

## **Al-Dabbagh Group's UNGC Communication on Progress**

### **1. Statement of continued support by the Chief Executive Officer**

I am pleased to confirm Al-Dabbagh Group Holding Company's continued support for the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption.

We remain committed to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals.

Al-Dabbagh Group Holding Company continues to make a clear statement of this commitment to our stakeholders and the general public through our actions, in accordance with our unique approach to changing mindsets and cascading innovation, called Omnipreneurship.

This approach is made up of 3 principles: Giving, Earning and Sustaining (that provide balance), 5 values: Integrity, Respect, Passion, Teamwork and Forward Thinking (the foundation of the ecosystem) and 10 ten golden rules (the accelerators of the ecosystem). ADG runs numerous initiatives to ensure our Omnipreneurship philosophy, with its SDG aligned 'Giving' and 'Sustaining' pillars, permeates everything we do.

In this, our annual submission of a Communication on Progress, we describe our company's dedicated efforts to implement the Ten Principles and the progress we have made implementing them, increasing public accountability and transparency and our contributions to achieving the Sustainable Development Goals.

We have set out a description of the practical actions (relevant policies, procedures, activities) that the company has taken (or plans to undertake) to implement the UN Global Compact principles in each of the four issue areas. We have also provided descriptions of how our outcomes and results are measured.

### **2. Human rights**

- Description of the relevance of human rights for the company (i.e. human rights risk-assessment)

We have begun the process of conducting extensive materiality assessments across the Group, beginning with our two listed businesses, by way of an external analysis building the long list of material issues (through peer benchmarking, stakeholder analysis and mapping and a media analysis), as well as an internal analysis, refining the long list of issues and building in stakeholder insight, to reach a balanced view of priorities and short list of key issues, prioritised for addressing and for integration into the Group's sustainability strategy development.

The outcome of the assessment is a shortlist of 17 themes which were concluded following a process of consolidation and elimination after analysis of reporting standards and guidelines, external stakeholders and peers. One of these themes is Human Rights.

After assessing this theme for relevance to value creation for the business and external relevance, it was confirmed as an area of Ongoing Importance.

- Description of policies, public commitments, and company goals on Human Rights.

One of the major projects for ADG this year has been a review of its policies, to ensure that they are up to date with international standards.

The ADG Diversity and Inclusion Policy is a commitment by ADG to create a workplace that is fair, inclusive, promotes personal and professional growth, and benefits from the capabilities of its diverse workforce. ADG recognises that its colleagues are its greatest asset and aims to attract and retain people with diverse skills, experience, and backgrounds to deliver high-quality products and services. A workforce that reflects the diversity of customers and communities will be able to understand the needs of its customers and be able to offer responsive services to communities.

Gender Equality (SDG 5): ADG has set ambitious targets for gender diversity, looking to achieve 37% of females overall and pay parity, by 2024.

Reduced Inequalities (SDG 10): ADG has set targets, such as, that there shall not be more than 40% of one nationality within a given department.

The Diversity and Inclusion Policy and campaign have been launched for all group companies, with supporting training programmes. In 2020-2021, ADG's human capital department also launched ADG's unique, holistic Wellbeing Framework monitored for effectiveness across ADG. This covers initiatives which range in objective from encouraging colleagues to prioritise healthy eating and physical activity, to quitting smoking and supporting colleagues in case of emergency, to alleviate financial stress.

When evaluating and selecting vendors and/or procuring goods and services from third parties, the ADG Procurement Policy requires that this is as a result of transparent, objective, time and cost-effective processes, which manage risk, are ethical and professional and adhere to guidelines including around respect for human rights.

- Description of concrete actions to implement Human Rights policies, address Human Rights risks and respond to Human Rights violations.

Gender Equality (SDG 5): ADG has reached 32% of total females in senior position and has increased women representation to 21% in our incubation business. ADG also trains all managers in inclusive leadership.

Reduced Inequalities (SDG 10): ADG is achieving its targets, such as, that there shall not be more than 40% of one nationality within a given department, across the board, other

than under IT/digitization. In its Housing business, ADG achieved a local supplier representation of 60% in its services and materials procurement.

Education (SDG 4): Our Tech company (One Valley) has launched 25+ courses, reached 380k NGOs, impacted 200k+ learners and 200m+ lives in 180 countries. By providing a free online learning platform, it indirectly addresses all 17 SDGs.

Red Sea International:

- 58% increase in female colleagues since 2017
- 60% of colleagues = Saudi Arabian Nationals

Petromin - The only fuel station network committed to employing Saudi Arabian nationals on all forecourts.

- Description of how the company monitors and evaluates performance.

ADG runs an annual Omnipreneurship Cultural Assessment Survey to determine whether the approach, with its SDG aligned ‘Giving’ and ‘Sustaining’ pillars, is embedded in its culture and DNA, with action plans to improve. In 2021, the overall score was 74%, up from 72% in 2020.

ADG is a large and complex organisation, it spans many businesses and industries. We have made good progress on a recent focus area for us, successfully building a framework for group companies to report on a list of over 70 key ESG and sustainability metrics and datapoints in our data scorecard. In this way, we ensure our performance in key areas across the group is monitored and evaluated, so that trends and outcomes of initiatives can be tracked over time and any issues addressed.

We have linked human rights KPI's to relevant SDGs and GRIs and included these in our data scorecard. Datapoints we are tracking across the group that relate to our performance on areas related to human rights include: % of employees completing human rights training.

### 3. Labour

- Description of the relevance of labour rights for the company (i.e. labour rights-related risks and opportunities).

We have begun the process of conducting extensive materiality assessments across the Group, beginning with our two listed businesses, by way of an external analysis building the long list of material issues (through peer benchmarking, stakeholder analysis and mapping and a media analysis), as well as an internal analysis, refining the long list of issues and building in stakeholder insight, to reach a balanced view of priorities and short list of key issues, prioritised for addressing and for integration into the Group's sustainability strategy development.

The outcome of the assessment for Tanmiah is a shortlist of 17 themes which were concluded following a process of consolidation and elimination after analysis of reporting standards and guidelines, external stakeholders and peers. Included in these themes is:

- Health and safety of workforce
- Diversity, Equity and Inclusion – supporting diversity and equal access in society
- Strong corporate culture – reiterating health and safety of workforce, building a strong corporate culture / living our values and supporting wellbeing of employees
- Investment in talent – talent recruitment and retention, contributing to the local job market, employee training and upskilling

After assessing these themes for relevance to value creation for the business and external relevance, they were confirmed as falling within the top 8 Focus Areas, except for health and safety of the workforce, which is still an area of Ongoing Importance.

- Description of written policies, public commitments and company goals on labour rights.

ADG complies fully with the comprehensive, legislative and regulatory requirements to which it is subject. One of the major projects for ADG this year has been a review of its policies, to ensure that they are up to date with international standards.

As set out in the ADG Code of Conduct – Respect, “For a healthy, professional and safe workplace, Respect is crucial. It allows colleagues to feel that their performance at work is appreciated and encourages them to contribute in a meaningful way. A healthy work environment has been proven to increase colleague retention and to boost an organization's reputation as a great place to work. At ADG, we Respect the rights of our colleagues without exception. We work together in a highly professional manner: without favouritism or discrimination of any manner.”

When evaluating and selecting vendors and/or procuring goods and services from third parties, the ADG Procurement Policy requires that this is as a result of transparent, objective, time and cost-effective processes, which manage risk, are ethical and professional and adhere to guidelines including around:

- No discrimination or acts of modern slavery
- Freedom to provide services
- Freedom of establishment
- Prevention of accidents and ensuring safety

- Description of concrete actions taken by the company to implement labour policies, address labour risks and respond to labour violations.

Decent Work & Economic Growth (SDG 8): We have taken part in the Best Workplaces in the Middle East since 2018. In 2022, ADG ranked in the Best Workplaces in the Middle East for the fourth consecutive year. Previous highlights include:

- 4<sup>th</sup> Best Workplace in Saudi Arabia 2021 (up from 6<sup>th</sup> in 2020)
- 6<sup>th</sup> Best Workplace in the Middle East 2021 (up from 16<sup>th</sup> in 2020).

Peace, Justice & Strong Institutions (SDG 16): We work with the Ministry of Labour to ensure compliance for exposing all local malpractices. In our incubation business, we established with government authorities an anti-worker-smuggler unit that has helped expose 60 smugglers in Saudi Arabia.

Barq Systems:

Work experience in tech:

- 693 graduates since 2017 launch
- 33% graduates = female

Increased promotion efforts included social media campaigns, partnerships with universities and talks helped in increase the graduate number by over 60%, from just 56 in 2020 to 171 in 2021

IPD: Helping graduates find work: 30% increase in female colleagues of new 2021 colleagues are from graduate training scheme

- Description of how the company monitors and evaluates performance.

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ADG is a large and complex organisation, it spans many businesses and industries. We have made good progress on a recent focus area for us, successfully building a framework for group companies to report on a list of over 70 key ESG and sustainability metrics and datapoints in our data scorecard. In this way, we ensure our performance in key areas across the group is monitored and evaluated, so that trends and outcomes of initiatives can be tracked over time and any issues addressed.

Datapoints we are tracking across the group that relate to our performance on areas related to labour rights include: % female employees, % leaders under 30, %female leaders and national diversity, etc..

#### 4. Environment

- Description of the relevance of environmental protection for the company (i.e. environmental risks and opportunities).

We have begun the process of conducting extensive materiality assessments across the Group, beginning with our two listed businesses, by way of an external analysis building the long list of material issues (through peer benchmarking, stakeholder analysis and mapping and a media analysis), as well as an internal analysis, refining the long list of issues and building in stakeholder insight, to reach a balanced view of priorities and short

list of key issues, prioritised for addressing and for integration into the Group's sustainability strategy development.

The outcome of the assessment for Tanmiah is a shortlist of 17 themes which were concluded following a process of consolidation and elimination after analysis of reporting standards and guidelines, external stakeholders and peers. Included in these themes is:

- Improving energy efficiency
- Climate action
- Responsible water management
- Reducing waste
- Sustainable land use and animal welfare

After assessing these themes for relevance to value creation for the business and external relevance, climate action and reducing waste were confirmed as falling within the top 8 Focus Areas, with sustainable land use and animal welfare and improving energy efficiency areas of Ongoing Importance and responsible water management included on the Watch List.

- Description of policies, public commitments and company goals on environmental protection.

ADG has embedded sustainability into everyday business decisions, especially in the last 5.5 years, aligning all initiatives with the SDGs and 25 GRI indicators, to achieve its goals, including:

- by 2030, to be Nature Positive, achieving net-zero in CO2 emissions across its portfolio,
- by 2023, have ESG investment criteria embedded in its future partnership and M&A strategy,
- by 2025, be a global top 5 wholly owned family business, in terms of contributing to the SDGs.

ADG has a somewhat of a focus on water and waste, for example, it has adopted a Paper Policy, aimed at eliminating waste, but with advantages from a cybersecurity perspective too. Likewise, single use plastic has been banned from its Head Office, with FPS signing up to the Alliance Against Plastic Waste. In addition to these policies focusing on office-based behaviours, it has targeted the behaviours of colleagues within the home context too.

One of the major projects for ADG this year has been a review of its policies, to ensure that they are up to date with international standards.

When evaluating and selecting vendors and/or procuring goods and services from third parties, the ADG Procurement Policy requires that this is as a result of transparent,

objective, time and cost-effective processes, which manage risk, are ethical and professional and adhere to guidelines regarding striving to protect the environment, and use of sustainable sourcing of raw materials.

- Description of concrete actions to implement environmental policies, address environmental risks and respond to environmental incident.

ADG fosters a culture of innovation, with 15k colleagues incentivised to submit sustainable, game-changing ideas to solve ADG's challenges, including a recycling/circular economy themed hackathon and talks on ADG values and externally, a \$2m Grand Challenge globally crowdsourcing sustainable solutions.

One Million Trees by 2025 (SDG 6,7,12,13)

Greening deserts and reducing CO2. 230k trees planted so far, using 937m litres of wastewater recycled p.a. from ADG's Food business, a sequester equiv. to 260k cars.

Clean Water & Sanitation (SDG 6): Since the launch of ADG's eco-carwash services (11/2020) its Auto services have conserved 7,613,300 litres of water in just 9 months.

Affordable Clean Energy (SDG 7): Our Packaging operations produce over two million kWh energy through wind turbines and windmills. In 2 years, our Auto and Lubricants businesses have reduced 1600 metric tonnes of CO2 emissions.

Responsible Consumption & Production (SDG 12): Our Housing business has reduced 71% of their waste by recycling and reusing plastic, cardboard, and metal waste.

Climate Action (SDG 13): Through optimisation of logistics in ADG's Petroleum and Auto business, it reduced CO2 emissions by 17%. Goal to install 23,200 EV chargers in 9,000 charging stations by 2030.

Tanmiah - 680million litres of water treated and reused annually.

Red Sea International:

- 65% of solid waste is recycled
  - 90% of cooking oil is recycled
  - 206 megalitres of water treated and reused in 2021
  - 66% operating sites are in remote desert locations
  - 36% of suitable sites operating purpose-built wastewater treatment plants in 2021.
- The development plan for 2022 is to achieve a target of 45%

Petrolube:

- Driving carbon out of the supply chain:
- 25% less kms driven per trip since 2018
- 15% reduction of carbon footprint since 2018
- 20% improvement in trip load efficiency since 2018



Petromin - 235 stations offer eco steam wash, a 90% reduction in water consumption compared to conventional car washing.

Electromin - Diversification: Introducing Electric Vehicles to Saudi Arabia  
23,200 chargers in 9,000 Electromin operated Electric Vehicle charging stations by 2030

#### Dukan

- Responsible retailing:
- 30% monthly reduction in CO2
- 2m kilowatts of energy saved per year
- 50% reduction of monthly standard shopping bag usage for July 2021 (and 6 times more eco bags used) compared to March 2021 after campaign launched to encourage their customers to use eco bags

- Description of how the company monitors and evaluates environmental performance.

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ADG is a large and complex organisation, it spans many businesses and industries. We have made good progress on a recent focus area for us, successfully building a framework for group companies to report on a list of over 70 key ESG and sustainability metrics and datapoints in our data scorecard. In this way, we ensure our performance in key areas across the group is monitored and evaluated, so that trends and outcomes of initiatives can be tracked over time and any issues addressed.

Datapoints we are tracking across the group that relate to our performance on areas related to the environment include: total energy consumption, energy consumption from renewable and non-renewable sources, Scope 1,2 and 3 emissions and reductions, water consumption, savings, reuse and recycling, etc..

#### 5. Anti-corruption

- Description of the relevance of anti-corruption for the company (i.e. anti-corruption risk-assessment).

We have begun the process of conducting extensive materiality assessments across the Group, beginning with our two listed businesses, by way of an external analysis building the long list of material issues (through peer benchmarking, stakeholder analysis and mapping and a media analysis), as well as an internal analysis, refining the long list of issues and building in stakeholder insight, to reach a balanced view of priorities and short list of key issues, prioritised for addressing and for integration into the Group’s sustainability strategy development.



The outcome of the assessment for Tanmiah is a shortlist of 17 themes which were concluded following a process of consolidation and elimination after analysis of reporting standards and guidelines, external stakeholders and peers. Included in these themes is ethical business practices through accountability at every level, which incorporates:

- Ethical & compliant behaviour
- Anti-bribery and anti-corruption

After assessing these themes for relevance to value creation for the business and external relevance, ethical business practices through accountability at every level was found to be an area of Ongoing Importance.

- Description of policies, public commitments, and company goals on anti-corruption.

As laid out in the ADG Code of Conduct, integrity is a key value. It is ADG's policy to maintain the highest standards of ethics in all our operations dealings. We are committed to conduct in a fair, lawful, and honest manner in all our business dealings and relationships globally. ADG has a zero-tolerance approach to bribery and corruption.

As set out in the ADG Code of Conduct – Integrity, "Bribery is one of the greatest crimes and most impactful on the corruption of societies, the Company condemns corruption and bribery in all its forms, and never allows corruption and bribery in any dealings or interaction with other parties, and is committed to alert and work to educate and raise awareness of colleagues of the crime and seriousness of bribery and corruption and its negative harm at the Company level and the level of society as a whole."

One of the major projects for ADG this year has been a review of its policies, including the ADG Anti-Bribery or Anti-Corruption Policy, to ensure that they are up-to-date with international standards.

When evaluating and selecting vendors and/or procuring goods and services from third parties, the ADG Procurement Policy requires that this is as a result of transparent, objective, time and cost-effective processes, which manage risk, are ethical and professional and adhere to guidelines including around:

- Vendor code of conduct exhibited and practiced through its employees
  - Compliance with laws and social rules
  - Practicing integrity
  - Avoiding conflicts of interest and personal enrichment.
- Description of concrete actions to implement anti-corruption policies, address anti-corruption risks and respond to incidents.

ADG believes that:

- The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working at ADG. All colleagues and other ADG representatives must avoid any activity that might lead to, or suggest, a breach of any of ADG's Anti-Bribery or Anti-Corruption policies.
- All colleagues should raise concerns about issues or suspicion of corruption at the earliest possible stage to their line manager or the HR department. Colleagues must notify Audit Committee members, or their line manager as soon as possible if they believe or suspect that a conflict with a policy has occurred or may occur in the future.
- Any colleague who breaches a policy should face disciplinary action, which could result in a dismissal for gross misconduct.

ADG encourages openness and will support anyone who raises genuine concerns in good faith under its policies, even if they turn out to be mistaken. It is committed to ensuring no one suffers any detrimental treatment, including dismissal, disciplinary actions, threats, or other unfavourable treatment, as a result of refusing to take part in bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place or may take place in the future.

As mentioned above, one of the major projects for ADG this year has been a review of its policies, including the ADG Anti-Bribery or Anti-Corruption Policy, to ensure that they are up to date with international standards.

- Description of how the company monitors and evaluates anti-corruption performance.

ADG runs an annual Omnipreneurship Cultural Assessment Survey to determine whether the approach, with its SDG aligned 'Giving' and 'Sustaining' pillars, is embedded in its culture and DNA, with action plans to improve. In 2021, the overall score was 74%, up from 72% in 2020.

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Datapoints we are tracking across the group that relate to our performance on anti-corruption include: incidents of non-compliance and % of employees trained in anti-corruption policies.