



KING KHALID SUSTAINABILITY AWARD

جائزة الملك خالد  
King Khalid Award



APPLICANT HANDBOOK

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## KING KHALID FOUNDATION

The King Khalid Foundation (KKF) is a charitable organization established in Saudi Arabia in 2001 by the family of the late King Khalid. The Foundation is a leader in sustainability, philanthropic and development work in Saudi Arabia.

King Khalid Foundation (KKF) envisions a Saudi society with equal opportunities, striving towards prosperity by mobilizing and enabling stakeholders through social investment, capacity building and advocacy. KKF focuses on equal economic opportunity and financial independence, which can be achieved through programs aimed at employment, job creations, social entrepreneurship, policy recommendations, improving institutional capacity, sustainability practices and employability skills.

The King Khalid Awards (KKA) are a tool for social change and are designed to recognize, encourage and support exceptional achievements in the fields of corporate social responsibility, non-profit management excellence and social innovation. The annual King Khalid Awards for the private sector, non-profits and citizens have benefitted hundreds of organizations and thousands of people nationwide.

For further information, please see the organization's website:

<http://kkf.org.sa/ar/Pages/default.aspx>

## SUSTAINABILITY AWARD

*Sustainability refers to the ability to sustain or the capacity to endure. It is the responsible management of social, environmental, economic, and governance impact for improved long-term business performance. It is also the ability of a company to build competitive advantage through a commitment to sustainability and corporate social responsibility (CSR). Sustainability goes beyond philanthropy initiatives and focuses on aligning CSR practices with business imperatives, such as promoting growth, improving profitability, enhancing brand and reputation, and deepening engagement with key stakeholders.*

In Saudi Arabia, sustainability is key to increasing the Kingdom's competitiveness at the global level. Led by the King Khalid Foundation and project partner AccountAbility, the Sustainability Award aims to:

- Educate Saudi firms about the economic and innovation benefits of responsible business practices
- Empower Saudi firms to integrate social, environmental and governance issues into core management decisions
- Heighten Saudi national competitiveness by through company-level improvements
- Support long-term prosperity for local businesses and to reward firms that excel in responsible business practices

The Sustainability Award uses a detailed questionnaire to assess how Saudi companies incorporate social, environmental, and governance considerations into their business' core operations. Questionnaire responses are analysed through an internationally recognized framework and evaluation methodology, and applicants will receive a confidential benchmarking scorecard with further recommendations on how to improve their performance. The top performing companies receive an Award and recognition, and are honored by King Salman bin Abdulaziz at the annual King Khalid Awards Gala.

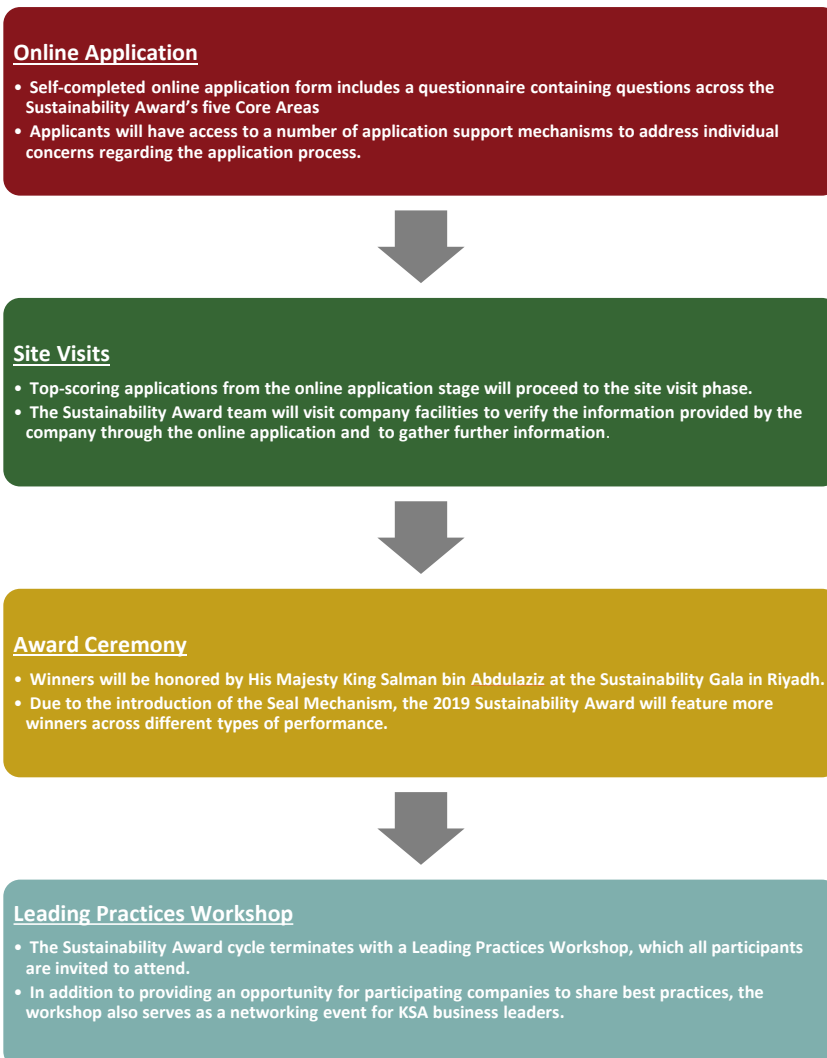
In addition to helping applicants identify areas for improvement internally, such as risk mitigation and product innovation opportunities, the Sustainability Award can help companies enhance stakeholder and investor interest, understand their industry positioning, and access a network of KSA business leaders.

### Award Benefits include:

Enhanced Reputation	Improved Management Practices
Increased Organizational Capacity	Risk Mitigation
Customized Performance Analysis	Industry Networking

## THE SUSTAINABILITY AWARD PROCESS & ANNUAL CYCLE

The Sustainability Award follows a straightforward annual cycle that provides applicants with customized support and feedback at different stages of the process. Each participating company will receive an individual and personalized Performance Scorecard Report that contains the overall performance score as well as the performance scores for the various question sections. The scorecard will also present highlights on each applicant's overall and core area specific performance, with information on key achievements and key areas for improvement presented. Scorecards are returned to participants prior to the Leading Practices Workshop in order to make the session as productive as possible.



## SUSTAINABILITY AWARD ASSESSMENT

The Sustainability Award Assessment process begins with an online application form, the majority of which is a questionnaire that covers the Sustainability Award's five Core Areas: Nationally Competitive Workforce; Innovating Solutions for Sustainable Development; Empowering Local Suppliers; Commitment to Good Governance and High Quality; and Responsible Environmental Management. Applicants are asked to provide details on internal processes and prominent examples wherever relevant.

### QUESTIONNAIRE STRUCTURE

The assessment questionnaire consists of 64 questions, including questions across the five Core Areas, general company information, and follow-up opinion and survey questions. The Sustainability Award's five Core Areas are explained in further detail below:

#### **Core Area 1: Building a Nationally Competitive Workforce**

As Saudi Arabia diversifies from a hydrocarbon-based economy, the need for a highly competitive and respected workforce is paramount. Yet, companies in the Kingdom face key challenges, including low female and youth labor force participation, a scarcity of highly-skilled labor and demographic imbalances between national and international members of the workforce. Many companies in the Kingdom are addressing these issues through a number of initiatives, such as:

- Establishing comprehensive professional development and training opportunities focused on leadership and technical skill sets;
- Assessing capacity gaps across the organization and designing action plans to fill those gaps with appropriate hires;
- Providing opportunities for women and youth to participate and grow within the Saudi workforce;
- Partnering with institutions to implement strategic and targeted capacity building mechanisms;
- Formalizing policies and targets for equal opportunity and anti-discrimination efforts; and,
- Encouraging healthy lifestyles with benefits, schemes, and incentives.

#### **Core Area 2: Innovating Solutions for Sustainable Development**

Investment in community programs is essential for the sustainable development of businesses and the Kingdom as a whole. Companies around the world engage in community investment programs as a means of promoting local sustainable development and engaging with their stakeholders. An effective and mutually beneficial community investment strategy brings numerous business benefits beyond mere regulatory compliance or goodwill associated with corporate philanthropy or maintaining a social license to operate. Such benefits include creating shared value,

increased potential for new opportunities, reduced reputational risks, and increased employee engagement. Companies can maximize their impact and engage with the community more productively, by advancing corporate giving initiatives to more mature, strategic community investments programs, partnerships and volunteering programs that foster sustainable development as well as business benefits. These strategies include:

- ▶ Designing sustainable investments with nonfinancial impacts such as environmental protection, social development, or governance requirements;
- ▶ Developing innovative products and services that address sustainable development issues;
- ▶ Aligning research and development to maximize financial and nonfinancial impacts;
- ▶ Enhancing business models to develop sustainable solutions and create value;
- ▶ Partnering with strategic local and regional non-governmental organizations; and,
- ▶ Measuring and tracking impact.

Specific programs include:

- Strategic investments for community development;
- Employee volunteering programs;
- Redesigning corporate products as a business solution to remedy market gaps and create value; and,
- Public-private partnerships with the objective to strengthen the competitiveness in key regions where the organization operates and contribute to the organization's growth and productivity.

### **Core Area 3: Empowering Local Suppliers**

Building the capacity of local suppliers provides businesses with strong benefits such as mitigating systemic risk and streamlining supply chain efficiencies. Furthermore, sustainable engagement with suppliers enables the positive growth of business benefits into local supply chains. As such, companies in Saudi Arabia and internationally are placing increased emphasis on building and sustaining local supply chains. This means:

- ▶ Supporting local suppliers through local procurement policies;
- ▶ Enhancing suppliers' capacity in order to comply with organization requirements and global quality; standards, while auditing the results and assessing the impacts; and,
- ▶ Contributing to create local market ecosystems.

Specific examples of initiatives include:

- ▶ Policies that includes environmental and social qualification requirements for suppliers;
- ▶ Responsible procurement commitments;
- ▶ Supplier engagement and education programs; and,
- ▶ Redefining productivity of the organization or its suppliers by addressing the social and environmental constraints in value chain.

### **Core Area 4: Making a Commitment to Good Governance and High Quality**

Good governance is necessary for both, business success and risk reduction. Core governance principles of transparency, accountability, legitimacy and credibility have come to the forefront of responsible business practice. This includes:

- ▶ Establishing solid governance mechanisms and well managed decision-making processes;
- ▶ Developing transparent systems around information availability, disclosure and reporting, in compliance with regulations, leading practices, and frameworks;
- ▶ Establishing quality guidelines around products and services;
- ▶ Clearly defining roles, responsibilities and policies;
- ▶ Establishing performance targets and monitoring progress; and,
- ▶ Determining a business code of conduct applied at all levels of the organization.

### **Core Area 5: Responsible Environmental Management**

Responsible environmental management is emerging as a critical business priority worldwide, notably due to its connection with a series of risks and opportunities for sustainable development alongside the enforcement of environmental regulation and guidelines. Given the Kingdom's environmental context, a number of companies are taking an innovative approach to environmental management, focusing on key issues of resource depletion, emissions reduction and waste management. This includes:

- ▶ Focusing on effective resource consumption, especially in terms of energy and water;
- ▶ Implementing waste management systems and recycling policies;
- ▶ Monitoring and controlling greenhouse gas emissions;
- ▶ Investing in environmental risk mitigation research and development; and,
- ▶ Committing to global environmental standards and setting specific targets.

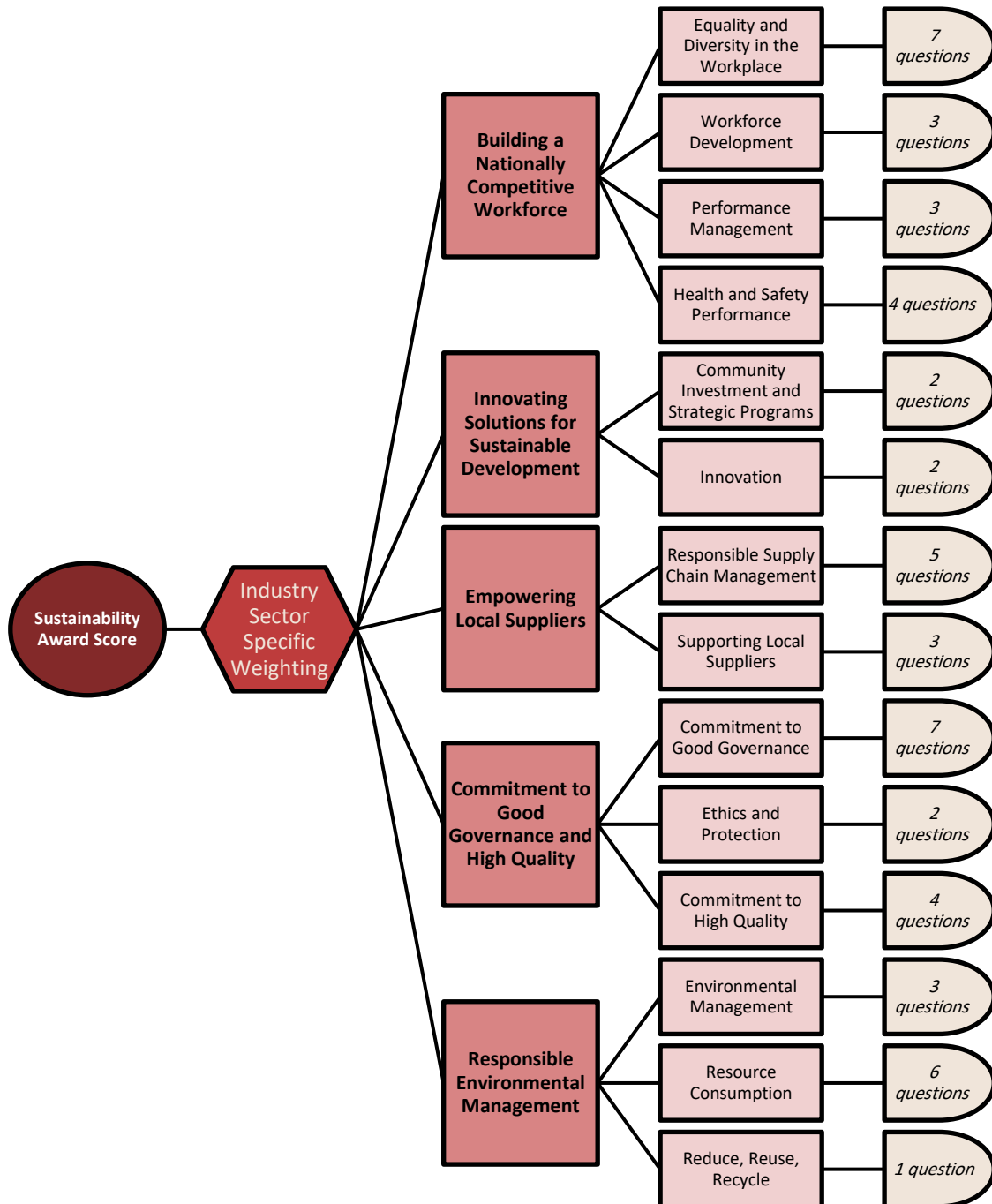
An organization's responsible environmental management can be guided by the use of an environmental management system. Such a system helps the organization manage its environmental activities and performance in a comprehensive, systematic, and documented approach. An environmental management system can also support the development and application of a strong environmental management policy incorporating the three Rs (reduce, reuse, recycle) and GHG emissions reduction, business travel monitoring and water consumption reduction.

In addition to five sections that correspond to the Core Areas of the Sustainability Award, there are three additional sections in the questionnaire: one asking for general information about your company; a section about your company's opinions on Corporate Responsibility and Sustainability, and a short survey on your experience with the Sustainability Award.

The figure below provides a schematic of the structure of the online questionnaire, and presents the Award focus areas and sub-sections.



**FIGURE 1** The schematic structure of the main section of the Sustainability Award questionnaire.

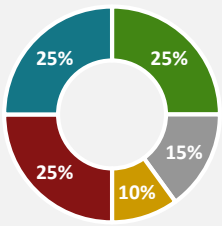
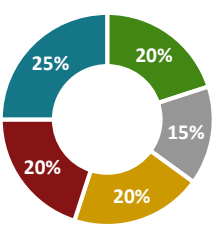
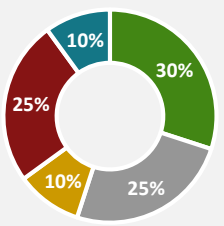
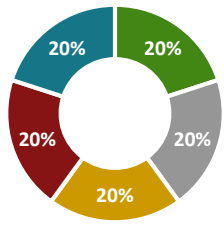


## SECTORS AND WEIGHTING FACTOR

In alignment with international best practice, the Sustainability Award accounts for the diverse challenges of different industry sectors concerning various sustainability issues. In order to do so, relevant industries were placed into four Sector Groups: *Primary Industries*, *Secondary Industries*, *Consumer Services Driven Sectors*, and *Consumer Product Driven Sectors*. For each sector group, weightings for the five questionnaire sections were determined as presented in the following table.

After all questionnaire sections are assessed and weightings are applied, the total score will be communicated as percentages of a full score. This will also be applied to the individual sections before the weighting to ensure that participants are able to review their performance section by section. This will guarantee comparability for the overall score as well as in the individual sections' scores.

**TABLE 1 Industry Sectors and Weightings**

Sector Group 1	Sector Group 2	Sector Group 3	Sector Group 4
<b>Primary Industry Sectors</b>	<b>Secondary Industries</b>	<b>Consumer Services-driven Sectors</b>	<b>Consumer Product-driven Sectors</b>
Cement Agriculture and Food Industries Energy and Utilities Mining & Extractives Oil & Gas Petrochemical Industries	Diversified Industry Multi-Investment Manufacturing Building and Construction Multi-Investment Manufacturing	Arts & Culture Entertainment Banking & Financial Services Education Hotel & Tourism Insurance Media, Publishing & Advertising Professional Services Services Hospital Services Pharmaceutical Services NGO Social Enterprise Telecommunication & IT	Healthcare products Pharmaceutical products Real Estate Development Transport Retail
 <ul style="list-style-type: none"> <li>■ Workforce</li> <li>■ Social &amp; Econ Devt</li> <li>■ Local Suppliers</li> <li>■ Governance &amp; Quality</li> <li>■ Environmental Mgt</li> </ul>			

## QUESTION TYPES

The Award's Questionnaire has been enhanced over the years so as to ensure a more concise, standardized, and clear structure. The questions are in line with leading international sustainability frameworks, and have been further tailored to the Saudi context.

The Questionnaire comprises a mix of question types, and includes Yes/No, quantitative and qualitative questions. Illustrative question types applicants will come across are presented below.

Question Type	Example Question	Expected Information	Example Response	Question References
<b>Describing actions taken by your organization</b>	Please describe two actions your organization is taking to support the professional development of Saudi talent within its workforce	<ul style="list-style-type: none"> <li>- Name both actions / initiatives / programs undertaken</li> <li>- Give details of what this entails and how they benefit Saudi talent in their long-term career and skill improvement</li> </ul>	<p>- "To ensure we support the professional development of Saudi talent within its workforce, our organization has established apprenticeships programs to train recently graduated Saudi youth. These apprenticeships are structured as a two-year program and consists of three phases: a theoretical phase, an interactive training phase and lastly an on-site and on-the-job phase. These are aimed to develop the core operational background of Saudi talent and equip them with basic skills needed to become proficient supervisors in whichever discipline they choose. Our organization also offers international training opportunities for its Saudi managers. These opportunities are offered on a yearly basis and provides managers with skillset to enhance leadership and organizational skills. This program targets managers and helps them progress and improve output and understanding of their role."</p>	<p>15 (b) (c) 17 (b) (c) 22 (b) 39 (b) 40 (a) 53 (c)</p>
<b>Describing a strategy and strategy alignment</b>	Please describe your organization's sustainability or corporate responsibility (CR) strategy. Please describe how your organization's sustainability strategy is aligned to or connected to your corporate strategy.	<ul style="list-style-type: none"> <li>-Describe strategy with details regarding its key characteristics, aims, and how it is implanted within the company.</li> <li>- Explain how your organization determines which initiatives to pursue or support, and how many resources (riyals, products, or man-hours) to spend on them.</li> </ul>	<p>- "Our formal corporate sustainability (CR) strategy helps to identify the organization's focus areas for sustainability initiatives and relevant targets, and metrics. It also includes guidance from leadership on the importance of sustainability, our organization's strategy regarding sustainability, and how the strategy applies to different departments in our organization. There are three key pillars of our strategy: Sustainable growth, develop a diverse and efficient workforce, ensuring a robust health and safety program."</p> <p>- "Our organization has a community investment policy that includes supporting initiatives that benefit rural areas and a Sustainability Steering Committee to decide which initiatives to invest in. Based on the Committee's decision, the organization may spend 50,000 riyals and 50 man-hours on supporting rural schools</p>	<p>29 (a) (b) 42 (a) (b) 62 (a)</p>

<p><b>Describing a process</b></p>	<p>Please describe your organization's grievance redressal process?</p>	<p>-Name process (if applicable) and outline key characteristics -Describe process with details on its functioning, application and impact</p>	<p>- "Our organization has a hierarchical framework where employees can escalate their grievances to their managers, senior managers, or to HR. The grievance should be reported, without fear of being reprimanded, to the employees' immediate supervisor. The grievance will be discussed with supervisor and it is attempted to reach an agreement or resolution that is fair to the concerned employee. If employee is not comfortable with presenting grievance to supervisor, we do allow employees to present the grievance to their superior's superior or HR for the matter to be resolved in the best conditions. This process usually takes up to 4 weeks and ensures employee raising the grievance is satisfied with outcome.</p>	<p>31 (a) (d) 34 (a) 44 (a) 45 (a) 49 (a) 52 (a) 57 (a)</p>
<p><b>Inputting data into table</b></p>	<p>Please complete the following table regarding examples of employee training and development opportunities provided to your organization's workforce at each hierarchy level Or Please complete the following table regarding your community investment strategy</p>	<p>- Name specific training and development opportunity provided by the organization at each hierarchy level Or - Provide specific details of the purpose/aims of the strategy - List main strategy priorities - List groups of key stakeholders, which the strategy targets</p>	<p>- "Senior management level: 1. Leadership and development courses provided 2. MBA opportunity from national and international universities Management: 1. Manager Certification Program 2. Future Leaders Development Program Other salaried staff: 1. Technical skills classes 2. Workplace development classes e.g. meeting management skills Non-salaried staff: 1. Training and Development programs in communication skills and professionalism 2. Functional training and training on Health, Safety and Security.</p> <p>- "The purpose of our strategy is to advance the economy of Saudi Arabia in a sustainable manner that ensures a favorable market for an organization."</p> <p>- "Our strategy priorities include education, training, financial inclusion, and community safety and infrastructure"</p> <p>- "The key stakeholder groups that the strategy targets are: women, Saudi youth, vulnerable customers, and disabled people"</p>	<p>20 (a) 26 (a) 29 (a) 43 (a) 46 (a) 51 (a)</p>
<p><b>Adding a policy and supporting references</b></p>	<p>Please submit our organization's policy regarding child labor. Or If your organization measures employee satisfaction, please submit supporting references and indicate relevant page numbers</p>	<p>-Provide policy, preferably in document format attached to Sustainability Award Application or attach relevant documents that demonstrate proof of method used, strategy implemented process undergone etc. -Provide weblink that indicates policy and/or commitment made, or relevant information, only if document version not available.  - If none of these options can be fulfilled, please explain why (if applicable), otherwise indicate "N/A". - Indicate relevant pages in submitted document</p>	<p>- "Childpolicy.pdf Section B (pp.34-43) - Survey_questionnaire.pdf Section A – C, pp. 3-18 - EmployeeSatisfaction_feedback.pdf pp. 1-5 - <a href="http://www.kkfeng.org/">http://www.kkfeng.org/</a></p>	<p>12 13 14 16 18 19 21 (a) (c) 23 (d) 24 (a) 25 (a) 27 (b) 29 (a) 33 (b) 35 (a) 41 42 (a) (e) 43 (a) 48 50 (b) 53 (d) 55 56 (b) 58</p>

<p><b>Explaining benefits and impacts</b></p>	<p>What benefits has your organization realized as a result of its investment in employee training and development? Please explain. Select as many as apply</p>	<p>-Tick all benefits that apply to your company and explain how this particular action has led to this benefit</p>	<p>- <i>“Improved employee skills: training skills aimed at helping employees learn how to handle equipment resulted in higher employee skills and better evaluation scores.</i>          - <i>Improved employee satisfaction: providing employees with regular employee training allowed them to better their skills and perform better and more efficiently in their job, leading to higher yielding output. This results in a higher employee satisfaction rate.”</i></p>	<p>20 (e) 21 (a) 31 (c) 32 (c) 37 40 (b) 47 54 56 (a) (d) 64 (d)</p>
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## ASSESSMENT CRITERIA

Sustainability requires companies to have certain policies in place to strive toward sustainability. The following criteria are essential to fulfil the long-term expectations as required by the concept of Sustainability and will be awarded in the Sustainability Award Assessment accordingly:



### **Policies in place to address sustainability issues**

Companies are required to address sustainability issues, i.e. social, economic, and environmental issues, with specific policies that are ingrained into their business model and culture.



### **Company sustainability strategies aligned with business strategy**

The companies' sustainability policies and strategies need to be dedicated to the specific company, and thus aligned with the overall business strategy and company's core competencies.



### **Details of initiatives and programs to implement strategy**

Details of Sustainability initiatives/programs should be laid out understandably and unambiguously in the relevant documentation.



### **Measurement and Monitoring of results of initiatives and programs**

Monitoring and measurement of outcomes as well as impacts are vital to a company's successful sustainability strategy. Thus, documentation on monitoring and measurement should be available as well as the collected relevant data.



### **Transparency in reporting of results and outcomes**

The company's dedication, strategy and policies have to be clearly communicated and need to be available to relevant stakeholders along with frequently updated reporting on impacts and outcomes of policies. This is essential to establish and maintain credibility and trust with the public ("social license to operate") and other stakeholders.



### **Long-term dedication to sustainability and performance measurement**

Sustainability is a process that is inherently continuous. Thus, long-term dedication to a sustainability strategy and long-time horizons for policies and measures are essential to create sustainable impact and ensure sustainability in the long term. This includes long-term records and monitoring of impacts and outcomes concerning sustainability policies, performance metrics as well as a dedication to targets.



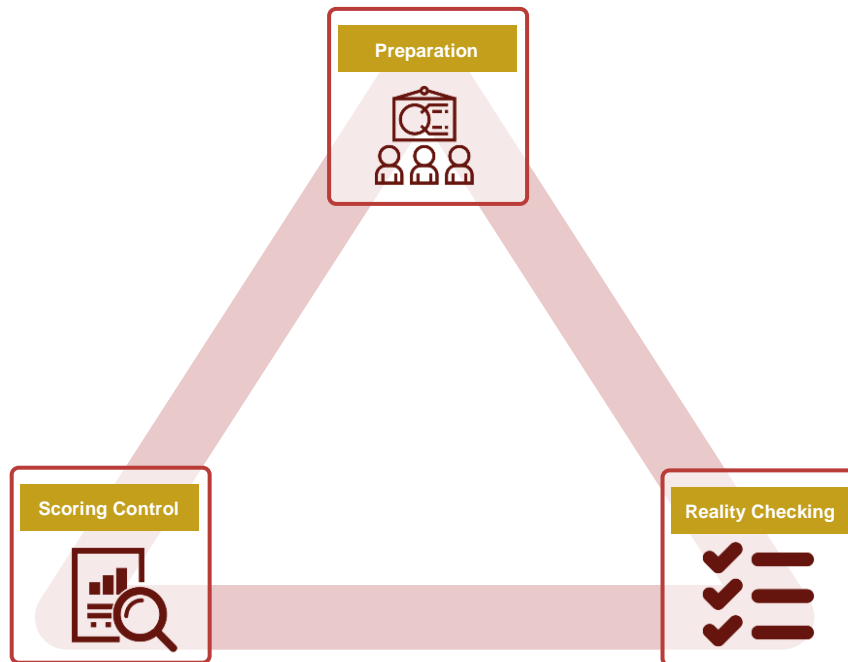
### **Compliance with good practice reporting and sustainability standards**

There are a number of international and regional frameworks to ensure effective and comprehensive reporting concerning a company's sustainability strategy. Abiding by these frameworks, if applicable, ensures good practice in both reporting and implementation of policies.

By following these criteria, the questionnaire enables methodology experts to assess a participating company's sustainability performance objectively. The following figures illustrate how questions from the questionnaire assess compliance with these criteria objectively.

## QUALITY ASSURANCE

To ensure the credibility and transparency of the Sustainability Award, a robust and comprehensive quality control process is in place at both the KKF and project partner AccountAbility. The infographic and description below explain the four-phased process to ensure scoring is entirely accurate.



1. **Preparation** – Extensive training of the Award analysts in the Sustainability Award methodology, including declaration of conflicts of interest, signing of non-disclosure agreements, training in the evaluation criteria and reviews of completed applications.
2. **Scoring Control** – Variance analysis of results to identify any discrepancies in scores (by analyst, sector, date and location)
3. **Reality Checking** – Core questions in the framework are triangulated with independent evidence. Interviews and site visits are conducted with the top quartile companies, and act as a quality assurance process to ensure the accuracy of data provided.

## CONFIDENTIALITY

All data submitted by the participants will be used exclusively for the purposes of the Sustainability Award Assessment by the King Khalid Foundation and AccountAbility and will not be passed on to third parties. The individual scores will only be available to the respective company as well as the King Khalid Foundation and AccountAbility for the purposes of the assessment. The overall leading Sustainability Award score will be public knowledge as it is included in the participant scorecards for all companies that participate. However, the individual scores of all other participants are not revealed.

Scores and data will be aggregated to overall and industry-sector specific averages and this data will be available for participating companies. General aggregated data about this year's questionnaire and assessment may be used in communications concerning the Sustainability Award. Companies have the ability to self-disclose their performance data in any of their own communications should they wish to do so.





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