



# Sustainability in Action

Better Life, Better Future

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Sustainability Report 2024

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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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# Chairman's Message



**Mr. Abdullah Saleh Ali Al Othaim**

Chairman of Board of Directors



The prestigious recognitions received during 2024 serve as clear affirmations of the success of our strategy in delivering sustainable solutions that effectively and efficiently meet market aspirations.



Dear Shareholders of Abdullah Al Othaim Markets Company,

On behalf of myself and my fellow board members, I am pleased to present to you our 2024 Sustainability Report, expressing our deep pride in the achievements made and reaffirming our strong commitment to our responsibilities toward society and the environment. This year, we have witnessed tangible progress in advancing our sustainability journey, inspired by our core institutional values: Responsibility, Excellence, Benevolence, Trust, and Integrity. These values serve as the strategic framework guiding our path toward sustainable growth and a proud legacy for future generations.

In a thriving economic and regulatory environment, strengthened by the Saudi Vision 2030 which created a supportive climate for investment, expansion, and sustainable growth, and with God's grace-followed by the wise policies of our leadership, may God preserve them-we have been able to achieve outstanding accomplishments that combine returns with enhanced positive impact. Our efforts this year were crowned by several prestigious

awards, most notably «Top ranking in the wholesale and retail sector and second overall ranking across all sectors in the Kingdom in the Corporate Social Responsibility Award by the Ministry of Human Resources and Social Development». «Best Sustainability Practices in the Retail Sector in Saudi Arabia – 2024». «Most Budget-friendly Retail Brand in Saudi Arabia – 2024».

These recognitions serve as clear affirmations of the success of our strategy in delivering sustainable solutions that effectively and efficiently meet market aspirations.

Driven by our deep belief that stakeholders are the cornerstone of our sustainable growth, we have focused on strengthening communication channels with them and developing dynamic sustainability strategies that respond to their expectations and enhance the company's social presence and impact.

Our commitment to developing human capital is no less important than our environmental responsibility. We continue to invest in the well-being and skill development of our employees. These efforts have culminated in obtaining the "Best Work Environment" certification for 2024-2025 from Great Place to Work, in recognition of our continuous support for national talent and our provision of a stimulating work environment that drives excellence and creativity.

Crowning a journey of contribution spanning over 68 years, Abdullah Al Othaim Markets continues to reinforce its leadership and trust in the retail sector within the Kingdom and through its operations in the Arab Republic of Egypt.

With firm confidence in a brighter and more sustainable future, we reaffirm our full commitment to leading sustainable transformation, empowering our communities, and contributing to the Kingdom's ambitious vision to build a prosperous and sustainable future.

In conclusion, we extend our utmost gratitude and appreciation to the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud, and to His Royal Highness Prince Mohammed bin Salman bin Abdulaziz, Crown Prince and Prime Minister - may God preserve them - for their generous support of the private sector and their dedication to enabling a resilient and growth-driven economic environment.

Together, we build a future whose purpose is not limited to profit maximization, but carries a noble message rooted in advancing sustainability and achieving inclusive development.

# CEO'S Message



**Eng. Muaffaq Abdullah  
Mohammed Mubarah**

Board Member & CEO



“Sustainability Becomes Reality: Better Life, Better Future,” we reaffirm our commitment to embedding our practices as a core pillar to drive the company’s growth and deliver sustainable value to all stakeholders.



Dear Shareholders of Abdullah Al Othaim Markets Company,

Abdullah Al Othaim Markets Company has continued its growth and expansion journey with confident strides, guided by its strategic goals and leveraging available opportunities to boost its revenues and expand its branch network to ensure its services reach all customers across the Kingdom of Saudi Arabia and in its overseas operations in the Arab Republic of Egypt.

In line with our firm commitment to contributing meaningfully to the realization of Saudi Vision 2030, we have worked diligently to align our efforts with its objectives in order to help build a vibrant society, a thriving economy, and an ambitious nation.

We have also embraced the Kingdom’s ambitious commitment to achieving net-zero carbon emissions by 2060, aligning with global aspirations for a more sustainable future.

This commitment has driven us to take meaningful steps within our operations, including Planning for the broad adoption of solar energy, improving transport efficiency, and managing energy more efficiently across our stores and warehouses.

The company has launched several pioneering initiatives, including improving the logistics network and enhancing the efficiency of transport vehicles through the use of advanced trailers and double-decker trailers, which contributed to increased operational efficiency and reduced the number of required trips between warehouses.

In parallel, we implemented comprehensive measures to reduce energy consumption within warehouses and restructured certain operational processes to enhance efficiency.

We also launched a pilot program for electric vehicles, closely monitoring its results, with future plans to expand its scope in support of our ongoing efforts to reduce our carbon footprint.

On the social responsibility front, we achieved significant growth in our spending on community initiatives. Our total investment in this area exceeded SAR 32 million in 2024 an 8.4% increase

over the previous year - reflecting our steadfast commitment to community support and fulfilling societal needs.

Driven by our slogan, “Sustainability Becomes Reality: Better Life, Better Future,” we reaffirm our commitment to embedding our practices as a core pillar to drive the company’s growth and deliver sustainable value to all stakeholders.

As we continue looking forward, we remain focused on enhancing our agility to adapt to rapid changes and on evolving our ESG strategy in alignment with the Kingdom’s Vision 2030.



CEO Eng. Muaffaq Abdullah Mubarah received CSR Awards 2024 for Al Othaim Markets

# ESG Highlights and Awards



**First Electric Truck**  
inducted in Othaim Logistics Network



**Solar panel installation planned** at the Dammam store in 2025



Continuous transition to **Eco friendly refrigeration**



**47%**  
Saudization rate



**6%**  
Female Employees



**196**  
Employees with disabilities



Both ZOD factories are fully compliant with **HACCP standards**



**6.27%**  
of net profit spent on community



**4.8 MT**  
of waste recycled



**Awarded Great Place to Work**  
Certificate for 2024 – 2025



**Zero incidents**  
of data breach



**Sustainability goals**  
and targets adopted

**Fastest Growing Grocery Retail Chain – Saudi Arabia 2024**

The “#I\_am\_Committed” award from the Wage Protection Program “Mudad” affiliated with the Ministry of Human Resources and Social Development, in recognition of its adherence to program standards and commitment to safeguarding the rights of its employees

**Most Budget-friendly Retail Brand – Saudi Arabia 2024**

**Best Financial Performance Excellence for the Grocery Retail 2024**

**Best Sustainability Practices in Retail -Saudi Arabia 2024**

# Introduction



## About Us

Abdullah Al Othaim Markets is a key part of Al-Othaim Holding Group, one of the largest companies in Saudi Arabia. The holding company has a significant economic presence and a diverse investment portfolio, including investments in commercial, real estate, industrial, and hospitality sectors.

Abdullah Al Othaim Markets Company is an extension of Saleh Al Othaim Trading Establishment, founded in 1956 AD (1376 AH) by the late Sheikh Saleh Al Othaim. It specializes in the wholesale and retail distribution of food products, operating numerous supermarkets and hypermarkets across Saudi Arabia and the Arab Republic of Egypt.

Headquartered in Riyadh, Al Othaim is a prominent Saudi joint-stock company listed on the Tadawul Securities Exchange. The company holds a trusted position in the retail food and staples sector in the Kingdom of Saudi Arabia and the Arab Republic of Egypt. Its core operations include grocery retail and wholesale, supermarkets, hypermarkets, and convenience stores.

The Company continues to grow and expand its stores nationwide, driven by a vision to offer exceptional and comprehensive services to its customers. In 2024, Al Othaim achieved several significant milestones, including the launch of Othaim Express and the rebranding of its convenience store format to Othaim City. Additionally, the Company opened its first Cash

& Carry store in Riyadh in October 2024. The Company also experienced positive momentum in the e-commerce sector, driven by successful partnerships with key partners, Hunger Station, Jahez and Noon. These developments highlight the company's continued commitment to innovation and growth across multiple business channels.



The first Cash & Carry store in Riyadh was launched in October 2024.

➤ The company holds a trusted position in the retail food and staples sector in the Kingdom of Saudi Arabia and the Arab Republic of Egypt.



**19,000+**  
Employees and  
Third-Party Workers

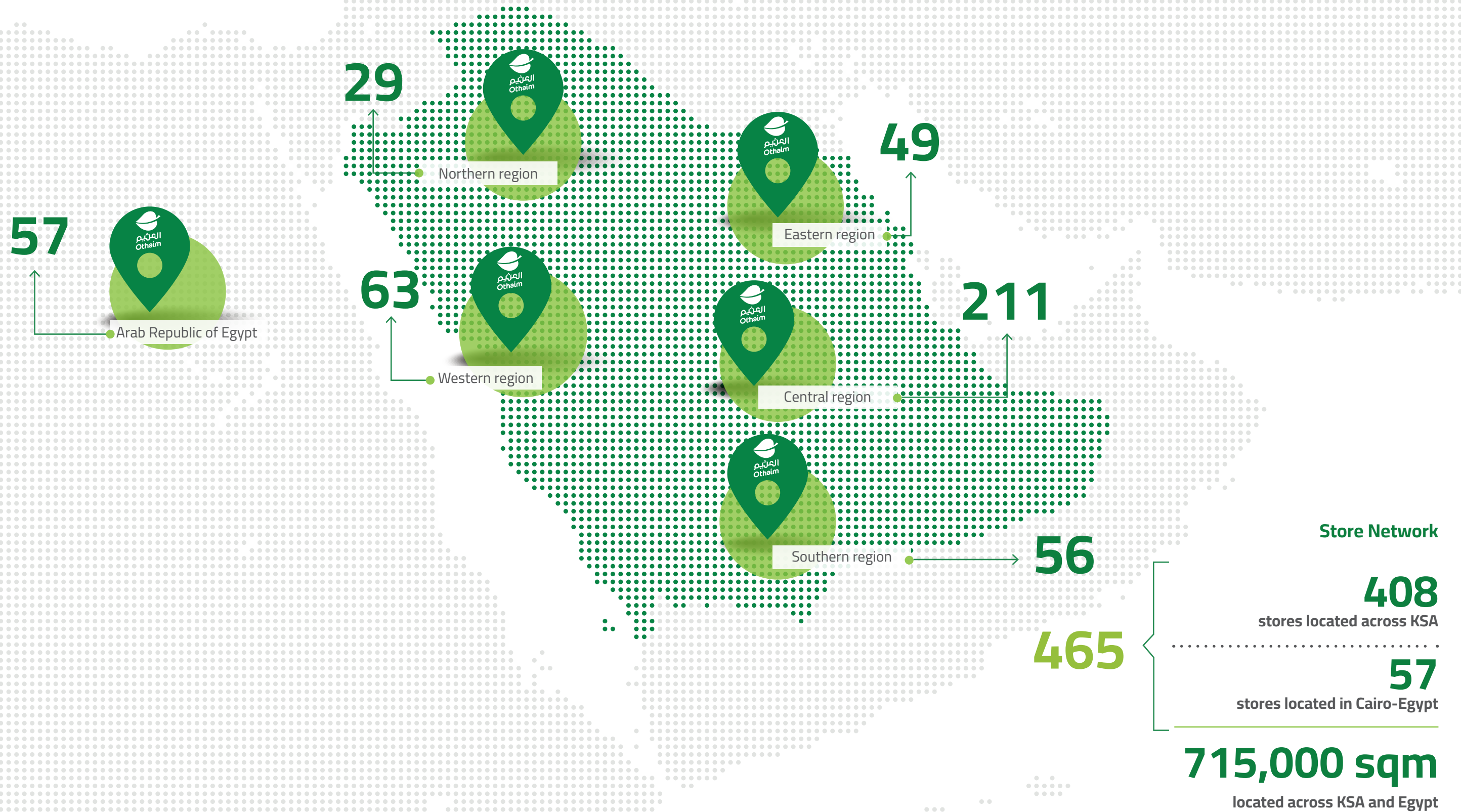


**13.6 %**  
Annual Growth in  
number of retail stores  
(KSA and Egypt)



**8.2%**  
Annual Growth in area  
of stores  
(KSA and Egypt)

## Al Othaim Presence



# Creating Value

## Vision

Better life at lower costs

## Mission

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

- 

▪ **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.
- 

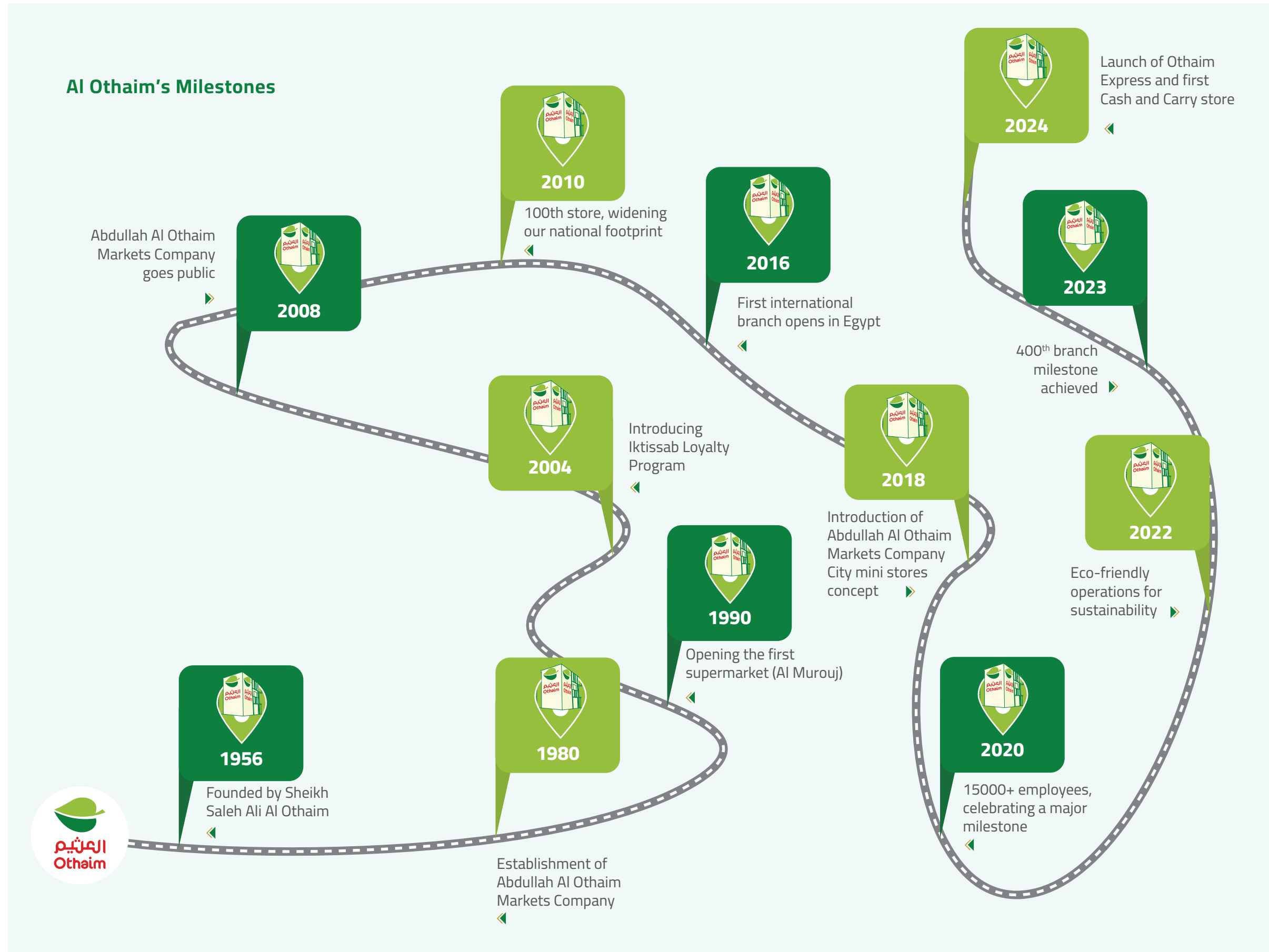
▪ **For our investors**  
Maximizing the investment return in the short and long term.
- 

▪ **For our society**  
Support sustainability, food and environmental security, and job generation.

## Values

- Responsibility
- Mastery
- Charity
- Trust
- Honesty

## Al Othaim's Milestones



## Categories and Brands

Al Othaim is committed to consistently providing high-quality products. The Company has established a strong management system focused on quality and safety, implementing a comprehensive quality management system and strict food safety protocols. This includes efficient process coordination, performance enhancement, investment in technology and human resources, and essential training.

The Company also partners with reliable suppliers to ensure continuous product and service improvement. Its growth strategy focuses on excellent customer service and expanding branches throughout the Kingdom of Saudi Arabia and Egypt.



### Al Othaim's Brands



# ESG Approach



## ESG Strategy

Al Othaim envisions a future where sustainable growth and responsible business practices go hand in hand. It is actively working towards embedding sustainability into every aspect of its business. The Company is continuously strengthening their ESG practices, ensuring that environmental, social, and governance considerations form the core of all operational activities.

► The Company is continuously strengthening the ESG practices, ensuring that environmental, social, and governance considerations form the core of all operational activities.

 <p><b>Ensuring Compliance</b></p>	 <p><b>Ethics and Integrity</b></p>	 <p><b>Occupational Health and Safety</b></p>
<p><b>Goal:</b> 100% compliance with relevant regulatory requirements.</p>	<p><b>Goal:</b> No cases related to breach of code of conduct and conflict of interest.</p>	<p><b>Goal:</b> 100% of employees and workers are to be covered under the Occupational Health and Safety Management System</p>
 <p><b>Nationalization</b></p>	 <p><b>Training and Development</b></p>	 <p><b>Diversity and Equal Opportunity</b></p>
<p><b>Goal:</b> Increase the representation of Saudi nationals at various levels within Othaim.</p>	<p><b>Goal:</b> Enhance the coverage of training programs to improve the skills and capability of workforce</p>	<p><b>Goal:</b> Aspire to cultivate a workforce that is diverse, equitable, and inclusive</p>
<p><b>Target:</b> To prioritize local sourcing of agricultural products to support domestic producers.</p>	<p><b>Target:</b> Conduct regular training and awareness programs for all employees</p>	<p><b>Target:</b> Increase overall female representation in workforce</p>
 <p><b>Supply Chain</b></p>	 <p><b>Sustainable Material and packaging</b></p>	 <p><b>Environmental Responsibility</b></p>
<p><b>Goal:</b> Increase local sourcing of Products</p>	<p><b>Goal:</b> Increasing the use of recyclable and compostable Packaging material</p>	<p><b>Goal:</b> Reduction of waste generated in operations (i.e. the stores and warehouses)</p>
<p><b>Target:</b> To prioritize local sourcing of agricultural products to support domestic producers.</p>	<p><b>Target:</b> Reduction of food waste in operations by efficient management of supply chain, storage and order time</p>	<p><b>Target:</b> Reduction of food waste in operations by efficient management of supply chain, storage and order time</p>
 <p><b>Climate Change</b></p>	<p><b>Goals</b> Increase the use of renewable energy in operations and value chain</p> <p>Aspire to achieve Net zero by 2060 in line with Saudi Vision</p>	<p><b>Targets</b> Induction of solar panels to increase renewable energy portion in power consumption</p> <p>Develop a decarbonization plan to align the company's goal with the Saudi Vision.</p>

# Stakeholder Engagement

Effective and ongoing two-way communication is essential for respecting mutual wellbeing and strategic decision-making. Al Othaim values its stakeholders' perspectives and actively engages with them through diverse communication channels. This constructive dialogue ensures that the company's strategic direction evolves in alignment with stakeholders' needs and expectations. The Company utilizes various communication models and systematically tracks stakeholders priorities and expectations. The Company has widened its scope of stakeholder engagement by integrating sustainability topics in the stakeholder engagement.



## Suppliers

Al Othaim is committed to building enduring relationships with suppliers. Strategic partnerships with suppliers drive value creation throughout the entire value chain.

### Stakeholder Expectations

- Business Ethics
- Fair dealings
- Openness and transparency
- Creating value through mutually beneficial dealings Smooth invoicing and payment processes

### Mode of Engagement

- Al Othaim digital platform
- Periodic meetings



## Customers

Al Othaim prioritizes understanding and exceeding customer needs and expectations. By offering trusted brands and quality products, the company supports consumers' lifestyle choices and places them at the core of its operations.

### Stakeholder Expectations

- Food & Product Safety
- Fair Pricing
- Customer Experience
- Data Security & Privacy
- Ethical business conduct

### Mode of Engagement

- Customer service at all branches
- Customer inquiry hotline
- Social media platform



## Employees

Al Othaim is dedicated to fostering a work culture of open communication and high performance for its employees.

### Stakeholder Expectations

- Diversity, Equity & Inclusion
- Data Security & Privacy
- Job security
- Fair compensation and benefits
- Opportunities to develop
- Ethical conduct

### Mode of Engagement

- Al Othaim employee portal
- "Voice Heard initiative" to improve internal communication
- Monthly summit meeting



## Investors

Al Othaim collaborates closely with investors and shareholders to ensure sustainable, profitable growth, all within a framework of responsible and ethical business practices.

### Stakeholder Expectations

- Corporate Governance
- Positive Return on investment
- Reputation management
- Risk management

### Mode of Engagement

- General Assembly
- Investors' Presentation
- Quarterly Earnings Call
- Investor Relations page on the company's website and e-mail to [Ir@othaimmatkets.com](mailto:Ir@othaimmatkets.com)



## Society

Al Othaim actively engages with community members, charitable organizations, employees and other stakeholders in both new initiatives and ongoing programs that positively impact and improve society's wellbeing.

### Stakeholder Expectations

- Philanthropy/ Charity
- Engagement and involvement in decision making
- Investment in local communities
- Supporting local Enterprises
- Promoting local talent through Saudization

### Mode of Engagement

- In partnership with NGO's Various community development programs
- Charity events

# Materiality Assessment

The primary objective of Al Othaim's formal materiality assessment is two fold: first, to understand the sustainability issues that matter most to stakeholders, and second, to gain valuable insights on the topics from the company's perspective. To ensure a robust process, Al Othaim aligns with Global Reporting Initiative's (GRI) Universal Standards (2021) and incorporated the sectoral guidance from Sustainability Accounting Standards Board (SASB).

In 2023, Al Othaim conducted its first materiality assessment, gathering structured and focused feedback from key stakeholders on environmental,

social, and governance (ESG) issues. Al Othaim engaged over 100 stakeholders through a formal survey to understand the importance of various ESG topics. A total of 18 material topics were finalized which were categorized into five sustainability pillars. Building on this foundation, Al Othaim will continue to report on these material topics in the current year, ensuring transparency and accountability in its sustainability journey. Moving forward, the Company plans to conduct a materiality assessment every 3 years to ensure alignment with evolving business priorities and stakeholder expectations.



<p><b>Pillar 1</b> Governance and Ethics</p>	<p><b>Material Topic</b></p> <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>	
<p><b>Pillar 2</b> People Practices</p>	<p><b>Material Topic</b></p> <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>	
<p><b>Pillar 3</b> Inclusive value creating for Society</p>	<p><b>Material Topic</b></p> <ul style="list-style-type: none"> <li>Economic Impact and Business Resiliency</li> <li>Community Engagement</li> <li>Supply Chain</li> </ul>	
<p><b>Pillar 4</b> Responsible Business Practices</p>	<p><b>Material Topic</b></p> <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>	
<p><b>Pillar 5</b> Nurturing Green Practices</p>	<p><b>Material Topic</b></p> <ul style="list-style-type: none"> <li>Environmental Responsibility</li> <li>Climate Change</li> </ul>	

# Governance and Ethics



## Governance Practices

Al Othaim believes that high standards of corporate governance, combined with a rigorous and transparent approach to reporting, are central to running a business with integrity and maintaining the trust of stakeholders. The Company adheres to the standards for public companies in the Kingdom while adopting the best international practices for effective governance, ensuring that this commitment supports the Company's continuous economic growth.

The Company does business with high ethical standards and is in line with six governance principles. To support these principles, the Company has established policies and guidelines outlining the Board's duties, delegation of authority, internal controls, shareholder relations, insider trading, and conflict of interest management. By following these principles, Al Othaim ensures its operations are efficient, ethical and responsible.



## Board Composition

The Board of Directors is the highest governance body responsible for the overall strategy, execution, risk management and controls, and long-term success of the Company. The Board of Directors at Al Othaim operates in accordance with the rules and regulations of the Capital Market Authority (CMA).

Al Othaim prioritizes Board independence, ensuring a rigorous and structured selection process for its members. The Company ensures the appointment of highly qualified individuals, with the majority being non-executive and independent, thereby fostering objective and unbiased decision-making in alignment with its strategic goals. The Chairperson of the Nomination and Remuneration Committee is also an Independent Director.

The board has six members: three non-executive directors, two independent directors, and one executive director. For detailed information on Board members' qualifications, governance committee memberships, compensation, and remuneration breakdown please refer to Al Othaim's Annual Report 2024.

➤ **To support these principles, the Company has established policies and guidelines outlining the Board's duties, delegation of authority, internal controls, shareholder relations, insider trading, and conflict of interest management.**

Name	Gender	Age	Tenure	Independent of Management	Nationality	Committee Member
Mr. Abdullah Saleh Ali Al Othaim	Male	68	17 Years	Non-executive	Saudi	Board Chairman
Eng. Bader Hamed Abdulrazaq Alaujan	Male	57	3 Years & 3 months	Non-executive	Saudi	Vice Chairman
Mr. Bandar Suliman Mohammed Al Bohairy	Male	49	2 Years & 1 month	Non-executive	Saudi	Member
Dr. Raed Abdullah Ibrahim Al Hogail	Male	61	3 Years & 3 months	Independent	Saudi	Member
Mr. Saad Ibrahim Saad Al Mushawah	Male	65	3 Years & 3 months	Independent	Saudi	Member
Eng. Muaffaq Abdullah Mohammed Mobarah	Male	53	1 Year & 6 months	Executive	Saudi	Member

Note: The Chairman is a non-executive member and not a senior executive.

## Board Committees

Al Othaim has three Board-level committees overseeing operations to ensure their effectiveness, playing a key role in supporting the Board's governance duties.

**Audit Committee:** The Audit Committee is responsible for overseeing internal audits, reviewing internal control systems and audit reports, recommending external auditors to the Board, assessing financial statements, and ensuring compliance with relevant

laws, regulations, and policies to name a few. These responsibilities are crucial for maintaining transparency, financial integrity, and regulatory compliance within the Company.

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

**Nomination and Remuneration Committee:** The Nomination and Remuneration Committee's responsibilities include but are not limited to recommending Board nominations, reviewing the structure of the Board and executive team, and proposing solutions aligned with the Company's

interests. The committee also prepares and updates remuneration policies for Board and committee members, evaluates assessing the effectiveness of meeting goals, audits employee compensation, and approves and assesses related plans and policies to ensure alignment with the Company's objectives.

Name	Role in Committee	Tenure (Years) in Committee
Mr. Saad Ibrahim Saad Al Mushawah	Chairman	3 Years & 3 months
Mr. Bandar Suliman Mohammed Al Bohairy	Member	1 Year
Eng. Nabil Abdulaziz Mohammed Al Fraih	Member	3 Years & 2 months

**Executive Committee:** The committee supports the Board in executing its supervisory responsibilities of setting long-term goals and actionable plans. It collaborates with executive management to ensure the effective implementation of Board decisions, oversees the Company's organizational structure, and reviews key policies related to finance, operations,

and marketing. Furthermore, the Committee provides the Board with informed recommendations to drive continuous improvement and align with strategic goals. For more details on the Board Committees, please refer to the Corporate Governance section of the Annual Report 2024.

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

# Risk Management



Al Othaim is committed to developing a strong risk management culture across its operations. The Company has in place Risk Management training and policy. The Audit Committee is responsible for risk management, and this is included as one of the major accountabilities of the Audit Committee as per the charter approved by the board. This committee plays a critical role in monitoring risks and ensuring compliance with internal controls.

The Board of Directors actively promotes risk awareness by maintaining continuous oversight of internal audit activities and upholding the highest governance standards. The Audit Committee reinforces this commitment by raising the level of risk management and ensuring that all company departments follow the approved procedures through an intensive review program based on the nature of retail operations. Through this structured approach,

departments adhere to approved procedures, ensuring consistency, accountability, and continuous improvement in retail operations.











Early identification of major risks is crucial for ensuring business continuity and minimizing disruptions. At Al Othaim risks are managed through existing business practices and the knowledge gained from the experience of operating businesses. Through cross-departmental collaboration, risks are identified, evaluated, and hedged by evaluating the possibilities of their occurrence and estimating their effects. Effective measures are then implemented to minimize, avoid, or contain risks as much as possible to avoid any damages that may be caused if they occur.

Al Othaim is committed to enhancing awareness of risk management across its operations, supported by ongoing oversight of internal audit practices and the implementation of best-in-class governance principles. These initiatives strengthen the Audit Committee's efforts to elevate risk management standards and ensure compliance with approved procedures throughout the Company. A comprehensive review program, focused on refining retail operations, is in place to strengthen this process.

Al Othaim is committed to continuously enhancing its risk management systems and processes to adapt to a rapidly evolving business environment.

➤ **These initiatives strengthen the Audit Committee's efforts to elevate risk management standards and ensure compliance with approved procedures throughout the Company.**

## Risks Identified by Al Othaim

External Risks	Internal Risks
 Natural and environmental risks	 Supply chain disruptions
 Changes in laws and regulations	 Inventory devaluation
 Changes in market environment and conditions	 Availability and attrition of skilled employees
 Failure to keep pace with changes in customer behavior	 Technology, cyberattacks, and information security risks
 Economic risks such as price fluctuations	 Risks related to property management and capital projects



## Ethics and Integrity

Al Othaim operates with a strong commitment to ethics and integrity, guided by its comprehensive Code of Conduct and Whistleblower Policy. The Company encourages a culture of ethical conduct, legal compliance, and integrity across all levels. It is committed to the highest standards of credibility, honesty, accountability, and creating an environment of open communication and fair treatment.

### Code of Conduct

Al Othaim adheres to its Code of Conduct, reinforcing its dedication to the highest ethical standards. The Code of Conduct establishes clear standards of behaviour, reflecting the company's values, vision, and mission. The Code emphasizes professional conduct aligned with religious values, such as honesty, accountability, responsibility, and avoidance of conflicts of interest.

Unethical practices, including the acceptance of gifts, nepotism, and infringement of intellectual property rights, are strictly prohibited. It applies to all internal and external stakeholders of the Company including the management, suppliers and customers. To ensure compliance,

to professional conduct and ethical values, Othaim has established the Committee for Behavioral Violations in the Workplace, responsible for monitoring and enforcing compliance with workplace behavior and ethical standards.

### Whistleblower Mechanism





Al Othaim has implemented a Whistleblower Policy to encourage reporting of illegal or unethical conduct, including suspected fraud, actions that jeopardize the Company's financial integrity, or the leak of unpublished price-sensitive information that could harm the company's operations, business performance, or reputation.

Whistleblowing procedures also promote ethical conduct and address violations, risks, or misconduct

affecting individuals, the company, or its stakeholders. The whistleblowing mechanism enables employees to report concerns internally while ensuring protection from retaliation, harassment, or disciplinary actions. By fostering a culture of accountability, the system supports ethical reporting in line with the company's core values and Code of Conduct.

Al Othaim offers multiple channels for anonymous reporting to facilitate whistleblowing. Complaints are promptly reviewed, by a multi-functional committee led by Internal Audit and supported by an experienced investigator. The process ensures that individuals can present their perspective, ensuring a fair investigation.

To contact the whistleblowing mechanism at Al Othaim Markets Company, individuals can securely report any suspected fraud, unethical conduct, or administrative and financial irregularities through various channels. Reports can be submitted via the following means:

-  **Email**  
hotline@othaimmarkets.com
-  **Phone number**  
+966 11 254 7000
-  **WhatsApp**  
0112547000
-  **Direct Visit**  
Internal Audit Department Headquarter Building, Second Floor, Abdullah Al Othaim Markets Company, Riyadh.

If an unethical act is identified, the Whistleblowing Committee determines whether the case should be referred to Legal and HR or handled internally, in accordance with the company's Code of Conduct and labor laws. The Internal Audit department regularly reports violations to the Audit Committee, and if legal action is required, a detailed report is submitted to the Audit committee. All reports are treated with the utmost confidentiality and reviewed under the supervision of the Internal Audit

Department. For more details, please refer to the Whistleblowing policy on the company website under "CorporateGovernance" section.

### Conflict of interest

To protect shareholder interests and ensure ethical operations, Al Othaim has implemented a policy to manage conflicts of interest and related party transactions, ensuring fairness, transparency and full compliance to Article 71 of Saudi Companies Law which provides guidelines for related party transactions.

The company ensures proper governance procedures and best practices with regards to related party transactions to avoid any conflict of interest.

- a) Every board member is required to notify the board of directors of any direct or indirect interest he may have in the transactions or contracts made for the company. Such notification is recorded in the minutes of the board meeting.
- b) Any contracts awarded to a company where a board member has any direct or indirect interest are initially reviewed by the audit committee. Once the audit committee approves such contracts and recommends to Board of Directors, the related board member is required to abstain from the voting on the resolution to be issued on this matter by the remaining board members.

c) According to Article 71 of Saudi Companies Law, all transactions where any board member has direct or indirect interest occurred during the fiscal year shall be reviewed by the company's external auditor. A special review report is issued by the auditor for this matter and presented to the general assembly.

d) The notification along with the auditor's report are presented to the General Assembly. The related board member is required to abstain from the voting on the resolution at the General Assembly.



**Zero cases of breach of conflict of interest reported during the year 2024.**

### Regulatory Adherence

Al Othaim remains proactive in staying ahead of evolving regulations, prioritizing compliance as a key aspect of its governance. The company strictly adheres to external laws and regulations while continuously enhancing internal controls to ensure both internal and external compliance.



**Zero significant instances of non-compliance with laws and regulations in 2024.**



## Anti-Corruption

Al Othaim upholds a zero-tolerance stance on corruption. Integrity and transparency are fundamental to its operations, and the Company continuously strengthens its governance practices to combat corruption at all levels.

Al Othaim introduced a comprehensive Anti-Corruption Policy designed to uphold the highest standards of integrity and transparency in all its business dealings. This policy explicitly prohibits bribery, fraud and manipulation and provides clear guidance that all team members must follow. It is designed to promote an ethical work environment ensuring that all company activities align with relevant rules and regulations.

The legal affairs department oversees the administration, review, and updates of this policy annually or as needed. The Policy applies to the Board of Directors, its committees, senior management, all employees, and business partners of Al-Othaim Markets Company and its affiliates.

In cases of proven corruption, all parties involved, including employees, business partners, or associated individuals, will be held accountable. Al Othaim will take swift action to protect its rights and reputation, which may include terminating relationships or reporting the matter to the authorities. Business partners are expected to cooperate if any employee is implicated in corruption. Additionally, any individual found using force, violence, or threats to violate company policies or prevent lawful duties will be penalized according to anti-corruption regulations.

► **Zero cases of corruption during the year 2024.**

## Security & Privacy



Al Othaim prioritizes data security by implementing robust measures to protect personal information. Industry-standard protocols, including encryption, access controls, and employee awareness programs, are rigorously applied.

The company developed a comprehensive Data Protection Policy that applies to all business lines, including its fully owned subsidiaries. In the event of any breach, the Company ensures prompt assessment and mitigation. Committed to safeguarding confidentiality, integrity, and availability of information, Al Othaim continuously monitors and enhances its security controls. As required by Privacy & Data Protection laws in Saudi Arabia, Al Othaim obtains written consent of the customer while collecting customer data. The customer has the right to access this data, request for modification or deletion of this data. Upon the request of the customers, the company has processes in place to modify or delete their data. In line with this commitment, Al-Othaim places the highest priority on safeguarding personal data through a combination of



technical and organizational security measures. These include strict access controls, secure infrastructure, and regular security assessments. The Company enforces robust data privacy policies, conducts regular employee training, and ensures physical security through restricted access and surveillance. Personal data is shared only with essential parties such as service providers, regulatory authorities, financial institutions, and marketing partners—always under strict contractual obligations and confidentiality agreements. These efforts reflect Al Othaim's dedication to maintaining data integrity and ensuring customer trust.

Customer consent is central to Al Othaim's data privacy practices. Not only Al Othaim accepts customers data with prior written consent, but the right to access, modify, or deletion of data lies with the customer. The company has established processes to efficiently handle this system; thereby implementing the requirements of Saudi Arabia's Privacy and Data Protection laws as well.

Al Othaim has implemented an Information Security Management System (ISMS) and a cloud security policy

to protect all information interacting with cloud-based systems. These policies are designed to work together to mitigate risks, enhance security, and build trust with customers and business partners. The Company also employs advanced security measures, including cloud email protection, network access control, and firewalls, all of which are regularly updated and monitored to avoid data breaches. During 2024, the company engaged a third party to review and audit the information security systems, the suggested action plan to cover the gap was implemented immediately.

In addition, as a part of the annual audit process – a very extensive IT audit is carried out by the external auditor as part of the assurance procedures.



**The company had "zero" incidents of data breach during the year 2024.**

# People Practices



## Occupational Health and Safety

### Our Practices

Al Othaim is committed to creating a strong, healthy and safe workforce. At the core of this commitment lies the 'Occupational Safety and Emergency Response' policy which serves as a guiding framework to safeguard the well-being of every employee. The policy is designed to provide clear directives on preparedness and response during accidents and emergencies, ensuring that potential hazards are mitigated to protect lives, property, and food safety. It defines the roles and responsibilities of various departments, outlining essential measures such as the regular maintenance of fire equipment, coordination with relevant departments to provide safety guidance and warning signs, and the availability of personal protective equipment for all employees. Additionally, it incorporates structured procedures for risk identification and quality assessment to further reinforce safety across the Company.

### Our Actions

Al Othaim aims to achieve full coverage of all employees and workers under its Occupational Health and Safety Management system. As a significant milestone toward this goal, the Company has obtained ISO 45001:2018 certification for its operations. Al Othaim also collaborated with QSI Company to implement the Senior Auditor Qualification Program for Occupational Health and Safety, aligning with ISO 45001 standards.

To enhance workplace safety, Al Othaim has implemented procedures for risk identification, regular safety inspections, and thorough accident investigations. The Company ensures the proper maintenance of safety equipment, provides employees with personal protective gear, and has established a robust incident reporting system to manage and mitigate safety risks effectively. Al

Othaim actively conducts regular inspection visits to monitor occupational health and safety standards.

Al Othaim reported zero fatalities in 2024. Furthermore, the Company ensures strict compliance with all relevant occupational health and safety regulations in its operating countries.

Through the implementation of these rigorous measures and protocols, Al Othaim remains steadfast in its mission to create a safe and secure work environment, prioritizing the well-being of its employees at every level.

- ▶ **The Occupational Safety and Emergency Response' policy is designed to provide clear directives on preparedness and response during accidents and emergencies, ensuring that potential hazards are mitigated to protect lives, property, and food safety.**



## Employee Wellbeing

Al Othaim strongly emphasizes creating long-term value by building a solid foundation centred around its key values of responsibility, excellence, charity, trust, and honesty. Recognizing that its employees are the core of its success, the Company continuously enhances the work environment, aiming to attract and retain top talent.



As a result of these efforts, Al Othaim has been awarded "Great Place to Work" certificate for 2024 - 2025.

Al Othaim prioritizes employee growth and engagement through structured development programs, continuous feedback mechanisms, and transparent communication channels. The Company conducts regular employee engagement surveys to assess satisfaction levels and identify areas for improvement, ensuring that its initiatives align with workforce needs. Initiatives such as "Your Voice Heard" and monthly summit meetings further encourage open dialogue and strengthen organizational dynamics. Digital portals promote transparent communication by allowing employees easy access to essential information.

### Actions helping attract and retain talents



626 promotions were awarded across the company sectors in 2024.

## Employee Compensation & Benefits

Al Othaim, one of the leading employers in the Kingdom of Saudi Arabia has an equitable pay policy. The Company has a very strict no discrimination policy when it comes to employee compensation and benefits (No discrimination based on gender, race, color etc). Al Othaim has internal policies that define the non-compensation benefits to all its employees – including medical insurance and End of Service Benefits, which are always aligned or beyond the expectations of the Saudi Labor Law.

In addition, the company has a very strong performance-based incentive system. At the end of every financial year, 100% of the company employees go through the annual performance appraisal cycle where performance of every employee is assessed against the KPI's agreed with the reporting manager at the beginning of every year, and a performance rating is attributed to every employee by his manager in accordance with the company policy. The performance ratings of the employee becomes an important component for an employee's annual bonus in addition to the company overall performance which is another important component in the employee's annual bonus payout. The company also grants, in accordance with its policies, annual increments and incentives to outstanding employees, according to specific terms and conditions.

## Diversity and Equal Opportunity



Saudi Arabia's Vision 2030 emphasizes the importance of creating a strong, fulfilling, and balanced society where everyone enjoys a high quality of life, a healthy lifestyle, and an attractive living environment. The vision highlights the need for inclusivity, equal opportunities, and diversity across all sectors to drive sustainable growth and development.

Al Othaim strongly aligns with this vision by embracing diversity and equal opportunity in its workplace. The Company is dedicated to ensuring a fair and respectful environment where all employees can thrive, regardless of gender, race, or background. Under its Code of Conduct, Al

Othaim strictly prohibits any form of harassment or bullying. It promotes a culture rooted in responsibility and respect for others. All individuals are expected to uphold public morals and contribute to maintaining a work environment free from harassment, bullying, discrimination, abuse, or any behaviour that undermines personal dignity.



Zero cases of discrimination have been reported this year.

To reinforce this vision, Al Othaim has implemented a policy dedicated to promoting diversity and equal opportunity within the workplace. This policy serves as a fundamental principle guiding its actions and shaping its corporate culture. Al Othaim's Diversity and Equal Opportunity Policy ensures an inclusive workplace where all employees thrive, regardless of gender or race. The policy aims to create fair recruitment procedures and promote diversity throughout the Company.

In line with the Policy, Al Othaim is committed to increasing the representation of women within its workforce as part of its ongoing efforts. The Company actively encourages female participation and has made significant strides in increasing the number of women across various roles.



6% of Al Othaim's employees are women

### Gender and Age Diversity

	Under 30 years		30-50 years		Over 50 years		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
 Male	8,476	7,684	8,786	8,660	762	729	18,024	17,073
 Female	460	513	669	683	37	34	1,166	1,230
 Total	8,936	8,197	9,455	9,343	799	763	19,190	18,303

Note: This includes employees and third-party workers.

### Redefining Inclusivity

At Al Othaim, we have redefined inclusivity by going beyond traditional practices. The company's first key initiative is continuous participation in the Mowaamah Certification program, which is curated to support people with disabilities and aligns with the Kingdom's Strategy for the Rights of Persons with Disabilities. This program challenges businesses to go beyond conventional norms and create workplaces accommodating all. Al Othaim's goal is to build an environment where everyone can thrive regardless of physical ability. In 2023, the Company employed 180 disabled employees, which increased to 196 in 2024.

The Company has also introduced initiatives such as open communication channels, facility upgrades, specialized training programs, and flexible working hours. These efforts define Al Othaim's commitment to building and encouraging an inclusive environment and providing equal opportunities for success to all employees.



8.9% increase in employees with disabilities over previous year

### Our Strategy Going Forward

Belonging is at the heart of Al Othaim's diversity, equity, and inclusion strategy, which has driven its business growth for decades. The Company is committed to building a workforce where every team member feels valued, empowered, and has equitable access to opportunities.

Al Othaim remains dedicated to increasing female representation, enhancing leadership opportunities for women, and supporting the inclusion of people with disabilities in the workforce. The Company is committed to increasing female representation across its workforce through these efforts. Al Othaim continues to cultivate a diverse, inclusive, and forward-thinking workplace that contributes to wider economic participation and sustainable growth.

## Nationalization



The number of Saudi employees are 9,054, representing 47% of the workforce.

Note: This includes employees and third-party workers.

As part of its strategic efforts, Al Othaim continues to collaborate closely with the Ministry of Human Resources and Social Development to create programs for elevating Saudi nationals' skills and employability. The Company actively supports the professional growth of young Saudis through its summer training and internship programs, designed to bridge the gap between academic knowledge and industry requirements. These programs equip students with hands-on experience in modern technologies, fostering intellectual capabilities, and instill essential workplace competencies, including problem-solving, teamwork, and professional ethics.

Further strengthening its Saudization agenda, Al Othaim has integrated MOHR's Localization Courses into its training framework, enabling employees to gain deeper insights into best practices for enhancing localization across departments.

Looking ahead, Al Othaim remains committed to further increasing the representation of Saudi nationals at all organizational levels. By continuously refining its localization strategies and fostering a culture of growth and inclusion, the Company reaffirms its unwavering dedication to nationalization, contributing to a stronger and more resilient Saudi economy.

Al Othaim's localization strategy is deeply aligned with Saudi Vision 2030's three pillars: A Vibrant Society, A Thriving Economy, and An Ambitious Nation. Recognizing its role in driving the Kingdom's socioeconomic progress, the Company has persistently worked towards local talent development and workforce nationalization.

Demonstrated through a consistent trajectory in maintaining Saudization rate of more than 45% over the past years. The company keeps a keen focus on employment opportunities for Saudi nationals across various business functions.

➤ Al Othaim is committed to empowering local talent and strengthening national capabilities by pledging to train 50,000 Saudi nationals in the next five years.

# Training and Development



## Leadership Development Programs



**Hadaf (HRDF) Leadership Academy:** Designed to strengthen leadership capabilities among managers and directors, equipping them with the skills needed to drive business success.



**Psychometric Assessments & Behavioural Interviews:** Used to create individual development plans and succession strategies, ensuring a strong leadership pipeline within the organization.



**Internal Rotation:** Al Othaim offers its employees opportunities for internal mobility across various roles within the organization.

## University Partnership through Cooperative Training

Al Othaim has established partnerships with various universities and applied colleges to deliver training programs aligned with market needs. In 2024, around 250 students were trained in collaboration with institutions such as Majmaah University, the Applied Technical College, Imam Abdulrahman bin Faisal University, and Shaqra University. These programs aim to equip students with practical skills and hands-on experience, qualifying them for roles in high-demand areas like cashiers, sellers, shelf dressers, and storekeepers. Training content is continuously updated to match evolving organizational and market requirements.

Al Othaim recognizes that investing in employees' skills is fundamental to attracting, retaining, and developing top talent. By actively listening to employees and providing them with the necessary tools for success, the Company ensures their professional growth and adaptability in an evolving industry.

The company's learning approach is deeply embedded in its culture, prioritizing the professional development of its workforce. By embracing diverse perspectives and experiences, Al Othaim ensures that training programs are tailored to meet the unique needs of employees, fostering both personal and organizational success.

To support this vision, Al Othaim has implemented a range of initiatives focused on employee development and advancement. The Learning Management System (LMS) serves as the medium for delivering customized e-learning courses aligned with job competencies, enhancing professional growth across all levels.

## Sector Specific Programs

Employees are enrolled in specialized courses provided by the Ministry of Industry, including training on food industry and safety within the supply chain. Additionally, the prestigious TOYOTA WAY Program is offered to production professionals, enhancing their expertise in operational excellence.

### Annual Training on Code of Conduct and Anti-Corruption

To promote a culture of integrity and compliance, Al Othaim conducts mandatory annual training on the Code of Conduct and anti-corruption practices. This program is designed to ensure all corporate employees, including full-time, part-time, and supervisory staff at stores, are well-informed of the company's ethical standards and compliance requirements.

## Specialized Training Programs

The company identifies training programs relevant to meet the needs of employees in various departments and conducts them for the relevant employees. As part of its commitment to continuous learning and workforce development, Al-Othaim has prioritized upskilling employees across departments and functions. In collaboration with several reputable training and academic institutions, more than 500 employees have been trained in various specialized programs designed to build technical, leadership, and operational capabilities.



The table below outlines key training programs implemented:

Training Provider	Program
CX Academy	Customer Experience Development and Improvement Program
Saudi Logistics Academy	Executive Program for Leadership in Logistics, Joint Diploma for 12 trainees
QSI Company	Senior Auditor Qualification – ISO 45001
Center for the Industry of Genius	Financial Skills for Non-Financial Professionals
Merc Consulting and Training	Procurement Management Program
Al-Tanaghum Al-Tiqni for Communications	Practical Project Management (PMA) Program
Principles of Skill Training Center	Professional Project Management (PMP) Program
Saudi Contractors Authority	Professional Business Analysis Program
Al-Walaa Academy (Dubai)	Certified Loyalty Marketing Professional
Real Estate License Courses	Various Real Estate Training Programs (e.g., Marketing, Brokerage)
CISA	Certified Internal Systems Auditor
CLP.LIFE	CEO Audit Course
TOPNOTCH Company	Demand Planning, Forecasting, and Market Analysis
Raw Business Services Foundation	Presentation Skills, Data Analysis & Decision-Making
Fatima Bint Salem Bin Mubarak Baftim Commercial Foundation	Leadership Development – Sales & Operations Sector
Zamcoach for Training	Leadership Development – Commercial Sector
English and Arabic Language Development Program for Executives	Executives
Gulf Institute	English Language Development for Executives

Al Othaim is creating an environment that prioritizes continuous learning, growth, and professional development, driving both individual and organizational success. The goal is to expand the reach of training programs, enhancing the skills

and capabilities of the workforce. These training programs support Al-Othaim’s goal of developing a skilled, knowledgeable, and future-ready workforce while promoting a culture of learning and excellence across all levels of the organization.

### Enhancing Workforce Development through Targeted Learning Paths

In 2023, Al Othaim partnered with several platforms to support employee development. However, in 2024, the company shifted its learning strategy to a more tailored approach, focusing on job roles and position levels. This was achieved through detailed training needs analysis and continuous market trend observation, allowing for the allocation of training licenses based on specific employee requirements.

To implement this strategy, Al Othaim partnered with Udemy for Business, a leading online platform offering courses in business, technology, leadership, and personal development. By designing targeted learning paths, the company ensured its employees had access to relevant, on-demand training resources, helping drive both individual and organizational growth.



### Al-Othaim Training Center

Al-Othaim Training Centre was established in 2000. It reflects Al-Othaim commitment to empowering Saudi talent and supporting national localization goals.

The centre delivers a range of administrative training programs designed to enhance skills in management, finance, and technical fields. Key courses include:

- **Management by Objectives**  
Focuses on effective supervision, problem-solving, leadership, and setting SMART goals.
- **Work Stress Management**  
Introduces stress concepts, their impact on performance, and strategies to manage work pressure.
- **Crisis Management**  
Prepares leaders and managers to understand, plan for, and effectively navigate crises.
- **Marketing Skills**  
Equips retail sales workers with modern marketing strategies, market research, and planning.

- **Time Management & Team Management**  
Develops techniques for efficient time use and effective team leadership.

#### Specialized Programs

Includes courses for Sales Accountant Cashier roles, Shopping Mall Supervisors, Mall Managers, as well as computer literacy courses tailored for office work and beginners. Al Othaim Training Centre offers a wide range of training programs focused on skill development, leadership, and customer service excellence to meet organizational and market demands.

These targeted programs have empowered thousands of individuals, strengthened their professional capabilities and enhanced operational performance.

➤ **More than 300 training courses were held, benefiting 10,000+ trainees.**

# Inclusive Value Creation



# Community Engagement


Al Othaim, guided by Saudi Vision 2030, is committed to building a vibrant society where the true wealth lies in the ambition of its people. In pursuit of a thriving economy and an ambitious nation, the Company supports initiatives that address critical issues within the communities it serves. Al Othaim delivers targeted assistance to those in need, contributing to sustainable development. Amid a global landscape marked by challenges and uncertainties, the Company continually seeks opportunities to make a positive impact in the community.

Al Othaim reaches out to the most vulnerable and underprivileged in the community through a wide range of activities including but not limited to supporting communities through vouchers, promoting cultural practices and health related initiatives which contribute to national priorities, local economic growth, and community wellbeing.

In 2024, Al Othaim actively engaged in a wide range of initiatives aimed at strengthening community ties and raising awareness on key social issues. These included celebrating occasions such as World Arabic Language Day and the Holy Month of Ramadan, promoting awareness around disabilities, lifestyle diseases, and drug control, and organizing blood donation campaigns. The company also supported national events like National Day and Founding Day and marked international awareness days through social media campaigns and in-branch activities.

Al Othaim collaborated with various charitable and community organizations, hosted an annual ceremony to honor charitable institutions across the Kingdom, and provided in-store platforms to highlight the work of local associations—further reinforcing its commitment to social responsibility and community enrichment.

Total spend on community grew from SAR 29.6 million in 2023 to SAR 32.1 million in 2024, which is an increase of approximately 8.4%.

 **6.3% of net profit spent on the community**

Category	2023 (In SAR millions)	2024 (In SAR millions)
Charity	11.8	12.9
Cooperative Program <sup>1</sup>	11.3	12.9
Prepaid Vouchers <sup>2</sup>	6.5	6.3
<b>Total Community Investment</b>	<b>29.6</b>	<b>32.1</b>

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

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

## Health and Community Wellness Initiatives

In 2024, Al Othaim actively supported health and wellness through various initiatives aimed at employees and the wider community. Key actions included blood donation drives, free medical check-ups, and seasonal vaccination campaigns in collaboration with hospitals like the National Guard, Diriyah, Al-Azhar, and We Care. The company also conducted diabetes screenings, promoted awareness of ADHD, supported healthy shopping events, and partnered with organizations such as the Saudi Cancer Control Society and Saudi Charitable Diabetes Association to encourage public health education and community engagement.



## Supporting the community through Vouchers

### Charitable Magnetic Vouchers Digital Initiative

The Company has continued to innovate with the Charitable Magnetic Vouchers Digital Initiative. These digital cards, designed for use by beneficiaries of approved charitable organizations, provide an effective means for distributing financial aid for essential needs. The Company has modernized this system by enabling transactions directly through a beneficiary's mobile number. The initiative is enhanced by expanded payment wallets for various charitable purposes, including

water supply, sacrificial donations, and school supplies Water Supply Wallet, Oath Expiration Wallet, Aqeeqah and Vows Wallet, Sacrifice Wallet, Household and Electronic Appliances Wallet, School Bag Wallet.

► In 2024, the charitable magnetic digital initiative supported over 150,000 families through 115 charitable associations across the Kingdom.

### Prepaid Vouchers Initiative (Sanabel Al Khair)

The Sanabel Al Khair prepaid vouchers, continue to serve as an important tool for charitable donations. These cards, available in denominations ranging from (SR100 -SR 250-SR 500), are used to ensure that donations reach the appropriate beneficiaries in a secure and efficient manner. The Company has expanded the availability of these cards in both physical and digital formats. This initiative has made a positive impact by supporting numerous charitable societies and helping those facing financial hardships.

### Zakat Al-Fitr Voucher Initiative

The company also offers a Zakat Al-Fitr Voucher initiative, enabling individuals to fulfill their religious obligations with ease. These vouchers, available in denominations of SAR 20, SAR 100, and SAR 200, are sold through multiple sales channels, including the mobile app, website, and physical branches. The vouchers can be presented to beneficiaries or charitable organizations to ensure that Zakat is distributed to those in need, further supporting the company's role in promoting social responsibility and community wellbeing.

### Sacrifice Voucher Initiative

In addition to Zakat, the company introduced the Sacrifice Voucher initiative, providing customers with an efficient way to reserve and donate their sacrifice during Eid. The electronic vouchers, available through the website, app, and company branches, allow customers to select a branch for collection and specify their preferred delivery schedule. For those who prefer, the sacrifice can be donated directly to a charitable organization, which will distribute it to its beneficiaries in accordance with the established schedule. This initiative enhances the ease with which customers can contribute to charitable causes during the festive season.

## Al Othaim's Ramadan Initiative

During the Ramadan season, Al Othaim introduced the Actual Food Basket initiative to support local communities. The ready-made food baskets, available for purchase at all company branches, contain essential food items to help families meet their needs during the holy month. The initiative helps ensure that families have access to necessary food supplies during the holy month.



## Sustainable Supply Chain



Global supply chains are constantly evolving, driven by increasing digitalization, a focus on sustainability, and a commitment to responsible sourcing. Considering dynamic global market, Al Othaim is reinventing its supply chain to blend cutting-edge technology with a steadfast commitment to incorporating responsible purchasing practices, supporting local production and sourcing. It also maintains strong communication with stakeholders to ensure sustainable supply operations, driving up customer satisfaction and achieving its goals.

Sustainability is woven into every decision. By prioritizing local sourcing and fair working conditions, Al Othaim strengthens community ties and supports local production, ensuring that responsible practices are at the heart of its operations.

Al Othaim' supply chain is central to its business, supported by a reliable transportation and distribution network. The Company sources a wide range of products from around the globe, meeting customer needs with a consistent supply. Al Othaim ensures product quality through strict supplier management practices, adhering to standard specifications, procedures, and policies. The Company has implemented various measures to strengthen its supply chain management.



**Control Centre Management:** Modernized Control Centres support smart inventory planning based on precise supplier orders and market demand. Deliveries are scheduled based on this information, ensuring that every branch receives quality products efficiently while optimizing transportation. This helps Al Othaim reduce transportation emissions while also reducing costs.



**Warehouse Management:** From the control centre, the journey continues into state-of-the-art Warehouses. These hubs are not just storage spaces but centres of innovation, where optimized layouts, automated packaging systems, and streamlined workflows boost productivity and reduce operational costs. Every process, from receiving shipments to dispatch orders, is finely tuned to guarantee that products move swiftly and safely through the system. Such systems ensure that space utilization is optimized, to keep the pressure for new warehouses and additional resource needs like electricity requirement under control.



**Fleet Management:** The Products are transported by road with a fleet featuring high-capacity vehicles. This supports optimization of distribution network resulting in better time and fuel management. Road safety has been a topic of significance for Al Othaim. We have renewed our focus on driver training and education, which has dramatically reduced accidents and road regulation violations as compared to previous years.

A dedicated system of supply chain excellence management supports these operational pillars. By continuously measuring, analysing, and refining performance across every stage—from procurement to delivery—Al Othaim fosters an environment where efficiency and innovation thrive. Regular engagements with suppliers and stakeholders ensure that every link in the chain is strong, transparent, and aligned with the company's goals.

## Economic Impact and Business Resiliency



The Company's has made strategic investments in real estate to enhance its revenue generation capabilities, ensuring a consistent and sustainable income stream. Its impressive expansion reflects a robust business model that adapts to changing market conditions and meets the evolving demands of consumers across the region. The continuous growth in the number of outlets, has a rippling impact on the number of jobs created by Al Othaim directly through the number of people operating at its store and in the supply chain as well.

Al Othaim is not only demonstrating business resiliency but is also contributing positively to Saudi Arabia's economic transformation and the sustainability of its retail sector.



Al Othaim has built a strong foundation of financial stability and business resiliency over its 68 years of operation. Through a steadfast focus on competitive pricing, superior product quality, and exceptional customer service, both in wholesale and retail segments, the Company has seen continuous growth.

Al Othaim's strategic approach has not only ensured its market presence but also solidified its position as a leader in the region.

► **The continuous growth in the number of outlets, has a rippling impact on the number of jobs created by Al Othaim directly through the number of people operating at its store and in the supply chain as well.**

# Nurturing Green Practices



## Climate Change

Climate change is a critical global crisis with serious consequences for all including economy, environment and people. Rising greenhouse gases (GHGs) concentrations are driving higher temperatures, shifting weather patterns, and causing extreme events, requiring urgent action across all sectors. Therefore, addressing the impacts of climate is a business imperative and minimizing GHG emissions is a shared responsibility.

Many countries have set national goals to reduce GHG emissions. Saudi Arabia also pledged to achieve Net Zero by 2060. Aligning with the nation's goal Al Othaim shared the same goal and is committed to supporting the national climate agenda. To achieve this Al Othaim plans to develop a decarbonization plan and increase the use of renewable energy in operations and value chain in the coming years. Thus, making actions on climate change become central to the green practices of Al Othaim.

➤ **Al Othaim aligns its sustainability efforts with the national goal of reaching Net Zero emissions by 2060.**

### Optimizing Logistics for Emissions Reduction

Al Othaim worked on innovative measures to reduce emissions from short-distance transportation.

In 2024, Al Othaim built on the strategic improvements initiated in the previous year. During the year 2024, the company inducted the first electric truck in its logistics fleet. Furthermore, the company continues to refine its logistics network. With five distribution centres now optimally positioned across the kingdom, Al Othaim was able to optimize its distribution network and improve vehicle utilization by using advanced trailers, reducing the number of trips required between warehouses. To enhance logistical efficiency and minimize environmental impact, a specialized regional distribution centre was also established on the west coast to supply fresh products such as meats, frozen goods, and vegetables-replacing the previous supply route from Riyadh.

#### Impact of enhanced forecasting on Reverse Logistics Efficiency

In 2024, Al Othaim achieved an impressive 18.8% reduction in product returns compared to 2023, resulting in a huge waste reduction between AL Othaim and its vendors. The primary driver behind the reduction in reverse logistics is enhanced demand planning and forecasting. By accurately predicting customer demand and inventory needs, the Company is better positioned to minimise overstocking and Optimize Inventory Management.

This meant fewer items were left unsold or became obsolete, ultimately decreasing

the volume of returns and the need for reverse logistics management.

Overall, the enhanced forecasting capabilities not only streamlined reverse logistics but also contributed to substantial cost savings and improved operational efficiency.



## Energy Management

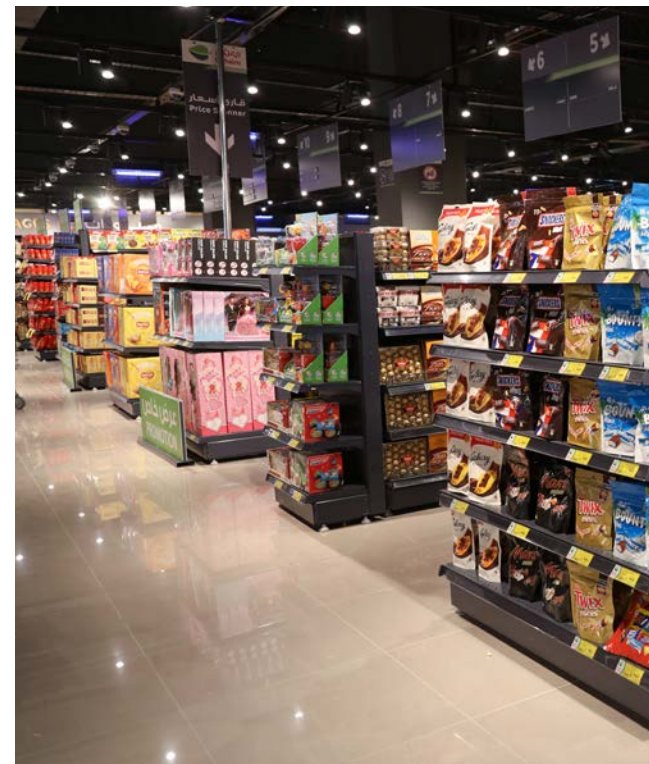
Al Othaim's business, like many in the retail sector, plays a significant role in climate change through its substantial energy consumption. However, by recognizing these links, the Company has opportunities to adopt greener practices. In the coming years, Al Othaim plans to replace its diesel trucks with electric trucks the foundation for which was laid during 2024 by the induction of its first electric truck in the logistics fleet. As part of the company's green initiative programs, Al Othaim expects to install the first solar panel in one of its Dammam stores by June 2025.

- **First solar panel installation in one of Al-Othaim Dammam stores expected to be completed by June 2025.**



## Eco-friendly 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 30 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.



## Environmental Responsibility



of polypropylene (PP) with polyethylene (PE) in plastic packaging. This change improved protection against leakage for products such as cheese and pickles and allowed for the removal of cling film, leading to a significant reduction in overall packaging waste.

Total waste generated- Product	<b>1,061 tonnes</b>
Total waste generated- Packaging	<b>4.8 tonne</b>
Total waste recycled	<b>4.8 tonne</b>
Amount of waste directed to landfill	<b>23 tonnes</b>

- **Al Othaim aims to not produce hazardous waste and reducing the waste generation and disposal to landfill**

### Waste Recycling at Al Othaim

The Company is committed to waste recycling as part of its environmental responsibility. It does not produce hazardous waste but focuses on reducing its overall environmental impact through several initiatives. Environmentally friendly and biodegradable materials, such as plastic shopping bags and pallet wraps, are used across operations. The Company has started repairing and recycling damaged wooden pallets, helping save 270 tons of wood annually. Whereas damaged vegetables, fruits, and bakery items are reused as animal feed in partnership with specialized entities, minimizing organic waste. Used oils are safely collected and disposed of through certified companies, while damaged packaging materials from production are sent to approved recycling plants.

Saudi Vision 2030 emphasizes the importance of safeguarding the environment and natural resources for future generations. It includes initiatives to enhance optimal waste management, establish extensive recycling programs, and many other initiatives. As Saudi Arabia undergoes rapid industrialization, population growth, and urban expansion, waste management has become a critical priority, with over 110 million tons of waste generated annually. Al Othaim recognized that sustainable waste management is vital for safeguarding natural resources and reducing environmental harm.

Al Othaim has several waste streams in the business value chain. These include packaging waste from the materials used in product displays and shipments and food waste from perishable goods that may not be sold in time. The Company also manages paper and plastic waste generated from in-store activities and administrative functions. Some initiatives taken for reducing packaging waste include the use of environmentally friendly raw materials to minimize consumption and waste, along with the replacement

# Responsible Business Practices



## Customer Health and Safety

Al Othaim remains committed to ensuring the health and safety of its customers by providing high-quality products that meet or exceed mandatory safety standards. The Company integrates nutrition, food safety, and overall well-being into its business ethos, cultivating a positive and inclusive in-store experience. By prioritizing consumer health, wellness, and satisfaction, the Company ensures a holistic approach to customer care, while effectively addressing concerns and supporting public health.

Al Othaim adheres to national food safety standards and complies with HACCP (Hazard Analysis and Critical Control Points) guidelines for the packaging of vegetables, meat, and cheese. The Company's quality department works closely with regulatory authorities, including the Saudi Food and Drug Authority, to detect pesticide residues and heavy metals in produce. Regular inspections of supplier storage conditions and sanitary compliance further reinforce safety measures. Swab tests are routinely conducted during product handling to detect and eliminate pathogenic bacteria and micro-organisms on packaging.

In addition, the company also regularly conducts audits of suppliers' production facilities to ensure that their facilities, production processes, raw materials used and the finished products meet the global standards.



Supplier Audits	
Number of suppliers audited	54
Non-Compliant Suppliers	3
Delisted Suppliers	2

Al Othaim also upholds stringent safety measures across all its operations. Employees undergo comprehensive training on food safety systems and good sanitary practices, ensuring that strict hygiene standards are maintained. Safety equipment, including goggles, gloves, first aid kits, and fire extinguishers, is readily available across all facilities. Trained staff and dedicated security officers are stationed at all operational locations to ensure a safe shopping environment, while stringent in-house safety and security procedures are followed throughout operations to protect both employees and customers.

Through these efforts, Al Othaim reinforces its dedication to customer health, safety, and well-being, delivering a secure and high-quality retail experience that aligns with its sustainability commitments.

- ▶ The quality assurance team as a part of their high standards for compliance for food inspections rejected 4.4% of fruits & vegetables shipments amounting to over SAR 18 million.

## Health and Nutrition

Al Othaim is dedicated to helping consumers make healthier food choices by offering a wide range of fresh, nutritious fruits and vegetables, alongside other wholesome options like whole grains and lean proteins. The Company carefully selects high-quality to cater to diverse dietary needs and preferences, ensuring that customers can easily access food that supports a balanced and healthy lifestyle. By prioritizing quality and variety, Al Othaim empowers consumers to make better decisions for their well-being.

Al Othaim has long upheld a strict policy of not selling tobacco products, including cigarettes. This commitment reflects the Company's responsibility toward public health and its efforts to encourage responsible consumption. The Company also supports various awareness programs, such

➤ Al Othaim has maintained a strict no-tobacco sales policy since inception. This reflects its commitment to public health and responsible consumption.

as Al-Othaim Center for Smoking Cessation, in collaboration with the Saudi Anti-Smoking Society. Through these initiatives, Al Othaim aims to educate customers on the dangers of tobacco use while upholding societal and religious values that promote health and well-being.

### Organic Products

Al Othaim keeps the consumer health and safety as a top priority. Organic products have become an important component of the company's strategy to give its consumers a healthy option and alternative while fulfilling the nutritional requirements. Over the years, the range of organic products have increased in Al Othaim and the management is committed to further increase the organic product range in the coming years.

➤ During 2024, the company sold 163 SKU's across different food categories ranging to almost 1% of the overall company sales.



## Enhancing Customer Experience

Customer experience is a key drive of satisfaction, loyalty, and long-term business success. Al Othaim has consistently demonstrated its commitment to this principle by integrating innovative initiatives that enhance the overall shopping experience.



### Loyalty Program

Al Othaim Markets has enhanced the shopping experience with the introduction of a loyalty program. This initiative enables customers to earn cashback, which is directly credited to their loyalty card balance, unlocking exclusive discounts, promotions, and events at Al Othaim stores. The program is designed to attract trust and maintain long-term engagement while ensuring that customer data remains private and secure in accordance with stringent legal standards. By offering a free and easily accessible

loyalty card—available at every branch and via the mobile app—Al Othaim streamlines the shopping process and reinforces its commitment to customer well-being.



### Self-Service Initiative (KIOSK)

Al Othaim introduced self-service kiosks at selected branches. These kiosks allow customers to independently scan items for purchase, check balances on loyalty and prepaid cards, and provide feedback. This initiative provides customers with greater autonomy, offering a faster and more efficient way to handle routine tasks.

The integration of technology through these kiosks aligns with Al Othaim's strategic goal of enhancing operational efficiency while safeguarding customer satisfaction.



# Responsible Product Management



Al Othaim is dedicated to responsible product management, focusing on minimizing environmental impacts while ensuring the affordability, quality, and safety of its product portfolio. The Company aims to address key concerns such as food security, access, safety, and health, while promoting a greener environment. This includes responsible chemical management, prioritizing product safety and quality, and supporting sustainability throughout the entire production and consumption lifecycle.

## Al Othaim's Policies for Ensuring Food Quality and Safety

To maintain high standards of food quality, Al Othaim has implemented Board approved policies that guide its food safety and quality processes. The Fresh Purchases Operations Policy outlines the mechanisms and controls for managing fresh food purchases, ensuring that quality is maintained throughout the supply chain. The Non-Food Purchases Policy details the processes for planning and executing internal purchasing operations, with clear task distribution within the Company's management structure.

### Initiatives for Product Safety

Al Othaim ensures the quality of its food products by strictly adhering to international food safety and quality standards. The Company is committed to responsible sourcing, focusing on minimizing harmful additives such as colorants, preservatives, hormones, pesticides, and antibiotics. These efforts not only contribute to product sustainability but also promote better health for consumers. Additionally, Al Othaim supports environmental sustainability by prioritizing the preservation of natural resources and ecological balance, incorporating responsible land management and sustainable farming practices where applicable.

Al Othaim also collaborates with the Saudi Food and Drug Authority in the "National Program for Monitoring Pesticide Residues in Vegetables & Fruits," analysing over 120 products annually for pesticide residues, as well as testing for heavy metals and microbial contaminants in fruits and vegetables. The Company goes beyond its warehouses by conducting regular visits to suppliers' farms and factories to assess storage conditions, handling practices, and compliance with sanitary requirements.

Al Othaim conducts comprehensive sensory evaluations and chemical analyses on Private Label (PL) products to ensure full compliance with regulatory standards. Annual visits to PL factories and suppliers enable detailed assessments, allowing for the identification of areas for improvement and the implementation of corrective actions when necessary.

► **The Fresh Purchases Operations Policy outlines the mechanisms and controls for managing fresh food purchases, ensuring that quality is maintained throughout the supply chain.**

### Responsible Manufacturing at ZOD

Al Othaim operates two ZOD factories dedicated to food production. It includes ZOD Food Factory for processing and packaging fruits, vegetables, meat, and cheese, and the ZOD Factory for producing pastries and bakery items. Both facilities are fully compliant with HACCP standards, with operations aligned to Saudi Food and Drug Authority (SFDA) regulations and supported by ISO-certified quality systems.

ZOD Factory for Pastries and Bakeries is a modern production branch of Al-Othaim. The facility has integrated sustainability and food safety at the core of its operations. With a daily production capacity of 97.8 tons across 407 product groups.

Keeping the consumer health and aiming to provide maximum nutritional value, the company's ZOD Bakery manufacturing facility started a new initiative in 2024 aiming at reducing the salt and sugar content in its in-



house bakery products. The factory focuses on use of natural ingredients and the use of any artificial additives is very minimal

Sustainability is embedded throughout its operations. The factory achieved a 4% reduction in energy consumption despite increased production, uses natural gas to lower energy costs, and transitioned to 100% local sourcing to support community development. It maintains strict sustainability criteria in supplier selection and supports small local suppliers through strategic partnerships.

Zod also takes active steps to reduce environmental impact: it recycled 89.4 tons of used oil into green fuel, repurposed 223.5 tons of unsold baked goods, and recycled 56.5 tons of cardboard and plastic. Additionally, it cut sugar and sugar derivatives by 6% of production volume, promoting healthier products. These efforts reflect ZOD Factory's strong commitment to sustainable growth and delivering safe, high-quality bakery products.



# Responsible Packaging, Marketing and Labeling

## Partnerships

Al Othaim continuously strengthens its partnership with key government regulatory bodies. In 2024 Al Othaim partnered with the Specifications and Metrology Authority and the Food and Drug Authority, by holding training conferences on World Quality and Food Safety Day. These events promote a culture of excellence in quality standards.



## Certifications

Al Othaim maintains valid certifications for HACCP, ISO 22000: 2018, and ISO 9001: 2015. Additionally, comprehensive ISO quality systems reviews are conducted across all

departments, with each branch undergoing pre-opening evaluations to ensure operational readiness and a safe start.



Al Othaim approves its Private Label (PL) products technical specifications for all items—including product recipes and ingredients—and verifies that packaging materials are safe for food contact. A control system for incoming shipments to the private label warehouse guarantees compliance with Saudi technical regulations, with non-conforming shipments rejected outright.

## Ethical Marketing and Transparent Labelling

Al Othaim is committed to ethical marketing and transparent labelling practices that build consumer trust. The Company ensures that all product information is truthful, accurate, and clearly represents each product. By strictly adhering to national regulatory guidelines, Al Othaim enables consumers to make informed decisions while reinforcing its reputation for integrity and accountability.

## Sustainable Materials and Packaging Solutions

Al Othaim selects sustainable materials throughout the product lifecycle, including the use of oxo-biodegradable plastics certified by SASO. To reduce packaging waste, Al Othaim also took a few initiatives. The Company offers Digital Gift Cards through the Iktissab application. This environmentally friendly option meets customer needs while eliminating unnecessary packaging and reducing waste. Additionally, Al Othaim supports paperless receipts by allowing customers to review their bills via the earnings app, offering a more sustainable and accessible alternative to paper receipts.

# 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 is from suppliers who follow ethical practices with consciousness and minimal harm to the environment, contributing to responsible sourcing practices across the supply chain. Sourcing products locally supports Saudi Arabia's economy by creating jobs, boosting local sectors, and ensuring competitive pricing. It strengthens community ties, enhances supplier relationships, and reduces carbon emissions by cutting transportation distances—making it a socially and environmentally responsible choice.

Al Othaim sources commodities and raw materials with a strong focus on supporting local suppliers. Acquiring products locally provides value both for the Company and the Kingdom's economy by boosting the revenues of local suppliers, creating more jobs, and enabling the Company development of a local ecosystem.

## Supplier Evaluation for Quality Control

To ensure compliance with Saudi regulations, Othaim carefully reviews all supplier documents, including technical specifications, packaging materials, shelf-life studies, and certificates of migration for hazardous materials. The Company also evaluates food additives and allergens to ensure that all products conform to Saudi food safety and labelling standards. Al Othaim conducted a comprehensive review of supplier documents, including technical and packaging material specifications, shelf life studies, hazardous material migration certificates, food additive compliance, allergen information, and nutritional facts. Additionally, 61 supplier factories were visited for inspection and evaluation, and product data cards were reviewed and approved in accordance with Saudi specifications.

Othaim further strengthens its commitment to quality by only approving suppliers after thorough inspection and evaluation visits. A control system is in place for incoming shipments to the private label warehouse, rejecting any shipments that do not conform to specifications. The Company conducts numerous inspections and qualification visits to suppliers' factories, taking corrective action when necessary.



Al Othaim also has a detailed technical specification sheet for both food and non-food private label products, designed to ensure consistency and quality, with significant progress made on both active and under-development items.



## Excellence in Product Quality and Consumer Safety

At Al Othaim, we recognize food products' profound impact on people's health and well-being. This awareness fuels our steadfast dedication to upholding the highest quality, safety, and regulatory compliance standards. We meticulously ensure our suppliers meet stringent food safety protocols while strictly adhering to Saudi Arabia's labelling regulations.

Our comprehensive quality assurance process begins with an in-depth evaluation of supplier documentation, including technical specifications, packaging materials, shelf-life analyses, and certifications verifying the absence of hazardous material migration. Additionally, we scrutinize food additives and allergens to guarantee that every product is safe for consumption.

Beyond documentation, our commitment to excellence extends to on-site inspections and rigorous supplier assessments. Suppliers are approved only after an exhaustive verification process, including factory audits and compliance evaluations. All incoming shipments to our private label warehouse undergo stringent quality checks, and any non-conforming products are immediately rejected. Continuous audits and qualification visits further reinforce our strict standards, swiftly implementing any necessary corrective actions.

Al Othaim has developed 40 meticulously crafted technical specification sheets for food and non-food private label products to maintain product consistency and superior quality. These guidelines establish clear benchmarks, ensuring that every item meets consumer expectations and regulatory requirements.

By implementing these rigorous measures, Al Othaim reaffirms its commitment to delivering safe, high-quality products that consumers can trust, reinforcing its position as a responsible and conscientious industry leader.

### Agricultural products

As a part of the quality assurance process, the company ensures that the extent of pesticides and fertilizers in the agricultural products is very minimal and within the limits prescribed by Saudi Foods and Drugs Authority (SFDA). Al Othaim collects a random sample of agricultural products based on a plan that focuses on varieties that appear early in the season. These samples are sent to laboratories accredited by the SFDA to test for pesticide and fertilizer residues and ensure compliance with the specification SFDA guidelines.

If there are non-compliant samples (i.e., those with pesticide/fertilizer residues exceeding the permissible limit), the company will use the following corrective actions:

1. Suspend supply from the supplier.
2. Return all remaining quantities at the factory.
3. Contact the supplier to identify the root cause and inform us of the actions taken to prevent recurrence.
4. Notify the Saudi Food and Drug Authority (SFDA).
5. No further dealings unless the farm is changed and new samples are tested to ensure they are within the residues are within the limits specified by SFDA.

### Meat products

Al Othaim is committed to providing the best nutritional value to its consumers. Meat being a staple food in the dietary habits of its consumers, the company takes all the measures to ensure that the fat levels are minimized and within the limits as specified by Saudi Food and Drug Authority (SFDA). Al Othaim collects a random sample of meats products based on a plan that focuses on varieties received in every shipment. These samples are sent to laboratories accredited by the SFDA to test for various bacteria and fat to ensure compliance with the SFDA specifications.

In addition, during the meat preparation process, the company further refines and removes the impurities like fat and blood during the cutting and packaging process while converting raw meat to sellable products.

**Minced Meat:** During the cleaning process; the fat and bloody parts are removed to ensure the company is compliant with the limits specified by SFDA. In fact, Al Othaim ensures that the fat content within the meat products is significantly lower than the maximum allowed limit by SFDA.

**Meat cubes:** During the production process, the company separates special meat cuts with very low or zero fat and markets and sells them separately.



### Employee Training for Food Quality and Safety Standards

At Al Othaim, food quality and safety are core commitments. The Company ensures the safety of its products by keeping employees constantly aware of quality and safety objectives. The Company provides the resources and training necessary to help staff meet these goals, ensuring they have the skills to perform effectively. With the use of the latest technologies and infrastructure, employees stay updated on industry standards and trends. Regular checks on sanitation and hygiene practices are conducted to maintain a germ-free environment, ensuring a high level of safety and cleanliness throughout the Company's operations.

In 2024, the Company provided on-the-job training to 6,000 employees on quality and food safety requirements through courses in collaboration with local chambers of commerce and industry. A comprehensive cleaning and sterilization system was implemented, equipping 100 branches with essential sanitation resources and training 1,000 employees in proper hygiene practices to ensure a consistently clean and safe environment.



### Ensuring Food Safety through Inspections

At Al Othaim, maintaining the highest standards of product quality and food safety remains a strategic priority. In 2024, this commitment was upheld through a structured inspection framework, encompassing 3,584 branch visits and 68 inspections across warehouses and workshops. With an average of nine inspections per branch and four per warehouse annually, these assessments reinforce compliance with stringent quality and occupational health and safety standards while driving continuous operational enhancements. Additionally, all branches undergo pre-opening evaluations, with comprehensive reports issued to address any identified concerns, ensuring seamless operational readiness and adherence to regulatory and corporate standards.



# Appendix



## About the Report

Abdullah Al Othaim Markets Company's is pleased to present its second sustainability report. This report highlights the progress of the Company, maintaining accountability and staying focused on the key issues that matter most to the Company and its stakeholders. This includes setting measurable targets, and ensuring transparency through clear disclosures, proactive stakeholder engagement, and maintaining strong governance practices. The Company will continue to communicate its sustainability initiatives on an annual basis. This report has been developed in alignment with the Global Reporting Initiative's (GRI) Universal Standards (2021). The GRI principles of accuracy, balance, clarity, comparability, completeness, context, timeliness, and verifiability have guided the approach to reporting on stakeholder engagement, materiality assessment and development of the report content.

The sustainability report is available on the Company's official website under the Investor Relations section, further demonstrating Al Othaim's commitment to sharing its sustainability journey with a broader audience.

### Reporting period

The reporting period for this report is 12 months covering information from January 1 to December 31, 2024. The report aligns with the Company's financial reporting cycle, which follows the calendar year format. The previous report was published last year, covering information from 1st of January 2023 to 31st of December 2023. All financial figures are presented in Saudi Riyals (SAR), unless stated otherwise.

### Reporting boundary

The sustainability report covers data for Al Othaim's in Saudi Arabia. This report does not cover information on Al Othaim's subsidiaries. The report specifically addresses the direct operations in Saudi

Arabia as it contributes around majority 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 Al Othaim.

### Restatements of information

There are no restatements.

### Assurance

This report has not yet undergone any external assurance. However, this report has undergone rigorous internal review by various internal departments.

### Feedback

We encourage all the stakeholders to share their feedback, comments, concerns and recommendations on our Sustainability Report and to support continuous improvement on the following email [IR@othaimmarkets.com](mailto:IR@othaimmarkets.com).

### Forward looking statement

The report includes forward-looking statements covering areas such as financial position, business strategy, and management plans. These statements, using terms like "believes," "expects," "may," "will," "plans," and "outlook," are based on reasonable assumptions and available data but are not intended as future predictions. Actual outcomes may vary significantly due to various factors. Al Othaim does not undertake any obligation to update or revise these statements to reflect new information, unexpected developments, or future events.

# GRI Index

<b>Statement of use</b>	Abdullah Al Othaim Markets has reported the information cited in this GRI Content Index for the period 1st January 2024 to the 31st of December 2024 'with reference' to the GRI Standards
<b>GRI 1 used</b>	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location	
		Section	Page No.
<b>GRI 2: General Disclosures 2021 1: The organization and its reporting practices</b>	2-1 Organizational details	Introduction- About Us, Appendix- About the Report	15-17, 71
	2-2 Entities included in the organization's sustainability reporting	Appendix- About the Report	71
	2-3 Reporting period, frequency, and contact point	Appendix- About the Report	71
	2-4 Restatements of information	Appendix- About the Report	71
	2-5 External Assurance	Appendix- About the Report	71
<b>GRI 2: General Disclosures 2021 2: Activities and Workers</b>	2-6 Activities, value chain and other business relationships	About us- About the company	15-21
	2-7 Employees	People Practices- Diversity and Equal Opportunity	41-42
	2-8 Workers who are not employees	People Practices- Diversity and Equal Opportunity	41-42
<b>GRI 2: General Disclosures 2021 3: Governance</b>	2-9 Governance structure & composition	Governance and Ethics- Governance Practices	29-31
	2-10 Nomination and selection of the highest governance body	Governance and Ethics- Governance Practices	29-31
	2-11 Chair of the highest governance body	Governance and Ethics- Governance Practices	30
	2-15 Conflicts of interest	Governance and Ethics- Risk management	35
	2-19 Remuneration policies	Governance and Ethics- Governance Practices -Board Committees	31
	2-20 Process to determine remunerations	Governance and Ethics- Governance Practices- Board Committees	31

GRI Standard	Disclosure	Location	
		Section	Page No.
<b>GRI 2: General Disclosures 2021 4: Strategy, policies, and practices</b>	2-22 Statement on sustainable development strategy communicating critical concerns	Message from the Chairman, Message from the CEO	8-11
	2-23 Policy commitments	Governance and Ethics	29-37
	2-24 Embedding policy commitments	Governance and Ethics	29-37
	2-26 Mechanisms for seeking advice and raising concerns	Governance and Ethics- Ethics and Integrity- Whistleblowing Mechanism	34
	2-27 Compliance with laws and regulations	Governance and Ethics- Governance Practices- Regulatory Adherence	35
<b>GRI 2: General Disclosures 2021 5: Stakeholder Engagement</b>	2-29 Approach to stakeholder engagement	ESG Approach- Stakeholder Engagement	24-25
<b>GRI 3: Material Topics</b>	3-1 Process to determine material topics	ESG Approach-Materiality Assessment	26-27
	3-2 List of material topics	ESG Approach-Materiality Assessment	27
	3-3 Management of material topics	ESG Approach-Materiality Assessment*	26-27
<b>GRI 205: Anti-corruption 2016</b>	205-2 Communication and training about anti-corruption policies and procedures	Governance and Ethics- Ethics and Integrity- Anti- Corruption Social Impact- Training and Development	36-45
	205-3 Confirmed incidents of corruption and actions taken	Governance and Ethics- Ethics and Integrity- Anti- Corruption	36
<b>GRI 306: Waste 2020</b>	306-2 Management of significant waste related impacts	Nurturing Green Practices- Environmental Responsibility	57
	306-4 Waste diverted from disposal	Nurturing Green Practices- Environmental Responsibility	57

\*This is further elaborated upon in the disclosures provided under each relevant topic throughout the report.



GRI Standard	Disclosure	Location	
		Section	Page No.
<b>GRI 403_ Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	People Practices- Occupational Health and Safety	39
	403-2 Hazard identification, risk assessment, and incident investigation	People Practices- Occupational Health and Safety	39
	403-3 Occupational health services	People Practices- Occupational Health and Safety	39
	403-8 Workers covered by an occupational health and safety management system	People Practices- Occupational Health and Safety	39
<b>GRI 404: Training &amp; Education 2016</b>	404-2 Programs for upgrading employee skills and transition assistance programs	People Practices- Training and Development	44-45
	404-3 Percentage of employees receiving regular performance and career development reviews	People Practices- Employee Wellbeing	40
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	Governance and Ethics -Board Composition People Practices- Diversity and Equal Opportunity	30, 41-42
<b>GRI 406: Non discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	People Practices- Employee Wellbeing	41
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs	Inclusive Value Creative in the Society- Community Engagement	49-51
<b>GRI 418: Customer Privacy 2016</b>	GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Governance Practices- Security and Privacy	37



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