutrition and wellbeing

We are working to make sure that our products and communications support healthy living every day.

Health and safety

We are working to make sure we foster a health and safety culture among our people every day.

Employee talent and diversity

We are working to make sure that our people are developed, valued and included every day.

Community investment

We are working to make sure that we are leveraging our resources to create a positive impact every day.

Water management

We are working to make sure we are effectively using water resources every day.

Packaging innovation

We are working to make sure we reduce the impact of our packaging on the environment every day.

Climate change

We are working to make sure we implement more sustainable solutions to reduce our emissions every day.

Waste management

We are working to make sure that we are moving towards zero to landfill every day.

Sustainable agriculture

We are working to make sure that our agricultural practices are regenerative every day.

Quality and food safety

We are working to make sure our products are safe and satisfy consumers’ needs every day.

Animal welfare

We are working to make sure that our animals are treated and handled humanely throughout their lifecycle every day.

Ethical sourcing

We are working to make sure we take a collaborative approach to elevate sustainability in our supply chain every day.

Selected activities in 2022

Below are examples of initiatives taken throughout the year that highlight our commitment to sustainability, grouped into our three priority areas as a key part of our existing five-year strategic plan.

Caring for people:

Reduced employee voluntary turnover

At Almarai, we recognize that we are only as strong as our employees, and we are committed to attract, develop, and retain a motivated and diverse workforce. Our aim is to foster a positive working environment in which everyone is part of our growth, where life and work within is defined by the values of the Company. Almarai provides a wide range of activities that seek to create a flexible work culture to encourage a productive, healthy work/life balance, employee retention, and personal and professional growth opportunities. Our voluntary employee turnover reduced 12% from 2021.

Revised goal for gender equality

The Almarai 2021 Sustainability Report outlined the modification of one of our targets from increasing number of female employees to ensuring gender equality in our workforce, with focus on talent development, capabilities building, and opportunities. We are working aggressively in alignment with the Saudi Vision 2030 and the National Transformation Programme to promote gender equality in all of our businesses and functions.

Improved youth employability

Almarai has long supported education initiatives including the Technical and Vocational Training Corporation (TVET) which commenced in 2011. This project supports robust TVET programmes, such as the Dairy and Food Polytechnic to develop the skills of young Saudi Nationals, particularly in the dairy and food industry. As one of the major industries in Saudi Arabia, the project takes high school graduates and provides training to meet business demand for technically qualified people with dairy and food industry specific skills. Through this programme, we exceeded our 2025 goal of improving employability of at least 1,400 young people.

Occupational health and wellbeing

As a part of our occupational health and wellbeing programme, Almarai conducted anonymous surveys and health and wellbeing checks, and worked in collaboration with the Saudi National Center for Mental Health to raise awareness of health and wellbeing among employees.

Management of road risks

As a part of our occupational health and wellbeing programme for road safety, Almarai developed defensive driver training programmes, installed inward and outward facing cameras monitoring driver behaviors, and set-up driving simulators.

Protecting the planet:

Zabadi cups packaging optimization

In December 2022, Almarai conducted a commercial trial for utilizing 10% post-consumer recycled PET plastics for Zabadi cups, which ran successfully paving way for the official launch in 2023. This effort is one of many ways that Almarai intends to drive demand for post-consumer recycled material to help evolve the waste recycling ecosystem in the Kingdom.

Actively supporting packaging economy in KSA

Almarai has been working with packaging suppliers, recyclers, plastics manufacturers, National Center for Waste Management (MWAN), and Saudi Investment Recycling Initiative (SIRC) to reduce waste at source and divert most waste away from landfill. In addition, Almarai has been working with other businesses from FMCG, plastics manufacturing, and recycling sectors at KSA Packaging Working Group under the Federation of Saudi Chambers to engage with MWAN and SIRC to divert more waste from landfill and evolve a circular packaging economy.

Explored and trialed alternate fuel vehicles in our sales fleet in the UAE

We strive to accomplish our 2025 target to explore and trial alternative fuel in the sales fleet vehicles. From late 2021, we began using biofuel in an increasing number of our fleet vehicles to deliver our products across the UAE and are engaged with biofuel suppliers in Saudi Arabia to trial them in the Kingdom.

Producing responsible products:

World Quality Day 2022

Almarai's commitment to "Quality you can trust" is also a commitment to continuous improvement, which is envisioned in principles of our sustainability strategy, "Doing better every day." We celebrated the annual World Quality Day by reflecting on our achievements to ensure the best quality to our Consumers and our ambition to lead the way in every sector we participate in. The theme of "World Quality Day 2022" was 'Quality Conscience – Doing the right thing,' which we as a business subscribe to. Employees at all levels of the business participated in various activities to reinvigorate the quality mindset and culture and to celebrate our successes.

Always audit-ready mindset

In 2022, we continued to conduct some of our internal and external food safety audits as unannounced to demonstrate our "Quality you can trust" mindset. We believe this is a true reflection of our continually improving quality and food safety practices to deliver safe products of the highest quality to our Consumers.

Engagement with stakeholders

We endeavor to maintain an active dialogue with stakeholders on a continual basis, whether Consumers, investors, employees, regulators, or civil organizations. In so doing, we use a range of communication channels that are most appropriate to their specific interests.

Historically, the most popular of our engagement programmes has been the access we provide to the public at manufacturing facilities in Saudi Arabia. During the pandemic we made the decision to lockdown all onsite facilities to ensure sustained production capabilities, restricting access for the public to visit our pioneering facilities. However, as our communities emerged to normality, we resumed our facilities visit programme in the later part of 2022.

In addition to the above engagements, we recently published sustainability policies and position statements covering our aspirations on animal welfare, climate change, community investment, energy, environmental impacts of packaging, ethical sourcing, environmental policy, human rights, responsible marketing, and water stewardship. This effort brings transparency for our stakeholders on everything we do. To enhance transparency and reliability for our stakeholders, Intertek Saudi Arabia Ltd, a third-party independent auditing firm, audited and assured our sustainability data and report as per ISAE 3000 standard.

