

Better Life at Lower Costs

# Sustainability Report 2023



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



The Custodian of the Two Holy Mosques  
**King Salman bin Abdulaziz Al Saud**  
May God protect him



His Royal Highness Prince  
**Mohammad bin Salman Al Saud**  
Crown Prince and Prime Minister  
May God protect him



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# 1 | Message from Board Chairman



**Abdullah Saleh Al Othaim**  
Board Chairman



As we forge ahead on our sustainability journey, we are committed to strengthening our focus on Environmental, Social, and Governance (ESG) practices, recognizing them as critical drivers for sustainable growth and success.

Dear Stakeholders of Abdullah Al Othaim Markets Company,

It is with great pleasure that I present to you our sustainability report. The principles of Environmental, Social, and Governance (ESG) have always been deeply ingrained within our business ethos and fundamental to our vision “a better life with lower cost”. We through this report share our journey of expansion, our noteworthy achievements, our ESG strategic direction, governance practices, and our responsibilities to the communities.

Regular engagement with our stakeholders is fundamental to our operations, and we employ various communication and collaboration models tailored to address their concerns. This year, our focus has been on structuring and re-defining our ESG Strategic Direction in line with stakeholder expectations, allowing us to identify and prioritize Material Topics.

Looking ahead to 2024, we are in the process of developing our ESG Strategy, aligning it closely with the ambitious goals of the Saudi Vision 2030 and the Sustainable Development Goals set forth by the United Nations. We recognize the rapid pace at which Saudi Arabia's regulatory landscape is evolving, with new legislation being enacted rapidly and highly professionally.

Therefore, we remain agile in aligning our business strategy with the ever-evolving sustainability landscape. As we forge ahead on our sustainability journey, we are committed to strengthening our focus on Environmental, Social, and Governance (ESG) practices, recognizing them as critical drivers for sustainable growth and success.

For the second consecutive year, Abdullah Al Othaim Markets Company has been honored as the highest-ranked grocery retailer in Saudi Arabia. We are humbled to have been recognized as the 13th Most Valuable Saudi Brand and first in the food retail sector in the 2023 Kantar BrandZ Most Valuable Emirati and Saudi Brands report. Furthermore, our dedication to excellence has been acknowledged through prestigious accolades such as the Best Customer Centric Loyalty Program (IKTISAB) – Grocery Retail - Saudi Arabia 2023 by Global Business Outlook and the Global RLI for innovation in Sustainability Award- Retailer 2022.

To conclude, I would like to express my sincere gratitude to our dedicated employees, esteemed partners, and valued stakeholders for their unwavering support on our sustainability journey. Together, we will shape a brighter future for generations to come and contribute to a more sustainable world.

## 2 Message from CEO



**Eng. Muaffaq Abdullah Mobarah**  
CEO



Our efforts towards inclusivity have resulted in 180+ employees with disabilities being employed at our operations and several more through online work options.

Dear Esteemed Stakeholders,

With a legacy spanning over 67 years, we take immense pride in our reputation for delivering excellence and are recognized as a leading premier retail entity in the Kingdom of Saudi Arabia and the Arab Republic of Egypt.

This year has been a journey marked by significant achievements, challenges, and growth as we remained steadfast in our commitment to our mission: 'To contribute to enabling our society to live a better life in order to achieve the vision of our kingdom'.

At Abdullah Al Othaim Markets Company, we are dedicated to consistently delivering goods of exceptional quality. To achieve this, we maintain a robust management system that prioritizes product quality and safety. Employing a scientific approach, we have developed a comprehensive quality management system and implemented rigorous food safety measures. As a result of our sustainability efforts, we have aligned with international best practices for quality management systems (QMS) and obtained ISO 9001 and ISO 22000 certifications.

Our commitment to local communities goes beyond providing quality goods and services. Our business ethos prioritizes the integration of local individuals into our ecosystem through employment and business opportunities. We actively seek to increase the sourcing of raw materials and

products from local vendors, strengthening local businesses and indirectly benefiting the wider community.

We believe in preserving human capital and fostering a culture of inclusivity, where every individual feels valued, empowered, and able to contribute to their full potential. Employees and third-party workers are essential to our business. We make efforts to provide each of them with a workplace that provides opportunities. We are prioritizing women in our workforce. Our efforts towards inclusivity have resulted in 180+ employees with disabilities being employed at our operations and several more through online work options.

Further, in line with the Kingdom's pledge to achieve net-zero emissions by 2060 and aligning itself with the Paris Protocol commitments, actions on climate change have become a shared responsibility central to Al Othaim's commitment to paving the way towards a Net Zero economy.

Finally, our foremost priority remains meeting the expectations of our stakeholders. We are committed to enhancing our communication on our sustainability approach with all stakeholders. We will continue to create multiple modes of communication and engage with each stakeholder group to ensure that our sustainability efforts are in line with stakeholder expectations.

# 3 ESG Highlights



**49.8%**  
Saudization rate



**7%**  
Female employees



**180+**  
employees with disabilities



**16**  
Types of Trainings in 2023



**100%**  
of operations ISO 9001:2015 & ISO 22000:2018 certified



Approx. **4,000 tonnes** of CO<sub>2</sub> emissions saved\*



**680,000+**  
trees saved



**Consumer Friendly Certificate**  
for compliance with standards



**6%**  
of net profit spent on community



**800,000+**  
Liters Reduction in fuel\* use



**4,400 MT**  
of waste recycled

\*as compared to 2022

## 4 About the Report



Abdullah Al Othaim Markets Company is proud to present its first Sustainability Report, marking a significant milestone in the Company's commitment towards sustainable business practices. Abdullah Al Othaim Markets Company pledges to transparently communicate its sustainability initiatives annually.

This report has been developed with reference to the Global Reporting Initiative's (GRI) Universal Standards (2021). The sustainability report is to the best of our efforts based on key reporting principles of GRI i.e. Accuracy, Balance, Clarity, Comparability, Completeness, Sustainability context, Timeliness, and Verifiability of the information presented in this report.

This sustainability report is available on the company's official webpage under **Investor Relations** section, reinforcing Abdullah Al Othaim Markets Company commitment to sharing its sustainability journey with a wider audience.

### Reporting period and frequency

This inaugural sustainability report encompasses data from 1st January 2023 to 31st December 2023, along with past ESG achievements. The report follows financial report year of Abdullah Al Othaim Markets Company, adhering to the calendar year format. All monetary disclosures are presented in Saudi Riyal unless specified otherwise.

**The sustainability report is prepared to the best of our efforts based on key reporting principles of GRI i.e. Accuracy, Balance, Clarity, Comparability, Completeness, Sustainability context, Timeliness, and Verifiability of the information presented in this report.**

### Reporting boundary

The sustainability report covers data for Abdullah Al Othaim Markets Company in Saudi Arabia. The report specifically addresses the direct operations in Saudi Arabia as it contributes around 95.7% of the total revenue and has the largest workforce in this location, making them a prominent location of operations. Furthermore, Saudi Arabia also serves as headquarters for Abdullah Al Othaim Markets Company. In addition to Saudi Arabia, the company also operates in Egypt with 50 branches.

### Restatement of information

As this is the first sustainability report of Abdullah Al Othaim Markets Company, therefore there are no restatements.

### Assurance

Abdullah Al Othaim Markets Company sustainability report has undergone an internal review by various departments, demonstrating the organization's commitment to transparency. However, it has not yet undergone independent verification by external third parties. We will in the future consider an external assurance of the information presented in the report.

### Feedback and contact details

Abdullah Al Othaim Markets Company highly values the feedback of diverse stakeholders, including but not limited to Regulators, Investors, Customers, Contractors, Researchers, NGOs, Governments, and citizens. Therefore, stakeholders are encouraged to share their thoughts, suggestions, and concerns regarding this Sustainability Report on the below email ID.

Email: [IR@othaimmarkets.com](mailto:IR@othaimmarkets.com)

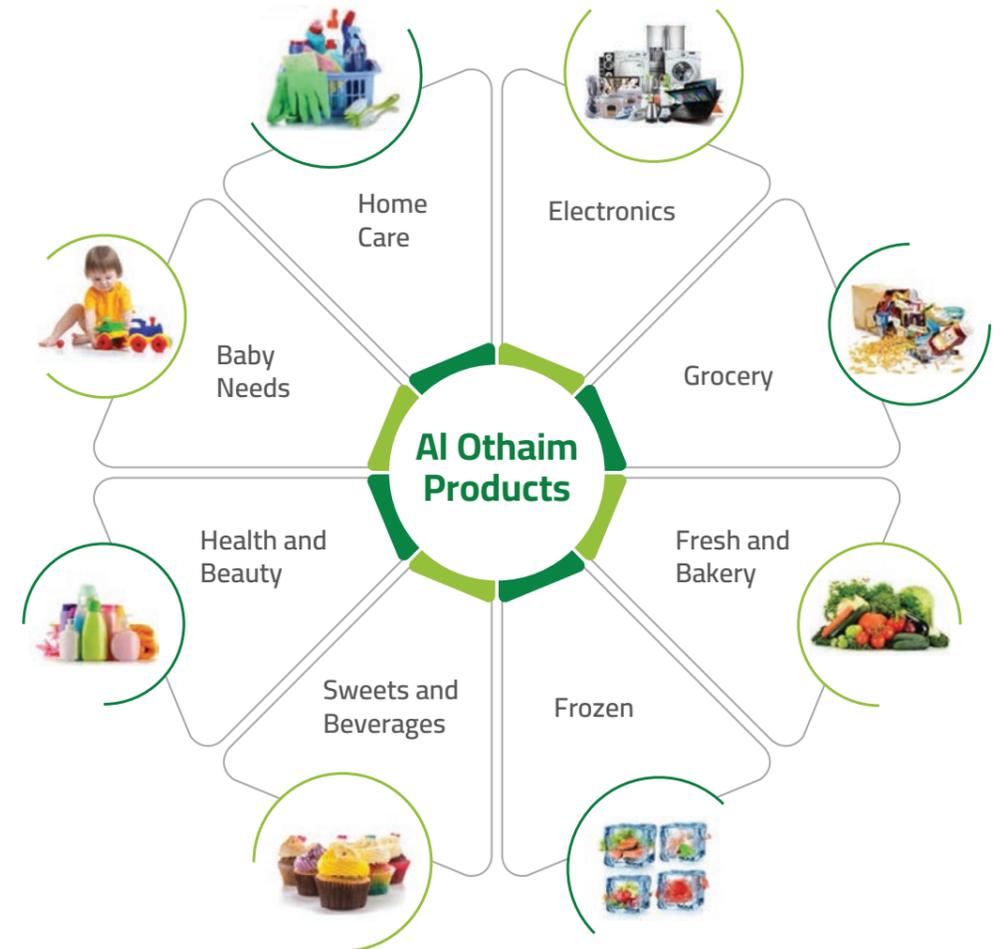
# 5 About the Company



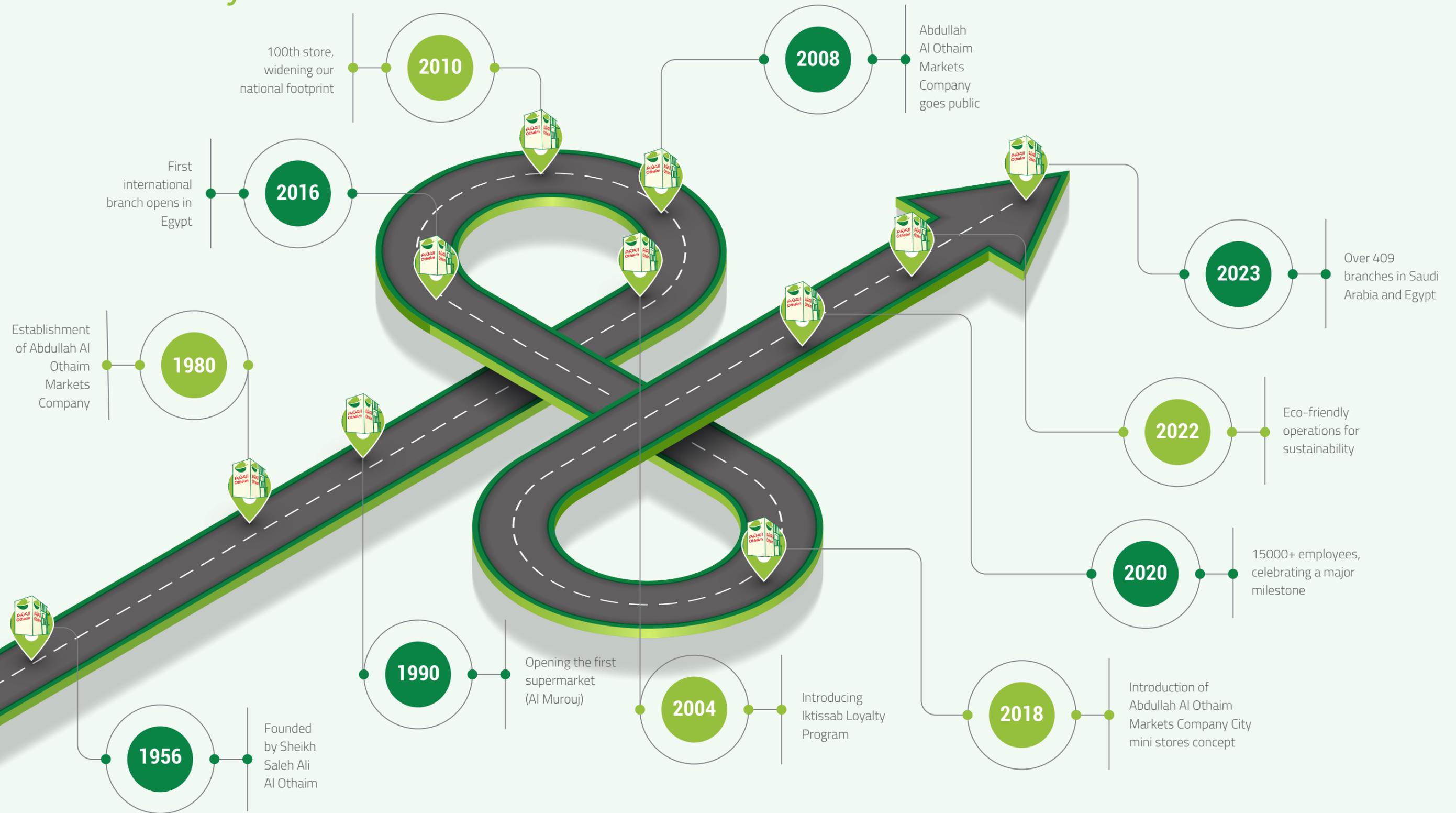
Abdullah Al Othaim Markets Company, headquartered in Riyadh, is a leading Saudi joint stock company listed on the Tadawul securities exchange market. It is an extension of Saleh Al Othaim Trading Establishment founded in the year 1376H (1956G) by the late Sheikh Saleh Al Othaim.

With over 67 years of experience, it is renowned for its quality and is considered one of the Kingdom's foremost retail entities. Abdullah Al Othaim Markets Company holds a position of trust in the Retail - Food & Staples sector in Kingdom of Saudi Arabia and the Arab Republic of Egypt. The company's primary operations include grocery retail and wholesale, as well as mall ownership and operation of supermarkets, hypermarkets, grocery, and convenience stores.

**By the end of 2023, Abdullah Al Othaim Markets Company operates 409 retail branches across Saudi Arabia and Egypt.**



# Al Othaim Journey



Abdullah Al Othaim Markets is an extension to Saleh Al Othaim Trading Establishment being founded in the year 1376H (1956G) by the late Sheikh Saleh Al Othaim whereby the establishment opened its first location in the heart of the commercial business area by that time in the village of Al Gusman at Al Batha and started doing business in trading of food stuffs. In 1401H/1980G Al Othaim Trading Company was founded to continue the line through widening the business and opening wholesale and retail stores in the same activity.

The largest turning point in the company course was in the year 1410H/1990G when the number of stores reached fourteen (14), at that time the system of consumer's wholesale trade was applied in all stores belonging to the company and as such Abdullah Al Othaim Markets Company became leading in this field. In the year 1412H/1992G, big warehouses with international standards of warehousing were opened to support growth and development of this company with its numerous centers and these warehouses were equipped with the most modern dry and cold storage in addition to increase in the distribution vehicles fleet in order to promote the service level provided to clients together with facilitating cooperation with suppliers.

The company is continuing its expansion strategy and increase of stores base all over the Kingdom according to an integrated vision and renewed objective aiming to provide distinguished and comprehensive services to all clients.



**Vision** Better life at lower costs



**Mission** To contribute in enabling our society to live a better life in order to achieve the vision of our kingdom



- Values**
- Responsibility
  - Excellence
  - Charity
  - Trust
  - Honesty



**18,000+**  
Employees and Third-Party Workers



**16.9%**  
Annual Growth in number of stores



**11.0%**  
Annual growth in the space occupied in square footage across stores in KSA and Egypt



**Retail**

**397**  
Retail stores located across KSA and Egypt

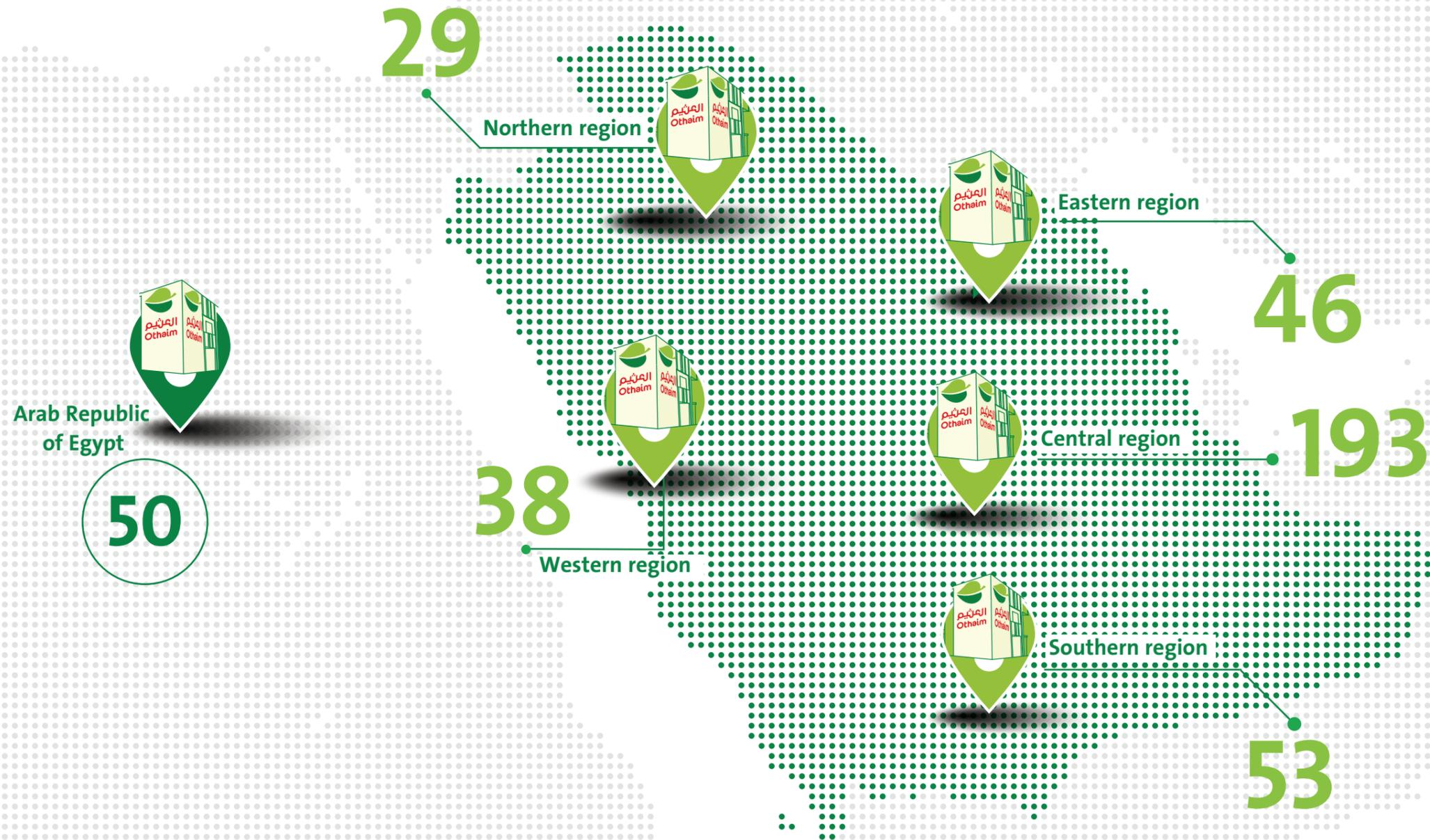
**642 thousand sqm**  
Retail stores located across KSA and Egypt



**Wholesale**

**12**  
Wholesale stores

**19 thousand sqm**  
Wholesale stores located across KSA



The total number of branches within kingdom and outside it: **409**

Branches opened during the year: **63**

## Brands under Abdullah Al Othaim Markets Company

Abdullah Al Othaim Markets Company is dedicated to consistently delivering goods of exceptional quality. To achieve this, the Company maintains a robust management system that prioritizes product quality and safety. Employing a scientific approach, Abdullah Al Othaim Markets Company has developed a comprehensive quality management system and implemented rigorous food safety measures. This includes efficient coordination of work processes, enhancing performance efficiency, investing in human resources and technology, and providing essential training systems.

Additionally, the Company collaborates with trusted suppliers, ensuring continuous development and improvement of product and service quality to meet customer expectations. The company's growth strategy prioritizes customer service and branch expansion nationwide.



## Celebrating Achievements



Won the Global Business Outlook Award, 2023 for the Most Affordable Supermarket Chain- Grocery Retail of Saudi Arabia and Best Customer Centric Loyalty Program Chain- Grocery Retail, Saudi Arabia, in 2023

In the year 2022, Abdullah Al Othaim Markets Company secured the Global Business Outlook Award- 2022, for the fastest growing supermarket chain in Saudi Arabia.



### KANTAR BRANDZ

2023 MOST VALUABLE EMIRATI AND SAUDI BRANDS

### KANTAR BRANDZ

2022 MOST VALUABLE EMIRATI AND SAUDI BRANDS

Abdullah Al Othaim Markets Company secured the Kantar Brandz Award, as the most valuable grocery brand and as the highest ranked grocery retailer in Saudi Arabia in 2023 and 2022 respectively.



Abdullah Al Othaim Markets Company won the retail asia AWARDS 2022 for Marketing Initiative of the year- Saudi Arabia 2022



Abdullah Al Othaim Markets Company achieved the Global RLI for innovation in Sustainability Award- Retailer.



Won the Most Admired Supermarket Chain of the Year, Saudi Arabia 2022.



# 6 Outlook Towards ESG



## 6.1 Our ESG Approach

ESG has been integral to Al Othaim embedded in business ethics and the mission of creating value for stakeholders. We also understand that every stakeholder may have different expectations from us. Therefore, Al Othaim works towards

creating differentiated value for each stakeholder group. While this fundamentally drives the thought process, we believe that we need to strengthen the focus on Environmental, Social, and Governance (ESG) as it is a crucial driver for sustainable growth and success. In continuing with this thought, Al Othaim is initiating disclosure of its intention and actions on ESG. During the coming year, Al Othaim is setting the ESG Strategic direction through the development of framework and roadmap.

**In continuing with this thought, Al Othaim is initiating disclosure of its intention and actions on ESG.**

The company creates value for stakeholders



### For our Customers

Providing the best and most appropriate quality and experience.



### For our Employees

Providing the best development and stimulating work environment.



### For our Suppliers

Building business partnerships based on trust and mutual gains.



### For our Investors

Maximizing the investment return in the short and long term.



### For our Society

Support sustainability, food and environmental security, and job generation.

## 6.2 Stakeholders Engagement and Materiality



Abdullah Al-Othaim Markets Company has diverse stakeholders whose input plays a pivotal role in the company's success. Regular engagement with these stakeholders is a fundamental aspect of its operations and plays a crucial role in its day-to-day business activities. Through regular engagement with stakeholders the company gains invaluable insights into evolving expectations and needs. These multi-disciplinary dialogues foster a deeper understanding of challenges and enable the development of customized solutions that not only create value but also foster trust.

Recognizing that each stakeholder holds unique interests, the company's communication and collaboration has a variety of models. We systematically note the priorities and expectations of each stakeholder group. Despite these engagement models, we realized the need for a dedicated engagement with stakeholders to understand their specific ESG expectations from Al Othaim. This was captured as a part of our material topic assessment process.

Stakeholder	Engagement Mode	Priorities and Expectations
<b>Suppliers</b> 	<ul style="list-style-type: none"> <li>Al Othaim digital platform</li> <li>Periodic meetings</li> </ul>	<ul style="list-style-type: none"> <li>Business Ethics</li> <li>Fair dealings</li> <li>Openness and transparency</li> <li>Creating value through mutually beneficial dealings</li> <li>Smooth invoicing and payment processes</li> </ul>
<b>Customers</b> 	<ul style="list-style-type: none"> <li>Customer service at all branches</li> <li>Customer inquiries hotline</li> <li>Social media platform</li> </ul>	<ul style="list-style-type: none"> <li>Food &amp; Product Safety</li> <li>Fair Pricing</li> <li>Customer Experience</li> <li>Data Security &amp; Privacy</li> <li>Ethical business conduct</li> </ul>
<b>Employees</b> 	<ul style="list-style-type: none"> <li>Al Othaim employee portal</li> <li>"Voice Heard initiative" to improve internal communication</li> <li>Monthly summit meeting</li> </ul>	<ul style="list-style-type: none"> <li>Diversity, Equity &amp; Inclusion</li> <li>Data Security &amp; Privacy</li> <li>Job security</li> <li>Fair compensation and benefits.</li> <li>Opportunities to develop</li> <li>Ethical conduct</li> </ul>
<b>Investors</b> 	<ul style="list-style-type: none"> <li>General Assembly</li> <li>Investors Presentation</li> <li>Quarterly Earnings Call</li> <li>Investor Relations page on the company's website and e-mail to <a href="mailto:Ir@othaimmarkets.com">Ir@othaimmarkets.com</a></li> </ul>	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Labour Practices</li> <li>Positive return on investment</li> <li>Reputation management</li> <li>Risk management</li> <li>Climate Change</li> </ul>
<b>Society</b> 	<ul style="list-style-type: none"> <li>In partnership with NGO's</li> <li>Various community development programs</li> <li>Charity events</li> </ul>	<ul style="list-style-type: none"> <li>Philanthropy/ Charity</li> <li>Engagement and involvement in decision making.</li> <li>Investment in local communities.</li> <li>Supporting local Enterprises</li> <li>Promoting local talent through Saudization</li> </ul>

## Identifying the focus areas

Our objective of conducting a formalized materiality assessment exercise two fold. One to understand what our stakeholders want us to focus on and two to be able to provide them with insights from Al Othaim on those topics. To achieve this, we have adopted the recommendations of Global Reporting Initiatives, 2021 guidelines towards materiality assessment. We also followed the sectoral guidance provided by Sustainability Accounting Standards Board (SASB). This was our first attempt towards wholistic, structured and focused feedback gathering from our key stakeholders on ESG.

understanding and alignment with organizational goals and stakeholder expectations. We engaged with 100+ stakeholders through a formal survey process to understand the significance of various ESG topics for them. Analysis of the perspectives provided insight on different stakeholder priorities which were combined under five pillars.

We intend to incorporate this outcome into our ESG journey by first disclosing transparently the highest significance topics while medium significance topics will be considered while developing the strategy.

The process of evaluating material topics involves several key steps to ensure a comprehensive

### Our Sustainability Pillars

Pillar 1: Governance and Ethics	Pillar 2: People Practices	Pillar 3: Inclusive value creation for Society	Pillar 4: Responsible Business Practices	Pillar 5: Nurturing Green Practices
<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Ethics &amp; Integrity</li> <li>Security &amp; Privacy</li> <li>Ensuring Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Occupation, Health, and Safety</li> <li>Nationalization</li> <li>Training and Development</li> <li>Diversity and Equal opportunity</li> </ul>	<ul style="list-style-type: none"> <li>Economic Impact and Business Resiliency</li> <li>Community Engagement</li> <li>Supply Chain</li> </ul>	<ul style="list-style-type: none"> <li>Responsible Product Management</li> <li>Responsible Marketing and Labelling</li> <li>Customer Health and Safety</li> <li>Sustainable material and packaging</li> <li>Responsible sourcing</li> </ul>	<ul style="list-style-type: none"> <li>Environmental Responsibility</li> <li>Climate Change</li> </ul>



Description of Material Topics

Governance and Ethics

- 
**Corporate Governance** Corporate governance entails a steadfast commitment to robust practices, including transparent reporting, adherence to tax and corporate compliance, and a focus on transparency, traceability, and the assurance of safe products
- 
**Ethics & Integrity** Ethics encompasses the integration of business ethics and compliance standards, promoting ethical business behavior, adherence to organizational ethics and values. A crucial aspect is the establishment of an ethics whistleblowing system implementation of anti-corruption and bribery policies to ensure transparency and accountability upholding human rights principles in all business relationships.
- 
**Security & Privacy** Security & Privacy encompasses the protection of sensitive information, incorporating measures like Data Privacy & cybersecurity and Data protection and privacy. This commitment extends to ensuring Customer privacy & data security, guided by ethical principles in corporate governance. In specific industries, such as retail, the focus on Retail security addresses concerns related to Crime & security.
- 
**Ensuring Compliance** Ensuring Environment, Social and Governance (ESG) Compliance involve adhering to all ESG legislation to ensure responsible business conduct.

People Practices

- 
**Nationalization** Companies serves the nation through various initiatives aligned with national development plans (i.e. Saudization) and other initiatives to develop national talent.
- 
**Occupation Health and Safety** Health, and Safety encompass a holistic approach to workplace well-being. It involves prioritizing workplace health and safety, ensuring associate health and safety, and promoting colleague well-being. The focus extends to creating healthy workplaces, emphasizing employee wellness, and fostering a culture that prioritizes occupational health and safety.
- 
**Training and Development** This involves the strategic development of talent and skills within an organization with a focus on attracting, retaining, and nurturing talent. The emphasis is on enhance employee skills, contributing to a culture of continuous learning, development, and overall growth.
- 
**Diversity & Equal opportunity** This is promoted across the board and in the workplace. This involves fostering diversity, ensuring inclusion, providing equal opportunities, a fair working environment, and a culture of respect. It also includes ensuring fair compensation & benefits, work-life balance, and employee well-being. Non-discrimination is a fundamental principle.

Nurturing Green Practices

- 
**Environmental Responsibility** This includes addressing Waste management, Environmental Impacts and promoting Land Stewardship through actions to protect the environment.
- 
**Climate Change** Climate Change includes energy management, management of climate change risks, disaster resiliency, and efforts to mitigate climate impact through strategies such as a net-zero emissions target and reduction strategy. The operations and value chain shall contribute to greenhouse gases, therefore, addressing greenhouse gas emissions is crucial, emphasizing the transition toward a net-positive carbon approach and sustainable practices in areas such as climate transport, e-commerce, and overall climate and emissions management.

Inclusive Value Creation for Society

- 
**Economic Impact and Business Resiliency** Economic Impact and Business Resiliency involve the fortification of businesses through strategies like Business resilience and continuity and Risk management. This includes optimizing Economic performance and maintaining financial stability, fostering Economic opportunity and market presence. Additionally, considering Indirect economic impacts ensures a comprehensive approach to navigating challenges and promoting resilience in the business landscape.
- 
**Community Engagement** This includes creating positive Community impact through active engagement with the local community. It encompasses initiatives related to food access, local economic development, and overall community wellbeing. By fostering strong societies and supporting local actions, businesses contribute to the public realm and promote sustainable lifestyles. This commitment reflects a dedication to creating value for both customers and communities alike.
- 
**Supply Chain** This includes responsible purchasing practices, local production, and sourcing, and upholding human rights. A valued and responsible supply chain also embraces diversity among suppliers, all while addressing transportation and logistics considerations, ensuring traceability, and promoting sustainability.

Responsible Business Practices

- 
**Responsible Product Management** This involves a commitment to minimizing the environmental impacts of products while ensuring their affordability, quality, and safety within the product portfolio. It aims to address concerns related to food security, enhancing food access, safety, and overall health. The focus extends to creating a greener environment and improving products by managing chemicals responsibly, prioritizing product safety and quality, and fostering sustainable practices throughout the production and consumption lifecycle.
- 
**Responsible Marketing and Labelling** Responsible Marketing & Labeling involves ethical marketing practices and transparent product labeling. This includes emphasizing integrity in both selling practices and product information, with a focus on ensuring that product labeling accurately represents the product.
- 
**Customer Health and Safety** Customer Health & Safety integrates the principles of Customer health and nutrition, Food Safety, and Health & Safety, ensuring a positive and inclusive Customer Experience in stores. This commitment prioritizes consumer health, wellness, and nutrition, with a focus on putting customers first. The approach extends to managing customer satisfaction and addressing complaints effectively. Additionally, it considers public health and nutrition, emphasizing a holistic perspective on Health & Nutrition.
- 
**Sustainable Material & Packaging** Sustainable Materials and Packaging refer to the creation of environmentally responsible products and packaging. This involves mindful product and packaging, considering materials and resources with a focus on sustainability. Addressing concerns related to plastics and packaging, the emphasis is on integrating eco-friendly practices into the entire product design and lifecycle process.
- 
**Responsible Sourcing** Responsible Sourcing is the practice of responsibly procuring commodities and raw materials, emphasizing support for local suppliers. This involves ensuring that the origin and production of goods align with ethical and sustainable standards, contributing to responsible sourcing practices across the supply chain.

# 7 Fostering Good Governance



## 7.1 Governance at Al Othaim

Abdullah Al Othaim Markets Company is dedicated to delivering optimal value for its shareholders and stakeholders through consistent performance. Commitment to robust Corporate governance is reflected in Al Othaim's transparent reporting, adherence to tax and corporate compliance, and a focus on transparency, traceability, and the assurance of safe products.

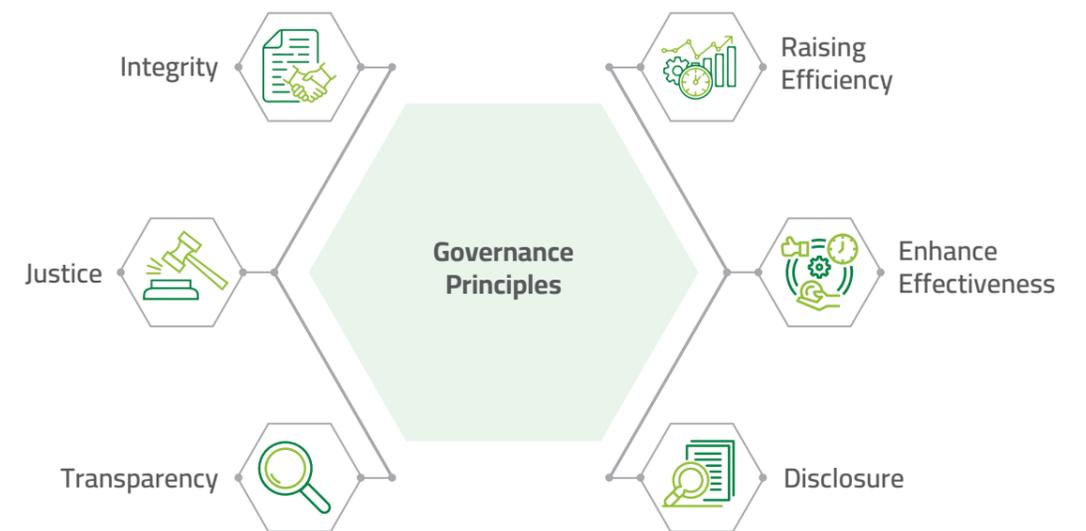
Al Othaim also ensures that the standards set for public shareholding companies listed in the Kingdom are adhered to and international best practices are adopted wherever possible, ensuring robust and effective governance. It is also believed that good governance aligns with economic

growth that Al Othaim has maintained over years.

Al Othaim has six governance principles of raising efficiency, enhance effectiveness, disclosure, transparency, justice and integrity. To implement these principles, the Company has developed several policies, procedures and guidelines. These guidelines cover various aspects such as the duties of the Board of Directors, delegation of powers, internal control mechanisms, shareholder relationships, insider trading provisions, and conflict of interest management. By adhering to these governance principles, Al Othaim ensures that its operations are not only efficient but also ethical and responsible.

Upholding integrity in all its dealings, the company strives to conduct business in a manner that benefits society at large.

**To implement these principles, Al Othaim has developed several policies, procedures and guidelines.**



## Board Composition

Committed to independence of the Board, the selection of Board members is conducted meticulously with well laid out procedures for the same. Competent members are chosen to the Board. Majority of the Board members are non-executive and independent, which facilitates

impartial decision-making aligned with the Company's interests. For further information on the Board Members' age, qualifications, members of governance committees, compensation as well as remuneration breakdown by employee category please refer Al Othaim's Annual Report 2023.

Name	Gender (M/F)	Age	Tenure (Years)	Independent of Management	Nationality	Committee Member
Mr. Abdullah Saleh Ali Al Othaim	Male	67	16 Years	Non-executive	Saudi	Board Chairman
Eng. Bader Hamed Abdulrazaq Alaujan	Male	56	2 Years & 3 Months	Non-executive	Saudi	Vice Chairman
Mr. Bandar Suliman Mohammed Al Bohairy	Male	48	1 Year & 1 Month	Non-executive	Saudi	Member
Mr. Bandar Nasser Hamad Al Tamimi	Male	43	8 Years & 8 Months	Non-executive	Saudi	Member
Dr. Raed Abdullah Ibrahim Al Hogail	Male	60	2 Years & 3 Months	Independent	Saudi	Member
Mr. Saad Ibrahim Saad Al Mushawah	Male	64	2 Years & 3 Months	Independent	Saudi	Member
Dr. Abdulkarim Hamad Abdulkarim Al Nujaidi	Male	56	2 Years & 3 Months	Independent	Saudi	Member
Mr. Mohammed Hasan Ibrahim Al Shuhail	Male	45	2 Years & 3 Months	Non-executive	Saudi	Member
Eng. Muaffaq Abdullah Mohammed Mobarah	Male	52	6 Months	Executive	Saudi	Member

## Governance Committees

Al Othaim currently has three Board-level committees to provide oversight of operations and ensure its effectiveness. These committees play a crucial role in supporting the Board's governance responsibilities.

**Audit Committee:** The Committee's responsibilities include but are not limited to supervising internal company auditing, studying internal control systems and audit reports,

recommending the appointment of accounts auditors to the Board of Directors, reviewing financial statements, and ensuring the Company's compliance with relevant laws, regulations, policies, and instructions and providing points of views regarding them to the Board of Directors. These activities are vital for upholding transparency, financial integrity, and compliance within the company.

Name	Role in Committee	Tenure (Years) in Committee
Dr. Raed Abdullah Ibrahim Al Hogail	Chairman	2 Years & 3 Months
Mr. Abdullah Jaber Ali Al Fifi	Member	2 Years & 3 Months
Mr. Mohammed Mansour Abdulmohsen Al Mousa	Member	2 Years & 3 Months

**Nomination and Remuneration Committee:** The Committee's responsibilities include but are not limited to recommending nominations to the Board of Directors, reviewing the structure of the Board and executive department, proposing solutions consistent with the company's interest,

preparing, and updating policies for remunerations of the Board and committee members, and assessing the effectiveness of meeting goals. The committee also audits the allocations and remuneration of workers, approves, adopts, and assesses relevant plans and policies.

Name	Role in Committee	Tenure (Years) in Committee
Mr. Saad Ibrahim Saad Al Mushawah	Chairman	2 Years & 3 Months
Mr. Bandar Nasser Hamad Al Tamimi	Member	8 Years & 8 Months
Mr. Abdulaziz Muner Ahmad Al Qady	Member	3 Years
Eng. Nabil Abdulaziz Mohammed Al Fraih	Member	2 Years & 2 Months

**Executive Committee:** The responsibilities includes but are not limited to assist the Board of Directors in performing its supervisory duties to establishing long-term goals and actionable plans. The Committee closely monitors implementation of decisions of Board of Directors (BOD) with the executive management, developing the organizational structures of the company,

reviewing the financial, operational and marketing policies and submitting to the Board of Directors as it deems fit.

For further information on the Board Committees including members, number of meetings etc., please refer to the Corporate Governance section of the Annual Report 2023.

Name	Role in Committee	Tenure (Years) in Committee
Mr. Abdullah Saleh Ali Al Othaim	Chairman	1 Year
Eng. Bader Hamed Abdulrazaq Alaujan	Member	2 Years & 3 Months
Mr. Bandar Suliman Mohammed Al Bohairy	Member	1 Year
Mr. Mohammed Hasan Ibrahim Al Shuhail	Member	2 Years & 3 Months
Eng. Muaffaq Abdullah Mohammed Mobarah	Member	1 Year



## 7.2 Risk Management

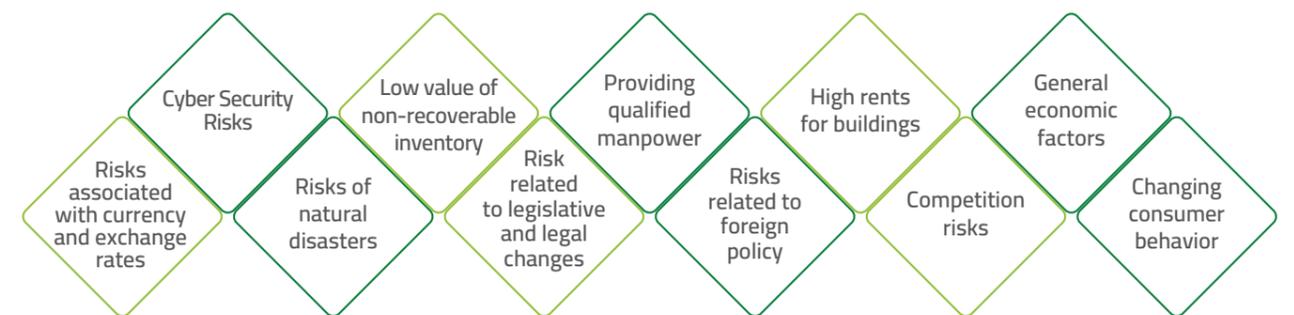


Early identification of major risks is paramount to ensuring business continuity and minimizing disruptions. Al Othaim recognizes the importance of proactive risk management to prevent issues before they arise. Therefore, various controls and measures are employed to mitigate any potential impact.

mitigate potential risks. This holistic approach involves rigorous assessment of each risk's likelihood and impact, followed by the implementation of effective measures to minimize, avoid, or contain them. By taking proactive steps, the company aims to safeguard its operations and uphold its commitment to sustainability in both internal and external activities.

Through collaboration across departments, diligent efforts are made to identify, evaluate, and

### Risks Identified by Al Othaim



Enhancing awareness of risk management within the sector's operations. This commitment is supported by continuous oversight of internal audit practices and their implementation of best-in-class governance principles. These initiatives strengthen the Audit Committee's efforts to elevate risk management standards and

ensure adherence to approved procedures across all company departments through a comprehensive review program specifically designed to the refinement of retail operations. Throughout the year, Al Othaim managed its internal and external risks effectively.

## 7.3 Upholding Ethics and Integrity



Al Othaim is dedicated to upholding the highest ethical standards and integrity in all aspects of its business operation. The company upholds responsible governance, ethics and Integrity through its Code of Conduct and Whistleblowing Policy. The Company is committed to the highest possible standards on credibility, honesty, accountability and creating an environment based on open communication that makes individuals reassured of fair treatment and action at all times.

**Zero Cases of Corruptions have been reported this year**

### Code of Conduct

Al Othaim adheres to a comprehensive Code of Conduct, reflecting its methodology, vision, mission, and moral values. This code emphasizes professional conduct consistent with religious values, encompassing honesty, responsibility, accountability, and the avoidance of conflicts of interest.

The company prohibits unethical practices, including acceptance of gifts, nepotism, infringement of intellectual property rights, and other misconduct. To ensure compliance, a committee overseeing behavioural standards in the workplace was established to enforce professional behaviour and ethical practices. It applies to all internal and external stakeholders of the company including the management, suppliers and customers.

### Whistleblowing Mechanism

Al Othaim's whistleblowing policies and procedures provides guidance on conduct and ethics, providing mechanism for reporting and addressing violations, risks, or potential misconduct affecting individuals, the company, or its stakeholders. The policy underscores the company's commitment to professional integrity, ethical conduct, transparency, and fair dealing. It aims to provide whistleblowers with protection from reprisals, harassment or disciplinary action while encouraging them to voice genuine concerns internally. By fostering a culture of transparency and accountability, the policy aligns with the company's values and code of conduct, promoting responsible and ethical reporting of fraud or corruption within the organization.

Al Othaim has implemented several mechanisms to facilitate anonymous submission of complaints by whistle blowers. The process of addressing is also well established and requires a quick addressal of these usually, limited to three business days. The multi-functional committee headed by Internal Audit is formed for such reviews including an experienced investigator. Each individual is provided an opportunity to present their perspective to provide a fair outcome. If the results of the investigation conclude that an improper or unethical act has been committed, the committee recommends to the company's management to take disciplinary or corrective action that the company may deem appropriate in accordance with the code of conduct and labor law.

A periodic reporting of any violations are shared with the Audit Committee by the Internal Audit department. In the event any legal action is required, the Internal Audit Department is required to submit a detailed report to the Audit Committee.

### Conflict of Interest

To safeguard its shareholders' interests and maintain ethical operations, the company has established a policy governing conflicts of interest and standards. This policy ensures, that all transactions with related parties are fair, relevant committees and Board of Directors are informed. During the year, there were no confirmed cases of breach of code of conduct or conflict of interest.

### Regulatory Adherence

As the regulatory landscape continues to evolve, Al Othaim remains proactive, striving to lead rather than follow, as maintaining regulatory adherence is at the core of its corporate ethos. We view it as a reflection of effectiveness of our governance practices and contribution to society. Our initiation of this Environmental, Social, and Governance (ESG) journey, is also a testament to the same.

**Zero significant instances of non-compliance with laws and regulations in 2023**

## 7.4 Security & Privacy



The business activities of Al Othaim also require data to be maintained in digital formats due to the increasing use of technology. Security & Privacy at Al Othaim encompasses protecting sensitive information, incorporating measures like cybersecurity, data protection and privacy.

The Company has implemented Information Security Management System (ISMS) across the organization. The Company also has in place a cloud security policy for all information that touches the cloud data systems. Together, these policies ensure a robust security posture, mitigating risks and promoting trust with both customers and business partners.

**Implemented ISMS across the organization towards digital security**

The Company utilizes robust security measures, like advanced cloud email protection, network access control, and firewalls to safeguard information and prevent unauthorized access. These systems are continuously monitored and updated for comprehensive coverage. In 2023, Al Othaim conducted gap assessment of the current Information Security (IS) policies and procedures to measure their adequacy against ISO 27001.

It has in place a cyber security awareness and training program which is applicable to all regular employees and contracted employees to gain and understand the requirements of Information security at Al Othaim and fosters a culture of vigilance within the company.

## 7.5 Financial Stability and Prosperity



In today's ever-evolving business landscape, achieving economic impact and business resiliency is paramount for ensuring financial stability and prosperity. This entails implementing robust strategies such as business resilience, continuity planning, and risk management to fortify businesses against unforeseen challenges. It also involves optimizing economic performance, maintaining financial stability, and nurturing economic opportunities and market presence. Recognizing the significance of indirect economic impacts further underscores the need for a comprehensive approach to navigate uncertainties and promote resilience.

Al Othaim is a prominent player in Saudi Arabia's retail food industry. It has in last 67 years, consistently maintained and grown its footprint, exemplifying commitment to financial stability and resilience. Through a strategic focus on

competitive pricing, exceptional service, and quality offerings in both wholesale and retail operations, alongside strategic real estate investments, the company stands out in its sector. This unwavering dedication to value and customer satisfaction not only ensures consistent revenue streams but also empowers employees, strengthens communities, and contributes significantly to the Kingdom's economic advancement. By prioritizing long-term sustainability, the Company continues to play a pivotal role in driving economic progress and resilience in the region.

**Over the past several decades, Al Othaim has been reporting a consistent growth in revenue with a stable net profit.**

# 8 Employee Wellbeing



## 8.1 Diversity, Equity, and Inclusion

Al Othaim is committed to preserving human capital and fostering a culture of inclusivity. It strives to cultivate a workplace where every individual feels valued, empowered, and able to contribute to its full potential. Recognizing the importance of attracting diverse talent and nurturing competencies, the Company has implemented a comprehensive set of policies to create an inclusive work environment.

Al Othaim's Diversity and Equal Opportunity Policy ensures an inclusive workplace where every employee thrives regardless of gender or race. The objective of this policy is to develop procedures that help the company achieve diversity in the human element and implement the principle of fairness and equality in entire recruitment process. Al Othaim has developed numerous procedures and programs to uphold the principle of diversity and equal opportunities, ensuring the attainment of strategic

objectives in human capital management with utmost efficiency. The key tenants of our sustainable development and fostering a healthy work environment for equal opportunities, diversity across nationalities, ages, genders, and cultures, Implementation of a career Path, leadership and Succession planning, and Fair disbursement of incentives and bonuses.

Al Othaim commitment to diversity and equal opportunity transcends mere policy; it serves as a fundamental principle guiding its actions and shaping its corporate culture. Al Othaim is proud of its workforce of over 18,000+ employees and third-party workers. Over the past few years, we have concentrated our efforts to increase the number of female in the workforce. Today, females represent 7% of our full-time employees. Our efforts are focused on sustaining the momentum of recruiting females, thereby ensuring a balanced gender ratio across various roles. Further, our diversity is marked by a significant achievement of 180+ employees with disabilities being employed in different roles.

**Zero cases of discrimination have been reported this year.**

Our People\*, by gender (2023)



\*Note: This includes Employees and Third-Party Workers

Our People\*, by age (2023)

	Under 30 Years	30-50 Years	Over 50 Years	Total
Male	7,684	8,660	729	17,073
Female	513	683	34	1,230
<b>Total</b>	<b>8,197</b>	<b>9,343</b>	<b>763</b>	<b>18,303</b>

\*Note: This includes Employees and Third-Party Workers

### Going the extra mile to embrace inclusivity

In a quest to redefine the boundaries of inclusivity, Al Othaim went beyond the usual practices. The first essential step was to go to the Mowaamah Certification program. Aligned with the Kingdom's Strategy for the Rights of Persons with Disabilities, the Mowaamah Certification program sets important supportive criteria, challenging enterprises to transcend conventional norms and cultivate a workplace accommodating everyone. It wasn't merely about ticking boxes; it was about rewriting the narrative of inclusivity within the corporate landscape. The objective of Al Othaim was to embrace the commitment to creating a workplace where everyone, regardless of ability, could thrive.

Several deliberate and thoughtful measures were implemented along with the certification to make the commitment and intent a reality. Open lines of communication, facility enhancements, special training programs, and flexible working hours were some of the gestures implemented to provide a message that your well-being matters, and so does your contribution.

The impact is clear 180+ individuals with disabilities now hold diverse roles across departments at Al Othaim. It's a narrative of empowerment, and a reflection of Al Othaim's commitment to a future where inclusivity is the norm, not the exception. Disability is only one of the other types of inclusivity we intend to keep working towards.

Women and individuals with disabilities sometimes need options of work which they can execute from home. Al Othaim also collaborated with the Ministry of Labor and the Human Resources Development Fund (HRDF) to provide hundreds of remote work opportunities. We leveraged cutting-edge technologies and suitable means, to enable this activity providing increased employment opportunities.



**180+ employees with disabilities**



## 8.2 Nationalization



Aligned with the Saudi Vision 2030, Al Othaim's sustainability initiatives are intricately woven into the fabric of the Kingdom of Saudi Arabia's long-term prosperity. Rooted in three foundational pillars - A Vibrant Society, A Thriving Economy, and An Ambitious Nation - the Saudi Vision serves as a guiding light for national development. Leveraging its strengths and capabilities, Al Othaim's growth strategy directly contributes to the socioeconomic advancement of the Kingdom, harmonizing with the national agenda.

At Al Othaim, we consider Saudization a core company objective, and we are committed to serving the nation through various initiatives aligned with national development plans. Throughout the reporting year, we implemented a range of measures to enhance Saudization efforts and nurture local talent. Employees from diverse departments underwent MOHR's Localization Courses, targeted towards specific development programs and better understand the areas where localization can be facilitated.



**49.8% Saudization rate**

For us Saudization is also about equality. We ensure that competitive compensation and benefits, along with ample career development opportunities are provided to Saudi nationals. We conducted benchmarking exercises on compensation and benefits to ensure alignment with industry standards and attract local workforce. Comprehensive training programs and reduced work hours for in-store employees is adopted to promote employee well-being.

Furthermore, in collaboration with the Ministry of Labor, we announced summer training opportunities for Saudi students across the Kingdom. These programs aimed to achieve several objectives, including training students in modern technology utilization, bridging the gap between academia and industry, and developing a wide range of skills essential for workplace success. These skills encompassed technical, intellectual, and human aspects, fostering positive work habits and improving overall performance levels. Through these initiatives, we remain steadfast in our commitment to supporting the nation's objectives and nurturing local talent for a prosperous future.

## 8.3 Nurturing Talent Responsibly



### A Better Life for Employees

Recognizing the importance of our human capital, we continue to enhance our work environment to attract and retain top talent. Further, we implemented an array of programs and initiatives aimed towards enhancing employee skills and facilitating career transitions.

Our commitment to our employees is unwavering as we strive to provide them with the best development opportunities and a stimulating work environment. This dedication is integral to achieving our strategic goals and realizing our overarching vision of "a better life" for all stakeholders.

### Employee Engagement

Central to our commitment to employee well-being and satisfaction is our proactive approach to fostering engagement and enriching the work atmosphere. 100% of employees

undergo regular performance and career development reviews within the organization. Through regular employee engagement surveys, Al Othaim seeks to assess satisfaction levels and pinpoint areas for enhancement, thus ensuring continuous improvement aligned with employee feedback.

Leveraging the Al Othaim portal, we facilitate transparent communication channels, allowing each employee to access relevant data and facilitate work procedures. Additionally, initiatives such as "Your Voice Heard" and monthly summit meetings are launched to further enhance internal communication dynamics.

**100% of employees undergo regular performance and career development reviews within the organization**

## Training & Talent Development

Our robust Learning Management System (LMS) facilitates the creation and allocation of e-learning courses tailored for employees across all functional levels, ensuring alignment with job competencies and fostering continuous professional development.

We encourage participation in programs such as HRDF Leadership Academy to enhance leadership competency by enrolling selected managers and directors across various departments. Furthermore, psychometric assessments and behavioral interviews are conducted across the leadership team to build individual development plans and succession strategies.

We have entered into partnerships with universities to offer cooperative training programs tailored to high-demand roles in our markets. These programs culminate in employment opportunities, particularly in positions such as cashiers, sellers, shelf dressers, and storekeepers, catering to our evolving business needs. Complementing these efforts are enrollments in Ministry of Industry courses, such as those focusing on Food Industry and Safety within the supply chain, and the esteemed TOYOTA WAY Program targeting production professionals.

Al Othaim offers its employees opportunities for internal mobility across various roles within the organization. In 2023, over 120+ employees were moved up the ladder, while over 5,000+ individuals participated in internal functional movements within the company.

## Types of training provided

-  Technical Training
-  Product Training
-  Induction/Onboarding Training
-  IT Training
-  Code of Conduct Training
-  Anti Corruption Training
-  Soft Skill Training
-  Diversity Training
-  Compliance Training to Employees
-  Safety Training
-  Sales Training
-  Prevention of Harassment Training
-  Sustainability/ ESG Training
-  E-learning
-  Leadership Training

## 8.4 Building a Secure Workplace



Occupational Health and Safety encompasses a holistic approach to workplace well-being. It involves prioritizing workplace health and safety, ensuring associate health and safety, and promoting colleague well-being. Effective safety measures not only prevent accidents and injuries but also enhance employee morale, productivity, and overall organizational performance. By prioritizing safety, organizations demonstrate their commitment to the health and welfare of their workforce while mitigating risks and liabilities.

At Al Othaim, we focus on creating healthy workplaces, emphasizing employee wellness, and cultivating a culture that values occupational health and safety. Central to this commitment is our 'Occupational Safety and Emergency Response Policy', which serves as a guiding document to ensure the safety and well-being of every employee. The objective of the policy is to identify potential accidents and emergencies and clarify the method of preparedness and response to address them in order to prevent or mitigate hazardous environmental impacts and associated potential risks that may affect food safety as well as lives and property.

Within our policy, roles and responsibilities of various departments are clearly defined. We outline prudent measures such as regular maintenance of fire equipment, coordination with relevant departments to provide guidance and warning signs for occupational safety and ensuring the availability of personal protective equipment for all employees.

Furthermore, the policy details procedures for risk identification and quality assessment to further enhance safety within the company. Additionally, designated reports for accident investigation, risk identification, and safety checklists are established, enabling efficient documentation and analysis of safety-related incidents. Through these comprehensive measures and protocols, Al Othaim remains dedicated to fostering a safe and secure work environment where the well-being of our employees is paramount.

**During the year, there were no fatalities at our workplace.**



# 9 Responsible Product and Green Practices



## 9.1 Managing Products Responsibly

Product Responsibility entails minimizing environmental impacts while ensuring affordability, quality, and safety within the product portfolio. Responsible and affordable products aim to address concerns related to food security, enhancing

food access, safety, and overall health. Product quality considerations encompass colorants, preservatives, hormones, pesticides, and antibiotics. This, in turn, contributes to product sustainability and a healthier society. It also includes preservation of natural capital and ecological balance including responsible land management and sustainable farming practices, where applicable. Al Othaim has implemented several measures across the product acquisition and sales phase towards implementation of responsible practices.

**Al Othaim utilizes environmentally friendly oxo-biodegradable plastics certified by SASO, contributing to environmental preservation.**

The company adheres to the highest standards in quality and food safety, by implementing practices as per international standards of food safety and quality across its operations. All policies like fresh purchase operations policy and non-food purchase policy are approved by the Chairman of the Board. The Fresh Purchases Operations Policy clarifies mechanisms and controls related to fresh purchases management operations, while the Non-Food Purchases Policy outlines processes for planning, implementing internal purchasing operations, and distributing tasks within the company's management structure.

The company maintains a permanent awareness among staff regarding quality objectives. It provides necessary resources to achieve its goals and offers ongoing training to enhance the capabilities and skills of its workforce. By implementing the latest technologies and infrastructure, Al Othaim aims to achieve its objectives and stay aligned with global developments in the retail industry. Focus on sanitation amongst employees and regular checks on hygiene and germ-free practice by employees is conducted.



All food storage and handling at the Company facilities is handled meticulously under two categories fresh and dry storage facilities. Internal quality check mechanism at Al Othaim stores facilitates prompt removal of rejected or unfit items. Al Othaim stores ensure cleanliness and appropriate transportation conditions. Optimal storage conditions, including temperature, are continuously monitored with immediate corrective actions for any faults.

Al Othaim's actions towards providing responsible food products to customers go beyond internal measures. The Company collaborates with the Saudi Food and Drug Authority in the "National Program for Monitoring Pesticide Residues in Vegetables & Fruits," analyzing 120+ products annually for pesticide residues and conducting analyses for heavy metals and microbial contaminants in fruits and vegetables. Going beyond its warehouses, Al Othaim teams

undertake regular visits to suppliers' farms and factories to assess storage conditions, handling practices, and adherence to sanitary requirements for food products. For Private Label (PL) products, rigorous evaluation is conducted through sensory tests and chemical analysis to ensure compliance with regulations. Annual visits to PL factories and suppliers ensure thorough evaluation, with recommendations for corrective actions as needed.

**In Cooperation with the Consumer Protection Association, Al Othaim obtained the "Consumer Friendly Certificate" awarded by the company's compliance with the necessary standards.**

We are cognizant of the fact that appropriate marketing and labelling of products enhances the ability of customers to make informed decisions. Incorrect information can misguide and create wrong decisions among customers. Abdullah Al Othaim Markets Company makes conscious efforts towards responsible marketing practices. We follow all national regulatory guidelines in our marketing efforts.



## 9.2 Ensuring Customer Health and Safety



Al Othaim's responsibility towards customers wellbeing is integration of healthy and nutritious products, food safety, accompanied by comfortable and safe environment at all its stores. All aimed at creating a positive customer experience.

ensuring that our products and services uphold the highest standards while safeguarding their health and wellness. We have practices in place that support selection of quality products for the store.

The Company while selecting the products for its stores, ensures that healthy food options and environment friendly products find place at the store's shelves. We offer organic and healthy food options to our consumers. A diverse range of dietary products tailored to meet the varying needs and preferences of our customers are selected for our stores. A wide spectrum of products ranging from organic options to traditional offerings are selected to cater to different dietary requirements and lifestyles. Whether it's organic fruits and vegetables, whole grains, lean proteins, or specialty items for specific dietary needs like gluten-free or vegan products, Al Othaim ensures that its selection is comprehensive and of high quality.

We adhere to national food safety standards and compliance with HACCP (Hazard Analysis and Critical Control Points) guidelines for the packaging of vegetables, meat, and cheese. Our quality department works closely with regulatory authorities like the Saudi Food and Drug Authority to detect pesticide residues and heavy metals in produce, conducting regular assessments of storage conditions and sanitary compliance at our suppliers' facilities. A step beyond is the regular swab test at product handling stage, to detect and eliminate pathogenic bacteria and microorganisms on the product packaging.

With a customer-centric approach, we strive to not only meet but exceed customer expectations,

At Al Othaim, comprehensive training programs are organized for employees and workers on good sanitary practices, and food safety systems. Essential equipment such as goggles, gloves, first aid kits, fire extinguishers are available at Al Othaim facilities to encounter any fire and safety incidents. Trained staff and dedicated security officers are available at all operational locations for safe operations. The physical security of both employees and customers, we implement stringent in-house safety and security procedures at all stages of our operations.

**Conducted medical examination campaigns for customers in our branches with cooperation from the Ministry of Health**

# 10 Inclusive Value Creation



## 10.1 Responsible Supply Chain Practices

The supply chain is the backbone of Al Othaim Markets business. It has a strong transportation and distribution network of suppliers to manage the movement of goods from different points. The stores house a large variety of products procured from various parts of the world, in alignment with the needs of its customers.

To maintain a consistent and robust supply of products for its customers, Al Othaim has well developed supplier management

practices. The Company ensures that goods always follow the standard specifications and procedures and the policies. From sourcing to distribution, the Company upholds ethical standards and fosters sustainable relationships with suppliers. This includes prioritizing local suppliers, ensuring fair working conditions and the community's development.

Al Othaim continually seeks to optimize logistical performance and improve sourcing practices through the integration of advanced technologies, while maintaining open communication with suppliers and customers to ensure a seamless flow of goods.

**Each stores houses a large variety of products procured from various parts of the world, in alignment with the needs of its customers.**

The company's supply chain enhancements this year have been multi-faceted:

### Supply Chain Efficiency

Streamlined logistics processes have driven down costs and increased effectiveness within supply chains, ensuring a steady flow of high-quality products. Increased capacity in supply and warehouse services guarantees efficient storage and transportation.

### Unwavering Commitment to Availability

The company prioritized ensuring item availability across its 300+ branches nationwide, leading to a significant improvement in availability rates this year.

### Building Strong Supplier Partnerships

Recognizing suppliers as crucial partners in success, Al Othaim fosters collaborative relationships. Regular meetings, joint efforts, and shared knowledge exchange optimize logistics for both parties, driving sustainable and efficient supply operations.

### Warehousing Management

Productivity and efficiency in warehouse management saw notable improvement, positively impacting overall operations. Continuous development initiatives, including the integration of modern equipment, further streamlined processes.

### Evolving Transportation for Seamless Distribution

Al Othaim's ever-expanding fleet across the Kingdom, ensuring timely and efficient product delivery. Increased transportation capacity aligns with the company's growth strategy, while significant reductions in accidents and malfunctions showcase a commitment to safety and reliability.

## 10.2 Commitment Towards Communities

Al Othaim Markets community engagement is based on the philosophy of reaching to the most vulnerable and underprivileged in the community. The approach is primarily based on charity supported with inclusivity. The initiatives are focused towards encouraging cultural practices, good health, and creating awareness and participating in various social issues. These in turn support national priorities, enhance local economic development, and overall community wellbeing.

An array of such activities supported by Al Othaim are observing and celebrating occasions like World Arabic Language Day, Holy month of Ramadan, raising awareness about disabilities and lifestyle diseases, conducting blood donation camps and advocating for drug control. Al Othaim partners with various charity organizations to engage with community. It also utilizes social media platforms to spread awareness and engage with the community.

<b>Charity</b>	<b>11.8</b>
<b>Cooperative Program<sup>1</sup></b>	<b>11.3</b>
<b>Prepaid Vouchers<sup>2</sup></b>	<b>6.5</b>
<b>Total Community Investment</b>	<b>29.6</b>

Note: Currency in Saudi Riyals (Millions)



**6%** of net profit spent on the community



<sup>1</sup> Iktissab Cooperative Program and Special Categories

<sup>2</sup> \*Sanabel Al Khair Vouchers

## Cultivating Heritage

- Partnered with the Ministry of Environment, Water, and Agriculture to set up a booth showcasing organic products at the Jamoum branch, promoting healthy eating and environmental responsibility.
- Hosted a joint celebration at the head office to commemorate both National Day and Foundation Day, further engaging employees and the community while showcasing the heritage through social media.



## Health

- Staff blood donation campaigns in collaboration with Diriyah General Hospital.
- "Health Day" events in partnership with Malath Insurance, aimed at raising health awareness among employees.
- Seasonal flu vaccination campaigns for employees, facilitated by Diriyah Hospital.
- Medical examination campaigns for employees and customers of the Dammam branch, in cooperation with We Care Hospital.
- Supporting ADHD awareness through collaboration with ADHD organizations and social media platforms.
- Organizing medical examination campaigns for customers in partnership with the Ministry of Health, held across various branches.



## Community

- In collaboration with Princess Nourah university, Al Othaim provides essential food products to low-income students.
- Partnering with a local school, Al Othaim contributes to the "we make them happy and happy with them" program by providing students with breakfast meals
- Recognizing the needs of individuals with autism, Al Othaim partnered with the Association of Autistic spectrum people to implement the "silent shopping initiative" in the Granada branch. This initiative involves reducing store lighting to create a more comfortable shopping environment for these individuals.
- On world teachers' day, Al Othaim collaborated with the Ministry of Education to display banners in the Al-Leith branch, demonstrating their appreciation for educators and their crucial role in shaping future generations.
- Through collaboration with the Saudi youth club, Al Othaim provides vital food support to families facing financial hardship, ensuring they have access to essential groceries.
- Highlighting their commitment to social responsibility and inclusivity, Al Othaim filmed a special clip in their markets, showcasing their dedication to supporting employees with disabilities.



### Supporting through vouchers

#### Magnetic Vouchers

Al Othaim supports communities with essential goods and services through the magnetic vouchers, which is a charitable initiative. The initiative is aimed towards delivering essential support to underprivileged communities. Al Othaim partnered with 95 charity organizations throughout the Kingdom, to reach nearly 127 thousand households.

#### Prepaid Vouchers Initiative

##### Sanabel Al-Khair

Al Othaim is dedicated to social and charitable projects and offers charitable cards in various denominations both in plastic and digital formats. These vouchers facilitate direct donations, ensuring funds reach those in need efficiently. They serve as a crucial option for charitable associations, philanthropists, and benefactors to provide essential support for basic needs, effectively aiding the less fortunate.

##### Zakat-Al-Fitr vouchers

Zakat Al-Fitr is a religious practice during Ramadan, where food is donated prior to the prayers on Eid, at end of the month of Ramadan. The company created Zakat-Al-Fitr vouchers in various denominations, providing an opportunity for everyone to participate in the festive spirit of giving during Ramadan.

#### Special Groups Support Program Initiative

Through our Iktissab program, we're offering beneficiaries of special categories an exclusive discount on purchases, excluding promotional items. Eligible categories include social security beneficiaries and various others such as charity associations, people with disabilities, divorced women, widows, orphans, families of martyrs, low-income individuals etc. The discount is applicable to the total bill amount, ensuring support reaches those who need it most.

#### Remaining Halalas Initiative

This project collects leftover "Halalas" from customer purchases and donates them to charitable associations, embodying the idea that small contributions can create significant impact. Charities across the Kingdom have benefited from this initiative, with new additions continually expanding the circle of support.

## 10.3 Nurturing Green Practices

Al Othaim’s business interacts with the environment in several ways, out of which energy consumption is likely to have the most significant impact. Energy is consumed to operate stores, maintain several goods under refrigeration, and transport goods to and from the warehouse to stores. In our belief and as put forward by stakeholders, this facet of environmental interaction is expected to result in one of the largest footprints. Our management of energy also defines our carbon footprint. The Kingdom has pledged to achieve net zero emissions by 2060 and aligning itself with the Paris Protocol Commitments. Therefore, actions on climate change become central to the green practices of Al Othaim.

### CHEP issued Environmental Certificate to Abdullah Al Othaim Markets Co. for Excellence in Sustainability during the year 2023.

By the very fundamental nature of our business, products are packed into carton boxes, plastic-wrapped and transported through pallets and trolleys for smooth handling. This leads to packaging waste generation. Good management of this waste is an essential part of not just meeting the regulatory requirements but contributing to climate action as well.

The company operates a robust recycling program to support optimal resource utilization. During the year, recycling of carton boxes and plastic bags amounted to an impressive 4,400 tonnes of waste recycling. In addition, during the year 2023, approx. 310 tonnes of waste was avoided by investing in share and re-use supply chain model.

### Reducing Energy Consumption and Promoting Green Energy

Warehouses have been identified as one of the significant sources of energy consumption at Al Othaim. Therefore, in 2023, the Company actively worked on reducing power consumption across its warehouses, through restructuring the physical flow of operations and implementing better governance mechanisms on the operations floor. In the coming year, Al Othaim plans to embark on the solar energy journey starting with meeting the energy needs of the warehouses.



### Innovative Simple Measures to Reduce Short Distance Emissions

Al Othaim initially had only one distribution center (DC) in Riyadh, which was responsible for shipping to all the stores. However, in 2023, Al Othaim established five DCs across the kingdom. This restructuring and optimization of its sourcing network resulted in a 5% saving in kilometers covered annually, equivalent to 3.1 million kilometers.

This initiative also led to a significant reduction in fuel consumption by 800,000+ liters annually in 2023 compared to the same branches in 2022. In addition, during the year 2023, CO2 emissions of approx. 4,000 tonnes were avoided by investing in share and re-use supply chain model.

Vehicles make several trips to and from the warehouse. By the application of double deck Curtain-Side Trailers, the vehicle utilization is improved reducing trips between warehouses.

The project has been piloted and will yield a substantial reduction in energy consumption and result in effective goods handling as well. It is estimated to save more than 50,000 kilometers of transport length in 2024.



### Energy Efficiency at Stores

Al Othaim's new stores are constructed with a focus on eco-consciousness and best-in-class technology to promote energy savings and environmental sustainability. The company has undertaken significant measures in its existing stores, replacing refrigeration systems in three locations. This transition has resulted in substantial reduction in energy consumption – a decrease of almost 60% per year across these stores.

Furthermore, Al Othaim has also made a strategic shift in refrigerant fillings from R22 to R410A in multiple stores. The adoption of R410A not only enhances the efficiency of HVAC systems but also aligns with the company's commitment to environmental stewardship.

### CHEP Certificate

**December 2023** Excellence in Sustainability  
**Environmental Certificate**  
 A Brambles Company

By choosing CHEP's Share & Reuse pooling services, we hereby certify the contribution of  
**Abdullah Al-Othaim Markets Co.**  
 to protecting the environment and to creating a regenerative supply chain.

Together in 2023 we have achieved:

- + Saving wood resources  
**705,521,680 dm<sup>3</sup>**  
 + 681,663 trees saved
- + Diminishing emissions by  
**3,992,519 kg**  
 +95 truck trips around the world
- + Reducing waste by  
**309,940 kg**  
 +34 truck of waste

Marietjie Brown  
 Sustainability & GA Lead  
 CHEP IMETA

Angus Robertson  
 Country General Manager  
 CHEP MENA

Calculations based on Life Cycle Assessment (LCA) of CHEP pallets versus the white-wood equivalent. CHEP LCAs are third-party performed in compliance with ISO 14044 rules. CHEP timber sources are 100% certified sustainable by the Forest Stewardship Council (FSC). Background picture taken at CHEP timber farms in KwaZulu-Natal, South Africa.

# GRI Index

**Statement of use** AI Othaim has reported the information cited in this GRI Content Index for the period 1st of January 2023 to the 31st of December 2023 'with reference' to the GRI Standards

**GRI 1 used** GRI 1: Foundation 2021

GRI Standard	Disclosure	Section	Page No.	SDG 's Linkage
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	2-2 Entities included in the organization's sustainability reporting	About the Report	15	
	2-3 Reporting period, frequency and contact point	About the Report	15	
	2-4 Restatements of information	About the Report	15	
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GRI 2: General Disclosures 2021  2: Activities and Workers	2-6 Activities, value chain and other business relationships	About the Company	16	
	2-7 Employees	Employee Wellbeing	45, 48	
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GRI 2: General Disclosures 2021  3: Governance	2-9 Governance structure & composition	Fostering Good Governance	36	 
	2-10 Nomination and selection of the highest governance body	Fostering Good Governance	37	
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<sup>1</sup> Partially Reported

GRI Standard	Disclosure	Section	Page No.	SDG 's Linkage
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GRI 2: General Disclosures 2021  5: Stakeholder Engagement	2-29 Approach to stakeholder engagement	Stakeholders Engagement and Materiality	28	
GRI 3: Material Topics	3-1 Process to determine material topics	Stakeholders Engagement and Materiality	28-33	
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GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Upholding Ethics and Integrity	40	

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GRI 306: Waste 2020	306-2 Management of significant waste related impacts	Inclusive Value Creation	62	
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	403-2 Hazard identification, risk assessment, and incident investigation	Employee Wellbeing	50	
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GRI 404: Training & Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Wellbeing	49	
	404-3 Percentage of employees receiving regular performance and career development reviews	Employee Wellbeing	49	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Fostering Good Governance, Employee Wellbeing	36, 45-47	
GRI 406_ Non-discrimination 2016	Disclosure 406-1 Incidents of discrimination and corrective actions taken		45	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs <sup>2</sup>	Inclusive Value Creation	58-61	

<sup>2</sup> Partially Reported



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