

King Khalid Foundation (KKF)
Communication on Engagement (COE)

October 2016

H.E. Ban Ki-Moon
Secretary-General
United Nations
New York, NY 10017
USA

Your Excellency,

We are pleased to confirm that King Khalid Foundation continues to be one of the non-business participants in the UN Global Compact. Our Foundation supports the ten principles of the UN Global Compact with respect to human rights, labour, environment and anti-corruption.

With this commitment, we express our intent to support the Global Compact by advancing these principles, and will make a clear statement of this commitment to our stakeholders and the general public.

We also pledge to participate in and engage with the UN Global Compact in the following way(s):

- 1) **Join and/or Propose Partnership Projects on Corporate Sustainability**
- 2) **Engage companies in Global Compact-related issues**
- 3) **Join and/or Support special initiatives**
- 4) **Participate in Global Compact global and local events**

In addition, we commit to share our knowledge in shaping special initiatives and programs that bring together the business community with the philanthropic and civil society; in the development of tools and research; in assisting business participants with the practical implementation of the UN Global Compact principles; in furthering partnership projects; and by helping to hold business accountable with respect to their commitments to the UN Global Compact and its ten principles.

We recognize that a key requirement for participation in the Global Compact is the submission of a Communication on Engagement (COE) that describes our organization's efforts to support the implementation of the ten principles and to engage with the Global Compact. We support public accountability and transparency, and therefore commit to report on progress.

Sincerely,

Princess Banderi AR AlFaisal
Director General, King Khalid Foundation

Communication on Engagement (COE)

I About King Khalid Foundation

Established in 2001, King Khalid Foundation (KKF) is a royal, independent, national institution that pursues its vision to “be the leader and role model in the philanthropic and development work in the Kingdom of Saudi Arabia” by providing leadership and funding for social and economic development projects.

KKF’s projects include, but are not limited to, capacity building of the nonprofit sector as well as corporate sustainability practices; youth social and economic development; research and policy development; and awarding the most outstanding citizens, nonprofits and corporations for their contribution to the social and economic development of the Kingdom of Saudi Arabia.

KKF’s main strategic drivers are:

LEADERSHIP + INNOVATION + PARTNERSHIPS = SUSTAINABLE IMPACT

Goal 4 of the KKF’s 2015-2017 Strategy specifically focuses on building a “**strong culture of strategic philanthropy and corporate social responsibility in KSA**” and is further detailed by specific objectives and KPIs.

After fifteen years of existence, the Foundation looks forward to a new horizon of accomplishments guided by our mission to “positively impact peoples' lives by providing innovative solutions to critical socio-economic challenges in the Kingdom of Saudi Arabia.”

II KKF and UNGC

King Khalid Foundation joined UN Global Compact in 2014 because KKF's goals and principles are very much aligned with the 10 UNGC Principles. KKF promotes the use of UNGC Principles as an overarching framework to shape, steer, communicate and report corporate strategies, goals and activities, allowing them to capitalize on a range of benefits such as:

- Enhancing the value of corporate sustainability
- Strengthening stakeholder relations and keeping the pace with policy developments
- Using a common language and shared purpose

KKF supports UNGC in the following ways:

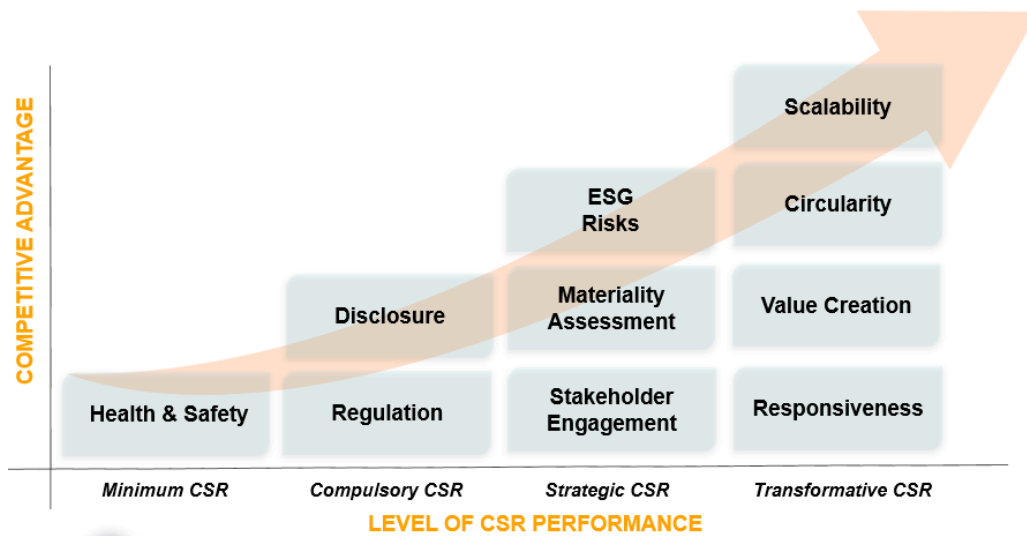
- Develops and implements programs directly aligned with UNGC Principles
- Joins and proposes partnership projects related to corporate sustainability
- Engages companies in GC-related issues
- Supports GC-related special initiatives
- Participate in GC-led global and local events
- Works with government agencies in support of corporate sustainability efforts
- Supports social entrepreneurship projects for sustainability

KKF has a number of specific programs that directly contribute to promoting and supporting UNGC Principles in the Kingdom. We highlight here in this COE only the ones mostly closely aligned with UNGC.

1) King Khalid Award – Responsible Competitiveness Index (RCI) and Award



Launched in 2008, King Khalid Responsible Competitiveness Index (RCI) and Award are KKF's flagship programs. RCI is the first Index and Award program in the Kingdom aimed at recognizing and improving sustainability practices of the private sector in the country.



Responsible competitiveness concept is based in the belief that organizations can gain a range of **competitive advantages** from embedding **sustainable and responsible business practices** and aligning with the Kingdom's **broader development goals** and **Vision 2030**.

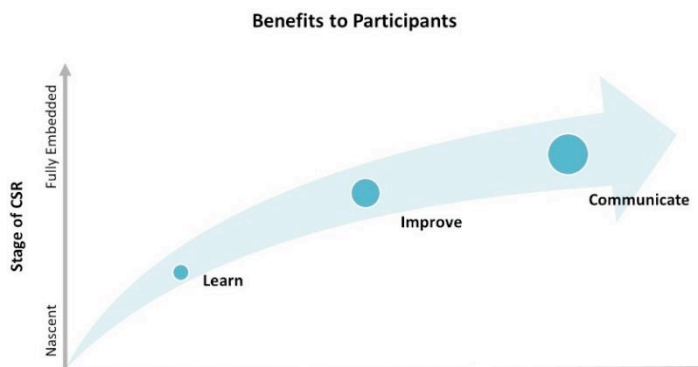
participated and benefitted from the process over the past eight years.

RCI is a tool for social change and is carefully designed to build the capacity of corporate entities to perform better and create commercial as well as social value. The RC Awards recognize, encourage these efforts and support exceptional achievements in the fields of corporate social responsibility. RCI has five core areas that encompass the key areas of a comprehensive corporate sustainability program.

- Building a Nationally Competitive Workforce
- Innovating Solutions for Social Development
- Empowering Local Suppliers
- Commitment to High Quality Products and Services
- Responsible Environmental Management.

RCI is structured to provide benefits to participants at all stages of sustainability implementation:

Figure 1: RCI Benefits



Index and Award Program includes the following main activities for companies:

- Award Application Process – including detailed instructions, videos, and guides
- Outreach events including forums, workshops, conferences, presentations, interviews, email,

social media, website, print media, text and other forms of media

- Score cards – detailed feedback on each criteria in the Award process based on best practices and detailed indication on areas in need of improvement
- Post-award workshops – winners share their experiences in these workshops with all other participants in addition to peer-to-peer learning activities, expert advice, and other forms of support
- Award Gala – special annual event attended by the King of Saudi Arabia where companies have the opportunity to network

Enhanced corporate performance is the main aim of the index and Award and this generates multiple benefits for the Kingdom of Saudi Arabia, including:

- Increased competitiveness on a global and regional stage
- Enhanced degree of Saudization in the workforce
- Protection and stewardship of the environment
- Improved processes, products, and innovations in business practices
- Opportunities for empowerment of women
- Opportunities and empowerment of youth
- Responsible governance
- Risk management

At the end of each annual Award Cycle a thorough impact analysis is completed. The key findings of our 2015 Award cycles analysis include:

Companies are seeing benefit from their involvement in the RCI awards, and participant satisfaction is high. 87 % of workshop participants were very satisfied or satisfied with their overall experience with the RCI Awards. The high overall satisfaction mirrors the impressions from participant outreach and the workshop participation.

RC Awards Satisfaction

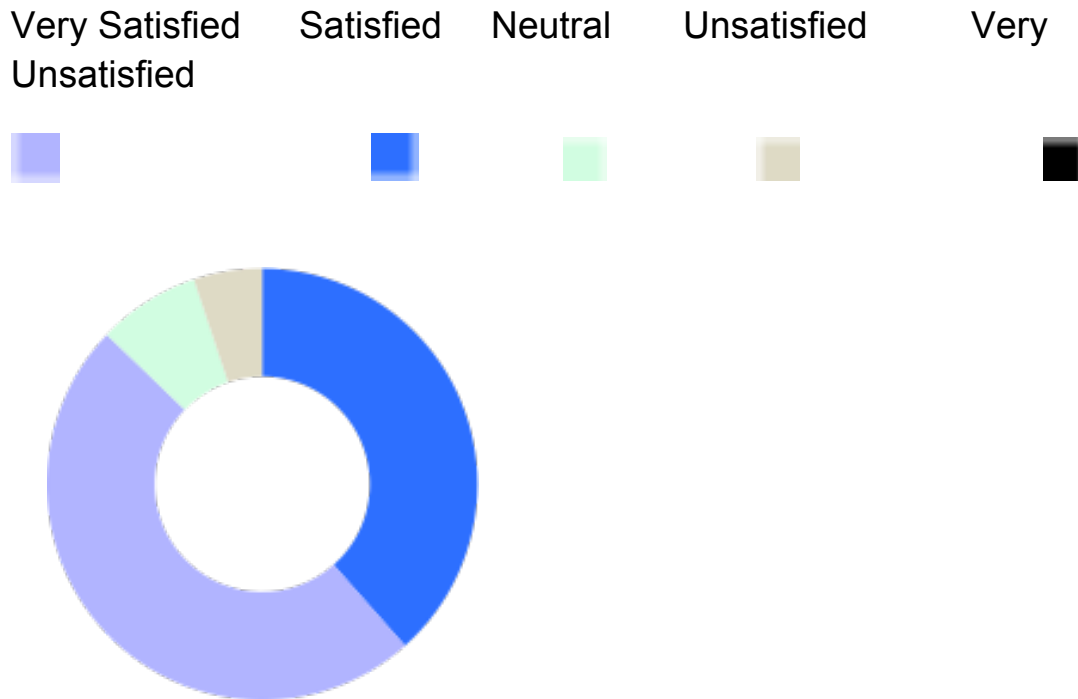


Figure 8: Awards Satisfaction, participant survey.

An overall increase in sustainability performance over the timeframe (3 years).

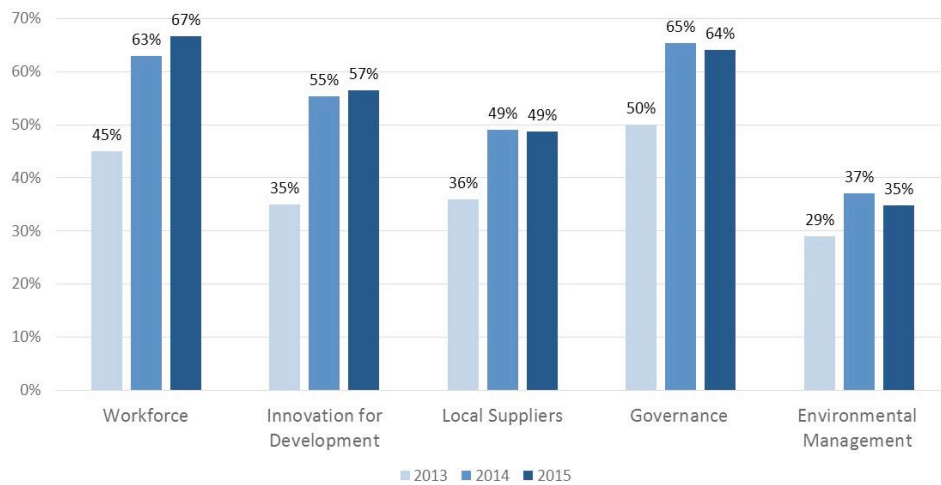
- CSR performance is shown to be boosted by participating in RCI.
- Participants report the Award provides an incentive for companies to improve their sustainability programs.
- RCI provides learning opportunities to participants and helps build organizational capacity and knowledge.
- These learning opportunities increase understanding of sustainability and the improve organizations' ability to execute sustainability strategy.

Sustainability Performance has improved

- Over the last three years the scores of participants at the RCI awards have continued to increase. This is particularly noticeable in the Workforce and the Innovation for Development categories.










Average RCI Scores across Core Areas

- Globally, we are noticing more and more companies becoming aware and actively addressing sustainability and social responsibility issues. With KKF's ongoing support of the RCI Awards, this is a trend we expect to see continue in the Kingdom as well as more companies become involved.
- The greatest concern behind corporate responsibility initiatives for companies is the opportunity to improve their reputation. This is consistent with last year's findings. Another interesting note is that none of the participants see corporate responsibility as an opportunity to innovate their products and services – also consistent with last year's findings. This is valuable information for the program as it gives us insight into how we can prove further value of investing in responsible ventures.



III Alignment to UN Global Compact

The UN Global Compact is the largest corporate sustainability initiative in the world, and the RCI Award is well aligned to the 10 Core Principles. The below table summarizes RCI and Global Compact alignment.

UN Global Compact Principles	Alignment with the RCI Award	Core Area
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights		Workforce Supporting Local Suppliers
Principle 2: make sure that they are not complicit in human rights abuses		Supporting Local Suppliers
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining		
Principle 4: the elimination of all forms of forced and compulsory labor		Supporting Local Suppliers
Principle 5: the effective abolition of child labor		Workforce
Principle 6: the elimination of discrimination in respect of employment and occupation		Workforce
Principle 7: Businesses should support a precautionary approach to environmental challenges		Environmental Management
Principle 8: undertake initiatives to promote greater environmental responsibility		Environmental Management
Principle 9: encourage the development and diffusion of environmentally friendly technologies		Environmental Management
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery		Governance

Legend



Somewhat covered



Fully covered

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2) Sustainability Leading Practices (SLP) Program

KKF continues to advance our vision as a leader and role model in sustainable development in the Kingdom through our new Sustainability Leading Practices Program. The SLP training program and Toolkit builds upon years of experience, feedback, questions and concerns that KSA companies have shared with KKF during the past eight years.

This program introduces sustainability in the broad sense, highlights its importance and shows how it impacts companies both globally and locally. It sets a foundation for a deeper discussion of selected sustainability focus areas that are material to companies throughout Saudi Arabia. It also gives companies a “How to” guidance on how to start sustainability efforts in their companies. The program focuses on the following areas:

1. Stakeholder Engagement
2. Materiality Assessment
3. Responsible Governance
4. Workforce Development

The SLP program is for practitioners as well as executives within companies. We believe by training both practitioners as well as executives the impact within the organizations is more likely as they can work together on not only setting sustainability vision for their organization but also on implementation steps needed to make it a reality.

We are training people from variety of sectors and geographies throughout KSA and the feedback so far has been excellent.

Companies, especially SMEs find it extremely useful. The follow-up and impact measurement of this program will start in 2017.

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3) “Trends in Responsible Business Practices and Social Entrepreneurship Report” – An Overview of The Arab Region

In 2014 KKF commissioned a report of the “**Trends in Responsible Business Practices and Social Entrepreneurship in the Kingdom**” which was then incorporated into a larger study of the same issues in the Arab region (KSA, Qatar, UAE, Tunisia, Egypt, Jordan, and Lebanon).

This is the first of its kind report specifically designed to investigate the evolving understanding and practice trends of corporate social responsibility and social entrepreneurship in KSA and the Arab region. The study targeted decision-makers and stakeholders in corporate responsibility and social entrepreneurship.

The Report’s main areas of focus are directly aligned with the UNGC Principles and include:

- Good Governance
- Human Resource management
- Environmental Performance
- Human Rights and Supply Chain Management
- Social Investment
- Benefits and Challenges
- Social Entrepreneurship

The research was designed to address the following four objectives:

- Identify trends in corporate responsibility and social entrepreneurship
- Understand and assess the enabling environment for this kind of work
- Provide recommendations for future engagement; and
- Use research results to stimulate dialogue and exchange best practices

KKF held the report launch ceremony in Riyadh in 2016 and invited guests from the private sector, the government and the NPOs to share with them the results of the report and discuss issues related to CSR and social entrepreneurship.

Full report available upon request.

4) Sustainability Newsletter

Sustainability Newsletter is a monthly digital publication developed by KKF to address current sustainability issues in the country. The content in the monthly newsletter includes everything from examples of leading practices to interviews with leading companies and global trends in sustainability.

Some focus areas include:

- Good Governance
- Human Resource Management
- Environmental Performance
- Human Rights
- Supply Chain Management
- Workforce Development
- Reporting
- Measurement and Impact

KKF distributes the newsletter to our large database of companies nationwide.

IV Alignment with Vision2030, UNSDGs, and UNGC Principles

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KKF undertook a comprehensive external and internal review and analysis of all of our existing programs to determine our alignment with the Saudi Vision2030, UN SDGs and UNGC Principles to ensure our mission and

programs aligned with the most relevant international principles. After performing internal review we contracted a New York-based consulting company AccountAbility to do an external evaluation and they concluded that KKF's goals, objectives and programs fully support all these various principles in various degrees.

What follows are specific areas of alignment:

- Initiating strategic partnership programs with the private sector
- Leading nation-wide sustainability efforts
- Building a strong NPO sector through capacity building
- Leading nation-wide efforts on social innovation
- Improving youth's skills and employment opportunities
- Improving women's skills and employment opportunities
- Research on all the related topics

V Specific Alignment Between KKF and UNGC

The following specific examples illustrate how KKF supports the implementation and promotion of UNGC Principles through its programs, grants and special initiatives:

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

- King Khalid Responsible Competitiveness Index and Award
- No More Abuse Campaign
- Drafting and implementation of laws related to child and women abuse

- “Trends in Responsible Business Practices and Social Entrepreneurship Report”

Labor

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

- King Khalid Responsible Competitiveness Index and Award
- Youth and women employment initiatives
- “Trends in Responsible Business Practices and Social Entrepreneurship Report”
- Social entrepreneurship grants
- KSA Sufficiency Line research study

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

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- “Trends in Responsible Business Practices and

Social Entrepreneurship Report”

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

- King Khalid Responsible Competitiveness Index and Award
- “Trends in Responsible Business Practices and Social Entrepreneurship Report”

V Other Engagement

In addition to the above engagement areas, KKF attends and contributes to local, regional and international conferences organized by the UNGC or it’s members.

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