

Doing Better Every Day

Sustainability Report 2024



Managing Sustainability at Almarai®



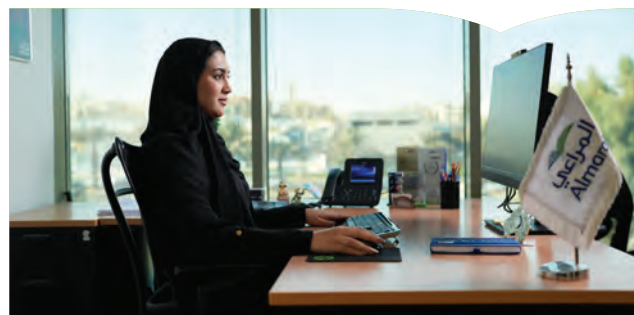
Sustainability Management at Almarai®

As the region's largest food and beverage company, Almarai plays an important social, environmental, and economic role locally, regionally, and globally.

By overseeing the collective management of our economic, environmental, and social impact, our goal is to optimize the mutual value we provide to our stakeholders, both presently and in the future. We persist in adopting cutting-edge methods to safeguard the welfare of our consumers and employees, invest in the communities we operate in, guarantee the wellbeing of our farm animals, preserve the natural environment, and foster substantial economic value.



Stakeholder Engagement



Alignment and Contribution to National and International Frameworks



Sustainability Governance



Defining and Prioritizing the Issues that Matter the Most



Sustainability Strategy



Stakeholder Engagement

We strive to engage in ongoing communication with stakeholders, including consumers, customers, investors, employees, regulators, and civil organizations.

At Almarai, we define our stakeholders as people or groups of people who can impact or who can be impacted by our business activities or relationships. We seek to understand and respond to the views and concerns of our diverse stakeholders who influence our business practices and corporate priorities.

The following table provides an overview of our key stakeholders, highlighting their significance to Almarai, their specific needs and expectations, the communication methods we use to engage with them, and the actions we take to meet their requirements:



Shareholders/ Investors

<p>Importance:</p> <p>Provide essential capital for sustainable growth. Almarai’s future growth and success ultimately depend on its ability to attract investment domestically and internationally.</p>	<p>Needs:</p> <p>Financial performance, efficient production, growth, dividends, contribution to economic development, share price, data disclosure and credibility, customer satisfaction and market share.</p>	<p>Channels:</p> <p>Board of Directors meetings, public reports, Shareholders’ Rights Policy, Investor Relations, Almarai Code of Conduct, Reporting Violation Policy and Global Anti- bribery & Corruption Policy and Procedures.</p>	<p>Responses:</p> <p>Annual Report, Corporate Governance Code, Financial reports, Earnings presentations, Net income growth, Sustainability Report.</p>
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Consumers

Importance:

Our consumers are the core of our business. We aim for consumers throughout the region to choose Almarai first for their food and beverage needs.

Needs:

Product and ingredients quality, freshness, and safety, product nutritional value and health implications, product price, brand reputation, environmentally sound production practices, animal welfare, fair and ethical marketing, international recognition.

Channels:

Direct communication channels, social media channels, visitor tours, website, call center AND electronic mail.

Responses:

Direct dialogue with consumers on social media, including Facebook, Twitter, YouTube, Instagram, and more, monthly consumer surveys, consumer hotline and WhatsApp.



Employees

Importance:

Our employees are vital to our business success, as their commitment, dedication, and intellectual capital drive innovation within our organization and help us achieve our strategic goals.

Needs:

Fair payment and benefits, equal opportunity, engagement and motivation, transparent hierarchies, job security, training and career development, safe work environment and grievance mechanisms.

Channels:

HR Policy, training and development program, training needs analysis, employee grievance mechanism and employee satisfaction surveys (on an ad hoc basis).

Responses:

Housing allowance and transport, life/medical insurance, annual service award, recreational activities for work/life balance, talent assessments, e-learning and training program, management courses, Almarai Academy, Graduate Professional Trainee Program and WE@Almarai.



Governmental Regulatory Bodies

Importance:

We highly value our relationships with regulators and government stakeholders, as they play a crucial role in helping us manage business risks and ensure the production of safe, high-quality products for our consumers. We are dedicated to adhering to all legal and regulatory requirements.

Needs:

Compliance with national legislation and regulation, contribution to economic development, environmentally sound production practices, GHG emissions and impact on climate change and international recognition and certificates.

Channels:

Internal audit, stakeholder meetings and open dialogue, public reporting and working closely with regulators to develop improved standards.

Responses:

Corporate Governance Code, Annual Report, Sustainability Report, regulatory team meets regularly with government bodies, corporate affairs team meetings and government forums.



Civil Society Organizations

Importance:

As a people-centric business, we believe in contributing to the communities where we operate to build trust and strong relationships. We are dedicated to ensuring that access to quality and healthy food is a right, not a luxury.

Needs:

Corporate Social Responsibility (CSR) and engagement, funds and financial support, GHG emissions and impact on climate change, data disclosure and credibility, animal welfare, environmentally sound production practices and contribution to social and economic development.

Channels:

CSR activities, student learning opportunities and food donations.

Responses:

Food support for lower-income and vulnerable groups, educational awards, Dairy and Food Polytechnic and Almarai Driving School.



Alignment to National and International Development Frameworks

Saudi Arabia's Vision 2030 and National Transformation Program (NTP) have provided a comprehensive pathway for the country's future, guiding economic, social and environmental progress in the upcoming years.



National
Transformation
Program 2020

The Sustainable Development Goals (SDGs) provide governments and businesses with a framework to realize sustainable development, which is an urgent call for action to eliminate poverty, preserve the environment, and ensure prosperity for all. This report has identified how our initiatives are contributing to the objectives of the NTP and SDGs, which is symbolized by the relevant icons that are placed before the relevant sections throughout the report.

Alignment to NTP

[Click to download NTP 37 strategic objectives mapped in to the Eight Themes PDF](#) 



Caring for People

Strategy Focus Areas	NTP
Nutrition and Wellbeing	2.1.3
Health and safety	2.1.1 2.1.3 2.3.4
Employee Talent and Diversity	4.2.2 4.4.2 4.4.3
Community Investment	2.1.3 6.2.1



Protecting the Planet

Strategy Focus Areas	NTP
Packaging Innovation	2.4.1
Climate Change	2.4.1
Water Management	5.4.2
Waste Management	2.4.1
Sustainable Agriculture	N/A



Producing Responsible Products

Strategy Focus Areas	NTP
Quality and Food Safety	5.4.1
Animal Welfare	N/A
Ethical Sourcing	3.1.6 3.3.5

Alignment to SDGs

[Click to download Sustainable Development Goals PDF](#) 



Caring for People

Strategy Focus Areas	UN SDGs
Nutrition and Wellbeing	2.2 3.4 17.16 17.17
Health and safety	3.4 3.6 8.8
Employee Talent and Diversity	5.1
Community Investment	1.2 2.1 2.2 4.3 17.17



Protecting the Planet

Strategy Focus Areas	UN SDGs
Packaging Innovation	12.2 14.1
Climate Change	7.2 7.3 9.4 13.1
Water Management	6.3 6.4 6.5 6.6 17.16 17.17
Waste Management	12.3 12.4 12.5
Sustainable Agriculture	1.2 2.3 2.4 6.3 6.4 6.5 6.6 8.7 8.8 12.2 12.4 15.1 15.3 15.5 15.A 15.B 17.16



Producing Responsible Products

Strategy Focus Areas	UN SDGs
Quality and Food Safety	3.9
Animal Welfare	17.16
Ethical Sourcing	1.2 6.3 6.4 6.5 6.6 8.7 8.8 12.2 12.4 12.7 15.1 15.3 15.5 15.A 15.B

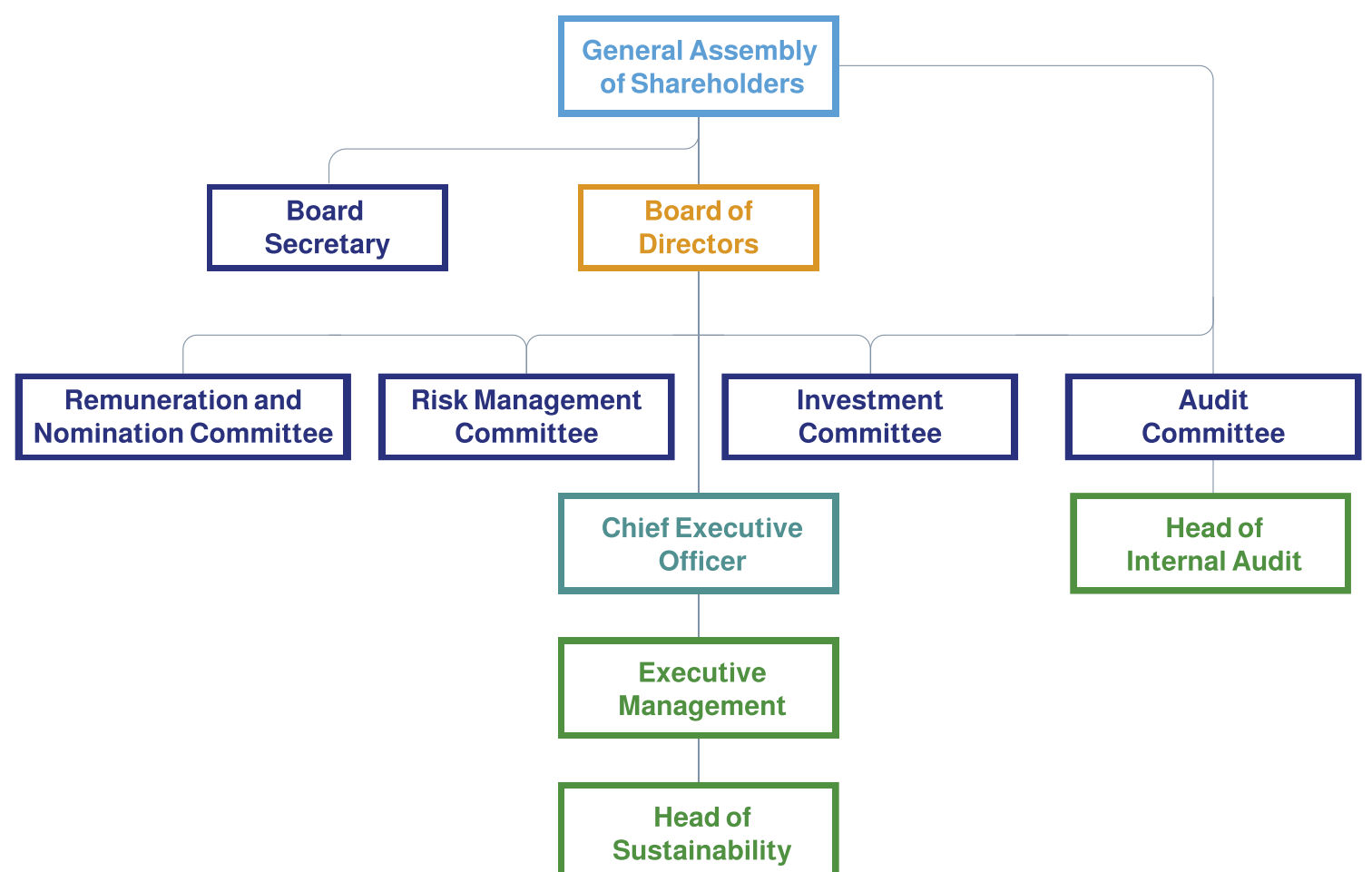


Sustainability Governance

Almarai is dedicated to delivering top-tier governance standards to its investors and has established a robust corporate governance strategy that establishes guidelines and protocols to uphold adherence to optimal practices.

Our Corporate Governance

At Almarai, our commitment to leading the food and beverage industry is deeply connected to our dedication to sustainable practices. We believe that our company's ongoing success relies on integrating environmental stewardship, social responsibility, and economic viability into the core of our business strategy. With this in mind, we have put in place strong governance systems and procedures that ensure our business actions are responsible and transparent, in line with the principles of Good Corporate Governance.



Governance Structure

We have developed our governance system in accordance with the International Principles of Corporate Governance and local regulatory requirements, particularly those of the Capital Market Authority (CMA), the Tadawul Stock Exchange, and Almarai's bylaws. Appointed by the shareholders, our Board of Directors oversees our Corporate Governance and guides our strategic direction towards achieving our business objectives. The Board is also supported by our Executive Management team for policy implementation and for managing business compliance within the organizational framework. To enhance transparency and build stakeholder trust, we also publish an Annual Report that details the Company's governance processes. For more specific information on Almarai's corporate governance, [please refer to the 2024 Annual Report](#).

About the Board of Directors:

HH Prince Naif Bin Sultan Bin Mohammed Bin Saud Al Kabeer Chairman	
Mr. Sulaiman Bin Abdulkadir Almuheidib Vice Chairman	Mr. Mohammed Bin Mansour Almousa Director
Mr. Ammar Bin Abdulwahid Alkhudairy Director	Mr. Salman Bin Abdulmuhsin Alsudeary Director
Mr. Bader Bin Abdullah Al Issa Director	HH Prince Saud Bin Sultan Bin Mohammed Bin Saud Al Kabeer Director
Mr. Hosam Bin Ali Alqurashi, Director	Mr. Waleed Bin Khalid Fatani Director

Almarai's Board of Directors is the Group's highest-level governing body, responsible for determining strategic direction, goals and objectives, as well as monitoring their execution. The Board adheres to the corporate governance requirements applicable to public listed companies registered on the Saudi Stock Exchange, and in accordance with our company's Corporate Governance Rules.

As of 31 December 2024, the board comprised nine highly skilled members Non-Executive and Independent members (six members were non-executive and three were independent directors). Pursuant to the corporate governance rules, each director serves a specific tenure, after which a director may be re-elected for a successive term(s). We have also established internal check-and-balance mechanism to assess the performance of the Board and its Committees, including a formal review process where the collective performance of the Board and of individual members are evaluated. For more details about the roles, responsibilities and members of the Board of Directors, please refer to the 2024 Annual Report and Almarai's website: www.almarai.com

Our Committees

To support the Board in fulfilling its responsibilities, Almarai has established several committees, including the Audit Committee, the Risk Management Committee, the Nomination and Remuneration Committee, and the Investment Committee. In addition, the Company has freedom to establish specialized committees as necessary, tailored to its specific circumstances, to enhance its ability to effectively fulfil its duties and responsibilities.

<p>Investment Committee</p> <p>The Committee is responsible for developing and overseeing the Company's investment strategy and making recommendations to the Board. In addition, it monitors the performance of existing investments to ensure alignment with business objectives and compliance with regulations.</p>	<p>Audit Committee</p> <p>The committee is tasked with monitoring the integrity of the Company's financial statements and internal control systems and overseeing the performance of external auditors. It provides recommendations to the Board regarding the appointment and remuneration of auditors.</p>	<p>Risk Management Committee</p> <p>The Committee develops and oversees the Company's risk management strategy and policies, ensuring their effective implementation. It monitors the effectiveness of risk management systems and regularly updates the Board regarding Company's risk exposure levels, and control measures to retain the risk within acceptable levels.</p>	<p>Nomination and Remuneration Committee</p> <p>Develops policies for the nomination of Board members and senior executives, establishes remuneration frameworks linked to performance, and conducts annual reviews of the Board's composition and effectiveness to maintain strong governance.</p>
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Governance on Sustainability

Decisions regarding the management of Sustainability issues throughout the supply chain are delegated to Almarai’s Board of Directors, the highest authoritative body within the organization. The Board approves the Company’s sustainability strategy and oversees its enactment to ensure its alignment with local, national, regional, and global regulative directives. At the corporate level, a committee comprising CEO and Executive Vice President of Quality & Support Services is the name of the division as of 2024 and Head of Sustainability are responsible for ensuring the successful execution of our sustainability goals and targets. The meetings of this committee occur on a bimonthly basis. Moreover, our Head of Sustainability collaborates with various business units to ensure that there is organization-wide understanding and support for the Sustainability Strategy Framework and its different initiatives. The Head of Sustainability oversees the execution of our sustainability strategy and reports performance to the Executive Leadership Team Committee. He also advises business lines and functions on the effectiveness of their implementation strategies in meeting our long-term targets.

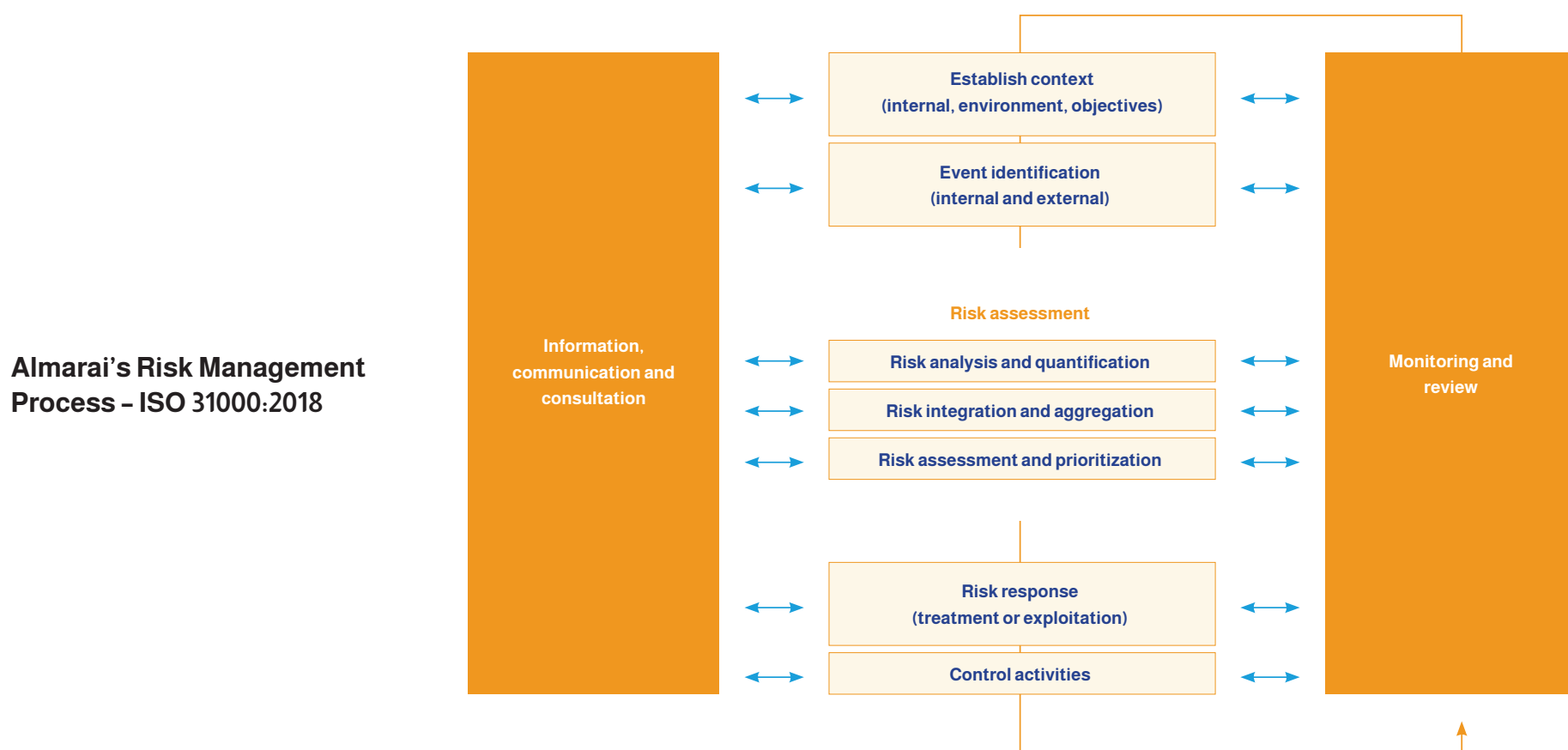


Enterprise Risk Management

Our Enterprise Risk Management (ERM) approach is proactive and dynamic, allowing us to adapt to the ever-changing landscape of global affairs and unforeseen events. By employing a comprehensive risk assessment framework, we are able to prioritize risks based on potential impact and the likelihood of its occurrence. This enables us to allocate resources more effectively and ensure that management efforts are focused on the most significant risks.

Our ERM Policy aligns with both national and international industry best practices, while referencing the ISO 31000:2018 standard and COSO framework principles. Almarai's Board of Directors and Senior Management use these principles while setting the strategy and making decisions. Management then plans, organizes and directs the performance of sufficient actions to provide reasonable assurance that the Company's objectives can be achieved while ensuring that associated risks are kept within an acceptable risk level.

Enterprise Risk Management Process



At Almarai, our Enterprise Risk Management (ERM) process starts by establishing the context and defining risk criteria, which lays the groundwork for thorough event identification. Each identified event is then assessed, analyzed, and evaluated based on the combination of the event's potential consequences and the likelihood of its occurrence, after which it is prioritized. We then implement appropriate responses to mitigate risks, considering the associated costs. The risk responses are then categorized into categories. After consultation and verification by risk owners, these responses are incorporated into the ERM system.

It is important to note that communication and consultation are key priorities in our risk management process. We prioritize keeping our stakeholders well-informed about the factors that drive our risks, including potential effects on our employees, the community, business partners, and the environment. This transparency is crucial for the efficient and sustainable management of our operations. Additionally, we have established control activities to ensure adherence to

standards, procedures, and recommendations. Each business area conducts a quarterly self-assessment and reports the findings to the Internal Control Department. This department then analyzes the results and provides summaries to the relevant stakeholders. Based on these insights, stakeholders develop and implement appropriate action plans, all under the guidance and oversight of the Internal Control Department.

Moving forward, we are focused on integrating Environmental, Social, and Governance (ESG) factors, as well as climate-related risks that could impact our financial performance, particularly our cash flows, into our Enterprise Risk Management (ERM) framework. This integration would enable us to identify, assess, and manage these risks more effectively, ensuring long-term sustainability and value creation for all our stakeholders. We will also concentrate on enhancing the skills and capabilities of our sustainability committee and workforce, equipping them with the necessary resources to effectively respond to and manage these risks.

Our ERM Governance Structure Includes:



Established roles and responsibilities of various committees



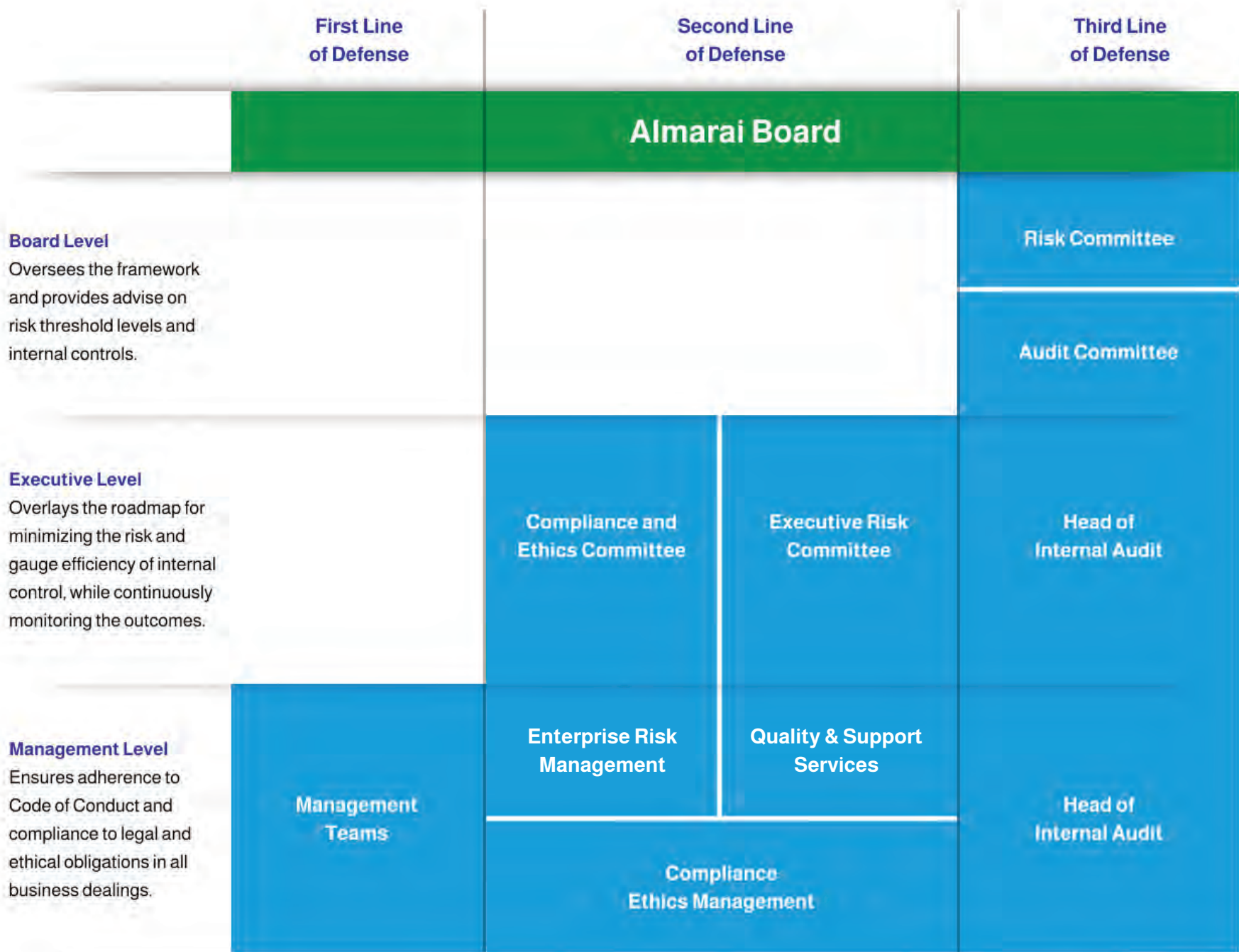
Scope, context, and criteria to understand relevance and impact



Clear and well-defined communication and consultation process

ERM Governance

Aligned with industry-recognized best practices, Almarai employs a three lines of defense model to ensure accountability throughout the company for the governance, management, and reporting of risks, as well as the oversight of the control environment. This governance model is overseen by the Board of Directors, who provide strategic guidance and ensure that potential threats are identified, monitored, and managed effectively.



Almarai's Role in KSA's Sustainability Champions Program – A Model for Value Chain Collaboration

In a strategic effort to boost corporate sustainability, the Ministry of Economy and Planning introduced the Sustainability Champions program at the World Economic Forum Special Meeting in Riyadh. This initiative is set to transform the Kingdom's sustainability landscape by encouraging partnerships among leading companies in various sectors. The program designates top companies as "Champions" to mentor others in enhancing their sustainability practices. This includes offering guidance and resources, in addition to the necessary tools and technologies, to help enhance sustainability performance and reporting.

Almarai has emerged as a key participant in the Sustainability Champions Program, where we are mentoring three companies (Obeikan, MEFSO, and PPC) with multiple targeted initiatives. By engaging with these companies, Almarai is not only enhancing its own operations but also contributing to the broader sustainability goals of Saudi Arabia.





Hear from Our Participants...



Ibrahim Hasan Alghamdi

CEO, Packaging Products Company

“As a proud participant in the Sustainability Champions Program, PPC has greatly benefited from Almarai’s mentorship in sustainability and innovation. Through their guidance in this program, we have optimized our manufacturing processes to exceed sustainability benchmarks. We have concentrated on enhancing recyclability and reducing our carbon footprint. We look forward to continuing this journey together, aiming to set new standards for sustainability.”



Omran Al-Obeikan

CEO, Obeikan Industrial Company

“With Almarai’s mentorship, we are committed to assessing our sustainability baseline, developing action plans to improve our sustainability performance, executing these plans, and transparently communicating our progress through comprehensive sustainability reports. This collaboration has been instrumental in guiding us on our sustainability journey.”

Almarai's Successful Participation at COP16

Almarai has successfully concluded its participation in the 16th session of the Conference of the Parties of the United Nations Convention to Combat Desertification (UNCCD COP16), held in Riyadh from 2nd to 13th of December 2024. The event convened dignitaries, policymakers, international organizations, companies, NGOs, and experts to advance efforts in sustainable land management, land restoration, and enhancing resilience to drought.

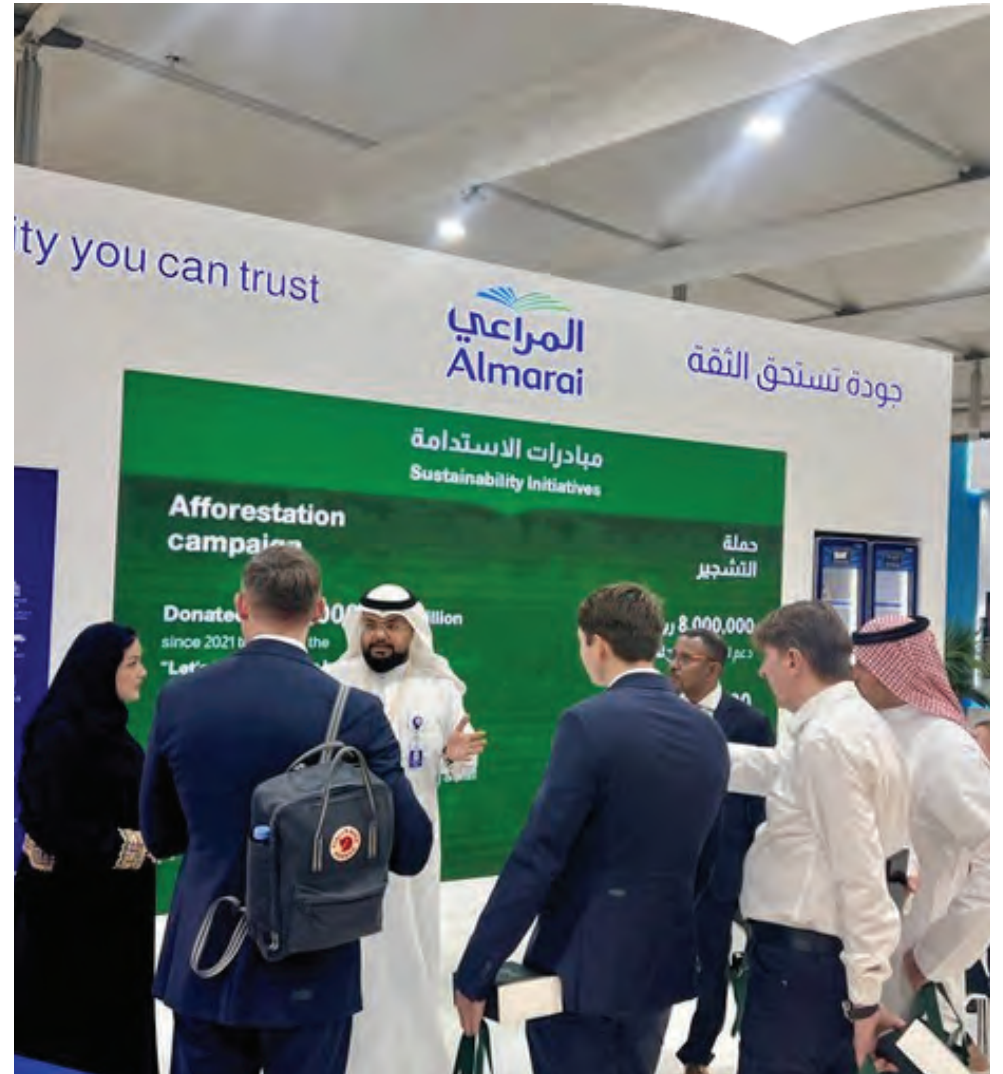
Held under the theme "Our Land, Our Future," the conference focused on fostering multilateral action to address pressing environmental challenges, including drought resilience, land tenure, and the impacts of sand and dust storms.

During the conference, over 70 schools and universities were engaged, serving more than 500 students daily. Additionally, more than 10 agreements were discussed or signed and the event attracted approximately 1,500 daily visitors.

Our participation in this global event aligned with Saudi Arabia's presidency of the UNCCD, reflecting our role as a leader in sustainability and environmental stewardship.

We showcased our efforts to:

- Reduce carbon emissions
- Minimize waste
- Lower energy consumption





Defining and Prioritizing the Issues that Matter the Most

Our strategy and reporting approach are primarily informed by materiality assessments. The outcomes of these exercises help us ensure we are covering the topics most relevant to our stakeholders, that we are addressing evolving risks and opportunities, and that our sustainability goals are aligned with our strategic business objectives.

In 2022, we re-evaluated our materiality assessment exercise, with most material topics remaining unchanged. Our focus remains on those identified in the original 2019 assessment. After careful consideration and internal deliberation, we reaffirmed our existing materiality assessment.

The List of Material Topics is Presented Below:

At Almarai, our top priorities are Quality and Food Safety, Climate Change Nutrition and Wellbeing, each playing a crucial role in our commitment to excellence and responsibility. We are unwavering in our dedication to Quality and Food Safety, ensuring that every product meets the highest standards to safeguard consumer health and building trust in our brand. We also acknowledge the pressing urgency of Climate Change, which has continuously driven us to adopt more sustainable practices that minimize our environmental impact and promote responsible resource management. Additionally, Nutrition and Wellbeing are central to our mission, as we strive to enhance food security and foster healthier lifestyles through our diverse product offerings. By integrating these priorities, we not only enhance our operational integrity, but also reinforce our position as a responsible corporate citizen, committed to creating shared value for all stakeholders and paving the way for a healthier, more sustainable future.

Almarai consistently evaluates its significant subjects to stay current with all sustainability-related issues, including risks and opportunities that could affect the company, the communities where we work, and overall sustainable development, both directly and indirectly.





Sustainability Strategy

At Almarai, sustainability is core to our strategy. We believe that the world can be a better place if we are all committed to “Doing Better Every Day.” By living up to our commitments, we can make positive changes that support a better tomorrow.

In 2019, we established a set of 25 goals and targets to achieve by 2025, during the development of our sustainability strategy, “Doing better every day”. Our strategy is built upon 3 interconnected pillars and addressing 12 material issues that are essential in supporting our contribution to building a more sustainable future.

Doing Better Every Day

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

Our Commitments



Caring for People

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

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

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

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

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



Protecting the Planet

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

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

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

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

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

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



Producing Responsible Products

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


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

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

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

Progress



<div>  <h4>Caring for People</h4> </div>		
Goal/Target		Progress
Nutrition and Wellbeing	Develop and implement a holistic plan to further enhance our nutrition and wellbeing offering by 2025	<div></div>
Health and Safety	Achieve ISO 45001 compliance for all our divisions by 2025	<div></div>
	Institute an occupational health and wellbeing program accessible to all employees by 2025	<div></div>
Employee Talent and Diversity	Ensure gender equality in our workforce, with focus on talent development, capabilities building, and opportunities	<div></div>
	Reduce voluntary employee turnover to achieve an average of 12% over the period 2020-2024	<div></div>
	90% of managers engage in at least 40 hours of professional development per year by 2025	<div></div>
Community Investment	Donate 2.5 million healthy servings by 2025	<div></div>
	Educate 250,000 people through our site visit program by 2025	<div></div>
	Improve the employability of at least 1,400 young people through the Food Industries Polytechnic (FIP) program by 2025	<div></div>



Protecting the Planet

Goal/Target		Progress
Water Management	Increase water efficiency across our Manufacturing, Sales, Distribution and Logistics Divisions by 15% by 2025 (against a 2018 intensity baseline)	<div></div>
	Initiate and support collaborative efforts with stakeholders to address water risk and enhance conservation by 2025	<div></div>
Packaging Innovation	Avoid the use of 9,000 metric tons of plastics from entering the consumer waste stream by 2025 (against a 2015 baseline)	<div></div>
	Actively support the transformation of the packaging economy in KSA by 2025	<div></div>
Climate Change		
Transport and Refrigeration	Explore and trial alternative fuel vehicles for our sales transport fleet on an ongoing basis	<div></div>
	Increase the fuel efficiency of our sales, distribution and logistics vehicles by 10% by 2025 (against a 2018 baseline)	<div></div>
	100% of our sales depot cold stores will be CFC free by 2025	<div></div>
Energy	Reduce energy consumption across our Manufacturing, Sales, Distribution and Logistics Divisions by 15% from efficiency measures by 2025 (against a 2018 intensity baseline)	<div></div>
	Increase the share of electricity from clean energy sources across our Administration, Manufacturing, Sales, Distribution and Logistics Divisions to 20% by 2025	<div></div>
	Achieve ISO 50001 certification for our Administration, Manufacturing, Sales, Distribution and Logistics Divisions by 2025	<div></div>
Waste Management	Reduce waste going to landfill across all our divisions by 50% by 2025 (against a 2018 baseline)	<div></div>
Sustainable Agriculture	Enhance sustainable practices on our arable farms by 2025	<div></div>



Producing Responsible Products

Goal/Target		Progress
Quality and Food Safety	All manufacturing sites will have Global Food Safety Initiative (GFSI) recognized certification by 2025	●
	All high-risk ingredient suppliers will have Global Food Safety Initiative (GFSI) recognized certification by 2025	◐
Animal Welfare	Achieve global animal welfare certification for our dairy and poultry farming operations by 2025	●
Ethical Sourcing	Put an ethical sourcing process and audit plan in place by 2025	●

Sustainability Strategy Boundaries

The scope of Almarai’s sustainability strategy covers Almarai’s GCC owned operations, excluding our subsidiaries Beyti and Teeba unless otherwise stated within the specific goal/target below.

Goal/Target	Scope Exceptions
Reduce waste going to landfill across all our divisions by 50% by 2025 (against a 2018 baseline)	This does not include animal manure.
Enhance sustainable practices on our arable farms by 2025	This includes Fondomonte USA and Argentina only.