



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

**October, 2020**

**H.E. António Guterres, UN Secretary General**

Your Excellency,

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

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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,

HH Princess Nouf Muhammad, CEO, 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 with a vision for a Saudi society with equal opportunities, striving towards prosperity. We achieve this prosperity by mobilizing and enabling stakeholders through social investment, capacity building and policy and advocacy work.

**KKF's programs focus on:**

- Social Investment**
- Capacity Building**
- Policy and Advocacy**

**Definitions of KKF's three main program areas:**

- 1) Social Investment – financial assistance to organizations/individuals that contribute to creating equal opportunities**
- 2) Policy and Advocacy – Support for or recommendation of a particular cause or policy**
- 3) Capacity Building – Process of developing and strengthening skills, abilities, processes and resources to perform better and thrive**

## **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
- Supports UNGC's efforts to establish a local UNGC Chapter and network
- 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 – Sustainability Award**

Launched in 2008, King Khalid Sustainability Award is one of KKF's flagship programs. The Sustainability Award is the first and most respected Award and capacity building program in the Kingdom focused on sustainability issues. In addition, it is the first Award designed

and implemented by a foundation for the benefit of the corporate sector.

KKF is proud to be the pioneer in introducing and actively supporting corporate responsibility and sustainability programs in the Kingdom of Saudi Arabia through our Sustainability Award. For more than a decade, KKF has been leading and working hand-in-hand with hundreds of private sector companies to improve their capacity and performance in developing strategic and impactful corporate responsibility and sustainability policies, programs and practices.

In Saudi Arabia, sustainability is key to increasing the Kingdom's ability to compete at the global level. Among KKF's King Khalid Awards, the Sustainability Award uniquely aims to strengthen the private sector's competitive advantage through improved environmental, social, and governance (ESG) performance.

The Award focuses on aligning sustainability practices with business imperatives, such as promoting positive growth, improving reputation, and strategically engaging with key stakeholders. Additionally, the Award acts as a pathway to help companies improve the quality of their sustainability reporting by aligning to international frameworks and standards, such as the Global Reporting Initiative (GRI) Standards. The top performing companies participating in the Award receive the prestigious King Khalid Award for Sustainability and are honored by King Salman bin Abdulaziz at the annual King Khalid Awards Gala.

## **AWARD OBJECTIVES**

- Establish and implement institutional development work
- Build capacity and promote skills and disseminate best practices on knowledge
- Encourage and strengthen exceptional and innovative sustainability practices
- Build and empower local communication networks of leading practitioners
- Disseminate best practices on knowledge and promote culture of quality

## **APPLICANTS PROFILE**

Over the past 12 years the Sustainability Award had 600+ Participants and 330+ Unique Participants.

The Award has captured a wide range of industries, comprising key sectors of the Kingdom's business community. The Consumer Services and Product Sectors have the highest participation rate, together amounting to 71% of all participants. This includes the greatest representation from the Petrochemical Industries (14%), Manufacturing (11%), Diversified Industry (9%) and Telecommunications & Information Technology (9%) industries. The Agriculture and Food Industry (2%), Hotel and Tourism (2%), Insurance (2%), Health Care Products (2%), Building and Construction (2%), Sports (2%), and Professional Services (2%) industries have had the lowest participation level.

Sustainability Award Project includes the following main activities for companies:

- Award Application Process – including detailed instructions, videos, and guides
- Outreach events including forums, workshops, conferences, webinars, presentations, interviews, ambassadors, emails, social media, website, print media, text and other forms of media
- Score cards – showed overall performance and 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, case studies, exercises 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 ESGE
- Promote innovation
- Improved processes, products, and innovations in business practices
- Opportunities for empowerment of women
- Opportunities and empowerment of youth
- Responsible governance
- Risk management
- Transparency

The Award has attracted many of the Kingdom's high-profile corporate leaders, with past winners, including Saudi Aramco, the Arabian Drilling Company (ADC), the Saudi Investment Bank (SAIB), Binzagr Unilever Limited, Huawei, Cisco Saudi Arabia, the National Petrochemical Industrial Company (NATPET), the Saudi Arabian Mining Company (Ma'aden), the National Commercial Bank and many others.

The Award winners reflect the diversity in sector, size, and maturity of applicants, including a mix of local companies and KSA subsidiaries of global companies.

### **III Alignment to UN Global Compact**

The UN Global Compact is the largest corporate sustainability initiative in the world, and the Sustainability Award is well aligned to the 10 Core Principles.












To ensure the Award continues to deliver robust, credible and relevant impact, its content, methodology and overall process are refined and enhanced on a yearly basis in line with global sustainability trends and practices, as well as leading international and regional sustainability frameworks, including:

- UN Sustainable Development Goals (UN SDGs)

- UN Global Compact (UNGC)
- Global Reporting Initiative (GRI)
- SASB

The Award's evaluation methodology is also refined annually to reflect leading practices, and has matured from evaluating the provision and disclosure of information to additionally assessing the company's performance and practices.

#### Alignment with UNGC:

UN Global Compact Principles	Alignment with the SA 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
<div> <div>Legend</div> <div>  Somewhat covered            Fully covered         </div> </div>		



## **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 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 twelve 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. Environment, Health & Safety
4. Impact Assessment
5. Responsible Governance
6. 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 last impact report of this program shows:

Some of the highlights of this Report included:

The most common feedback from the Impact Assessment Interviews to date has been that participants feel greater clarity around how to prioritize and manage their business more effectively and how to align sustainability with corporate strategy. This has led to improved organizational governance, improved stakeholder relationships, motivated and focused employees, increased client loyalty and in some cases gaining a competitive advantage.

The SLP focus areas with the greatest rates of implementation were:

- Workforce Development (100%)
- Stakeholder Engagement (100%) and
- Environment, Health and Safety Management (75%).

### **3) Policies Incentivizing Sustainability in the Kingdom's Private Sector**

King Khalid Foundation believes in the importance of advocating for sustainability practices in Saudi Arabia's private sector. And for this purpose, the foundation dedicated the King Khalid Award to reward the sustainability achievements of private entities in the Kingdom. As part of celebrating the Award's 10<sup>th</sup> anniversary, KKF saw fitting to hold a discussion panel on government policies and programs that can encourage sustainability involving a panel of private sector sustainability pioneers and government representatives. The event highlighted the impact of the Sustainability Award throughout the years, and presented a discussion paper summarizing the global policies incentivizing private sector sustainability.

### **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, SASB, and UNGC Principles**

Saudi Arabia is one of the first countries that committed to reporting on alignment and progress with SDG's in June 2018 at the UN. KKF was representing Saudi Arabian nonprofit sector at this event and reporting on our progress and activities. KKF is the leader in the country regarding the SDG contribution. In addition, KKF hosted Civil20 program and events during 2020 as part of the G20 Engagement Group and many of the topics that are part of the C20 activities included sustainability, job creation, environmental issues, human rights, transparency, and other relevant topics.

When it comes to the Sustainability Award alignment, the following tables show Award's alignment with international standards and principles:

# 2021 Award Alignment

Award Alignment Analysis		
Frameworks	2021 Award Alignment	
GRI	89%	High
SASB	88%	High
Vision 2030	82%	High
UNSDG	71%	High
Saudi National Standards	71%	High
Total:	82%	High

0-49% Low Alignment

50- 70% Medium Alignment

71-100% High Alignment

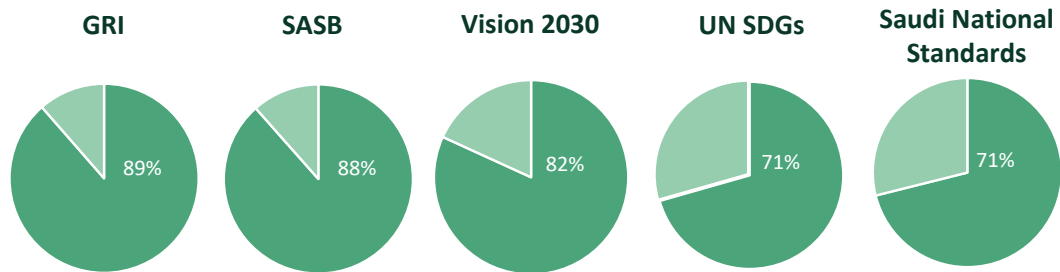
## GRI Details

The King Khalid Sustainability Award aligns with the following GRI disclosures.

✓ GRI 102	General disclosure	✓ GRI 401	Employment
✓ GRI 103	Management Approach	✓ GRI 402	Labor/Management Relations
✓ GRI 201	Economic Performance	✓ GRI 403	Occupational Health and Safety
✓ GRI 202	Market Presence (hiring from local community, wage equality)	✓ GRI 404	Training and Education
✓ GRI 203	Indirect Economic Impacts	✓ GRI 405	Diversity and Equal Opportunity
✓ GRI 204	Procurement practices (spending on local suppliers)	✓ GRI 406	Non-discrimination
✓ GRI 205	Anti-corruption	✓ GRI 407	Freedom of Association and Collective Bargaining
✓ GRI 206	Anti-competitive behavior	✓ GRI 408	Child Labor
✓ GRI 301	Materials (used, recycled, reclaimed)	✓ GRI 409	Forced or Compulsory Labor
✓ GRI 302	Energy	✓ GRI 410	Security Practices
✓ GRI 303	Water	✓ GRI 411	Rights of Indigenous Peoples
✓ GRI 304	Biodiversity	✓ GRI 412	Human rights practices
✓ GRI 305	Emissions	✓ GRI 413	Local Communities
✓ GRI 306	Effluents and Waste (hazardous waste, disposal methods, transport etc.)	✓ GRI 414	Supplier Social Assessment
✓ GRI 307	Environmental Compliance	✓ GRI 415	Public Policy
✓ GRI 308	Supplier Environmental Assessment	✓ GRI 416	Customer Health and Safety
		✓ GRI 417	Marketing and Labelling
		✓ GRI 418	Customer Privacy
		✓ GRI 419	Socioeconomic compliance

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## 2021 Award Alignment



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## Saudi National Standards Details

The King Khalid Sustainability Award aligns to 1 or more disclosures within the indicated standards of the 4 sections of the Saudi National Sustainability Standards (2020)

### General Standards

- ✓ 1 Corporation's Basic Data
- ✓ 2 Sustainability Strategy
- ✓ 3 Sustainability Governance
- ✓ 4 Ethics and Integrity
- ✓ 5 Engaging Stakeholders
- ✓ 6 Determining Core Issues
- ✓ 7 Sustainability Reporting Practices
- ✓ 8 Support and Partnership for Sustainability
- ✓ 9 Disclosure of the Corporation's financial information
- ✓ 10 Employment and Training Policies
- ✓ 11 Energy Consumption and Natural Resources
- ✓ 12 Environmental Compliance with Environmental Monitoring Systems and Network

### Social Standards

- ✓ 1 Employment Policy and Regulation
- ✓ 3 Occupational Health and Safety
- ✓ 4 Training and Qualifying Employees
- ✓ 5 Diversity and Equal Opportunities
- ✓ 6 Under-age and forced labor
- ✓ 7 Security Practices and Security maintenance
- ✓ 8 Local Communities Development
- ✓ 9 Supply Chain
- ✓ 10 Customer Health and Safety
- ✓ 11 Customer Privacy Policy

### Economic & Governance Standards

- ✓ 1 Corporation ownership and the fundamental system
- ✓ 2 Governance and Board of Directors
- ✓ 3 Corporation Strategy and Policies
- ✓ 4 The economic impact of the corporation
- ✓ 5 Markets and Procurement Practices
- ✓ 6 Integrity Protection and Anti-Corruption

### Environmental Standards

- ✓ 1 Corporation's Environmental Planning and Assessment
- ✓ 2 Material used
- ✓ 3 Energy
- ✓ 4 Water and Effluents
- ✓ 5 Biodiversity
- ✓ 6 Emission
- ✓ 8 Environmental Assessment of Supplier

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## UN SDGs Details

The King Khalid Sustainability Award aligns to the following UN SDGs.

- ✓ SDG 3 Good Health and Well-being
- ✓ SDG 4 Quality Education
- ✓ SDG 5 Gender Equality
- ✓ SDG 6 Clean Water and Sanitation
- ✓ SDG 7 Affordable and Clean Energy
- ✓ SDG 8 Decent Work and Economic Growth
- ✓ SDG 9 Industry, Innovation and Infrastructure
- ✓ SDG 10 Reduced Inequality
- ✓ SDG 11 Sustainable Cities and Communities
- ✓ SDG 12 Responsible Consumption and Production
- ✓ SDG 13 Climate Action
- ✓ SDG 17 Partnerships for the Goals

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