



جائزة الملك خالد
KING KHALID AWARD

King Khalid Sustainability 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 Environmental, Social and Governance (ESG) / Corporate Social Responsibility (CSR) / Sustainability. Sustainability goes beyond philanthropy initiatives and focuses on aligning sustainability 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 businesses about the economic and innovation benefits of responsible business practices
- Empower Saudi businesses to integrate social, environmental and governance issues into core management decisions
- Heighten Saudi national competitiveness through company-level improvements
- Support long-term prosperity for local businesses and reward ones that excel in responsible business practices

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

Award Benefits include:

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

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.

▲ THE SUSTAINABILITY AWARD PROCESS & BIENNIAL CYCLE

In 2020 the King Khalid Award team made significant investments to improve the Sustainability Award for applicants with updates including alignment to leading international and national Sustainability Standards, streamlined and tiered application structure (Level 1 and Level 2), application and scorecards customized to industry and company maturity, and greater focus on sustainability governance, strategy and reporting. As such, the existing Core Areas were updated and re-organized to follow leading internationally recognized frameworks. Award evaluates organizations' practices within Environmental, Social, Governance, and Economic contexts.

In 2022, the King Khalid Award moved to a two-year application cycle that provides applicants with customized support and feedback at different stages of the process. The two-year cycle allows applicants additional time to implement the feedback and recommendations received at the end of each Award cycle.

In 2023, all applicants will start by completing the "Level 1" questionnaire, which focuses on the foundations of good ESG/CSR/Sustainability practices. Eligible applicants will be invited to complete a further round – "Level 2", which will ask follow-up details on the information provided in "Level 1." Each participating company will receive an individual and personalized Performance Scorecard Report that contains the overall performance score as well as performance scores for the question sections in both Level 1 and Level 2. The individual scorecards will also present highlights on each applicant's overall and core area performance, with information on key achievements and key areas for improvement. Scorecards are returned to participants prior to the Leading Practices Workshop in order to make the session as productive as possible. In the second year of the cycle, educational workshops are held to allow organizations time to learn, develop, and implement ESG/CSR/Sustainability initiatives.

Online Application

- All participants self-complete the online application form for Level 1, which includes a questionnaire containing foundational questions across the Sustainability Award's four Core Areas - ESGE
- Eligible applicants proceed to Level 2 and self-complete further targeted questions within the Award's four Core Areas
- Applicants will have access to a number of application support mechanisms to address individual concerns regarding the application process.

Site Visits

- Top-scoring applications from the Level 2 online application stage will proceed to the site visit phase.
- The Sustainability Award team will visit company facilities to verify the information provided by the company through the online application and to gather further information.



Award Ceremony

- All applicants will be invited to the Award Ceremony at the end of the year where Winners will be honored by the Custodian of the Two Holy Mosques King Salman bin Abdulaziz at the Sustainability Gala in Riyadh.



Leading Practices Workshop

- The Sustainability Award cycle terminates with a Leading Practices Workshop, which all participants are invited to attend.
- In addition to providing an opportunity for participating companies to share best practices, the workshop also serves as a networking event for KSA business leaders.



▲ SUSTAINABILITY AWARD ASSESSMENT

The Sustainability Award Assessment process begins with the Level 1 online application form, which is a questionnaire that covers foundational practices within the Sustainability Award's four Core Areas – ESGE - Environment, Social, Governance and Economic Impact. Applicants are asked to provide details on internal processes and prominent examples wherever relevant. Eligible Applicants will be invited to complete a Level 2 questionnaire after submitting the first.

QUESTIONNAIRE STRUCTURE

The Level 1 questionnaire has about 40 questions and the Level 2 questionnaire has about 80 questions across the four Core Areas, general company information, and follow-up opinion and survey questions. The Sustainability Award's four Core Areas are explained in further detail below:

Core Area 1: Governance

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 2: Environment

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.

Core Area 3: Social

How a company manages its relationships with its workforce, communities in which it operates, and the political environment, are all social factors that can affect a company's performance in the short- and long-term. A company's license to operate hinges more than ever on its ability to address Social issues, and engage and manage its stakeholders in a sustainable way. Addressing the "S" in ESG can mean:

- ▶ Establishing comprehensive professional development and training opportunities for employees focused on leadership and technical skill sets;
- ▶ Providing opportunities for women and youth to participate and grow within the Saudi workforce;
- ▶ Formalizing policies and targets for equal opportunity (Diversity, Equity, and Inclusion or DEI) and anti-discrimination efforts; and
- ▶ Encouraging healthy lifestyles with benefits, schemes, and incentives.

Core Area 4: Economic

Investment in local community programs as well as investment in industry innovation is essential for the sustainable development of businesses and the Kingdom as a whole. Understanding and measuring direct and indirect economic impacts of operations can help organizations build stronger resilience strategies and contribute to the communities in which they operate. 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. 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;
- ▶ 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.

In addition to these four 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.

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

“E” Environment	“S” Social	“G” Governance	“E” Economic
Materials & Waste	Diversity & Equal Opportunity	Strategy	Embrace & Invest Locally
Energy		Materiality & Stakeholders	
Water	Health & Safety	Reporting & Disclosure	Industry Innovation & Growth
Biodiversity & Ecology	Development & Education	Ethics	
Emissions	Human Rights	Responsible Supply Chain Management	Business Resilience
		Risk, Quality & Operations Management	

SECTORS AND WEIGHTING FACTOR

Specific sector-weighting has been developed by the Award team in alignment with the Sustainable Accounting Standards Board (SASB), which provides sector-specific standards for material ESG issues. The sector weighting accounts for the diverse challenges of different industry sectors concerning various sustainability issues.

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 core area sections before the weighting to ensure that participants are able to review their performance section by section. This will allow comparability for the overall score as well as in the core sections’ scores.

TABLE 1 SASB Industry Classifications

Consumer Goods	Food and Beverage	Extractives & Minerals Processing
Financials	Healthcare	Infrastructure
Renewable Resources & Alternative Energy	Resource Transformation	Services
Technology & Communication	Transportation	

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, such as GRI, SASB, and UN SDGs and have been further tailored to the Saudi context by aligning to the pillars of Vision 2030 and the National Standards for Sustainability.

The Level 1 questionnaire consists of foundational questions that aim to assess essential practices across all areas of ESGE and help applicants build a baseline of their sustainability performance. Several of the questions within Level 1 are Yes/No or multiple choice, and involve limited evidence submission.

Level 2 is open to advanced applicants depending on their performance in Level 1. The structure consists of customized, follow-up questions to Level 1 that aim to dive deeper into the organization’s practices and assess the outcomes and impacts of the organization’s programs, strategies, future goals, and targets. For example, whereas a Level 1 question may ask if the organization engages in actions to build the capacity and skills of suppliers, a Level 2 question may ask the organization to describe these specific actions and their benefits.

Illustrative question types applicants may come across are presented below.

Question Type	Expected Information	Example Question	Example Response
Checklist answer	<p>1. Check all options that apply.</p> <p>2. Attach supporting evidence (if requested)</p>	<p>Which of the following does your organization have a formalized plan or strategy for? Please check all that apply:</p>	<p>1.</p> <p><input checked="" type="checkbox"/> ESG/CSR/Sustainability Strategy</p> <p><input type="checkbox"/> Risk Management Strategy</p> <p><input type="checkbox"/> ESG Risk Management Strategy</p> <p><input type="checkbox"/> Environmental Risk Management Strategy</p> <p><input checked="" type="checkbox"/> Charitable Foundation(s) & Partnerships Strategy</p> <p><input type="checkbox"/> None of the above</p> <p>2. Attachment(s): “Our ESG Strategy 2022” and “CSR Strategy 2022”</p>
Yes/No/Not Applicable answer	<p>1. Select “Yes” or “No” or “Not Applicable” (or similar answer)</p> <p>2. Attach supporting evidence (if requested)</p>	<p>Please indicate if your organization has a governance structure for sustainability with responsibilities at different levels across the organization.</p>	<p>1. Yes</p> <p>2. Attachment(s): “Our sustainability governance structure”</p>
Free form answer box (with option to add boxes for additional information)	<p>1. Provide answer in one free form box</p> <p>-2. If additional boxes are needed, click to add them if available (up to a specified number)</p>	<p>What Sustainability targets has your organization set?</p>	<p>1. “Our organization has set a target of reducing 30% of our waste within our direct control by August 2023”</p> <p>2. Additional boxes may be selected to input additional targets: “Reduce our Scope 1 and 2 GHG emissions by 5% by June 2023”</p>

<p>Descriptive answer</p>	<p>1. Describe requested information and include as much detail and explanation as possible (e.g., name of processes, how processes function, governance structure, etc.)</p>	<p>Please describe in detail your organization's grievance redressal process for handling internal and external stakeholder complaints.</p>	<p>1. "Our organization has a hierarchical framework where employees can escalate their grievances to their managers, senior managers, or to HR. The grievance will be discussed with the supervisor to reach an agreement or resolution that is fair to the concerned employee. If the employee is not comfortable with presenting the grievance to the 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."</p>															
<p>Multiple choice answer</p>	<p>1. Select the correct answer from the options listed</p>	<p>How often are your stakeholders reviewed and updated?</p>	<p>1. <input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Yearly <input type="checkbox"/> Every Several Years <input checked="" type="checkbox"/> + 5 Years</p>															
<p>Inputting data into table answer</p>	<p>1. Identify and name the specific data / targets (if requested) 2. Input data (if requested) 3. Identify units of data (if requested)</p>	<p>Please complete the table regarding your organization's strategy or formal actions to reduce waste.</p>	 <table border="1" data-bbox="962 853 1401 969"> <thead> <tr> <th></th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023 Target</th> </tr> </thead> <tbody> <tr> <td>Total Waste Produced</td> <td>220000</td> <td>240000</td> <td>250000</td> <td>260000</td> </tr> <tr> <td>Waste Recycled/Reused</td> <td>5%</td> <td>5%</td> <td>7%</td> <td>10%</td> </tr> </tbody> </table> <p><input type="checkbox"/> We do not measure this yet</p>		2020	2021	2022	2023 Target	Total Waste Produced	220000	240000	250000	260000	Waste Recycled/Reused	5%	5%	7%	10%
	2020	2021	2022	2023 Target														
Total Waste Produced	220000	240000	250000	260000														
Waste Recycled/Reused	5%	5%	7%	10%														
<p>Add supporting references to your answer</p>	<p>Attach files, or provide website links</p>	<p>Please provide evidence from your most successful partnership in the last 12 months (website link, media campaign, results, etc.)</p>	<p>1. "Partnering with Local Community (pp. 34-43)" 2. "http://www.kkfeng.org/"</p>															

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.



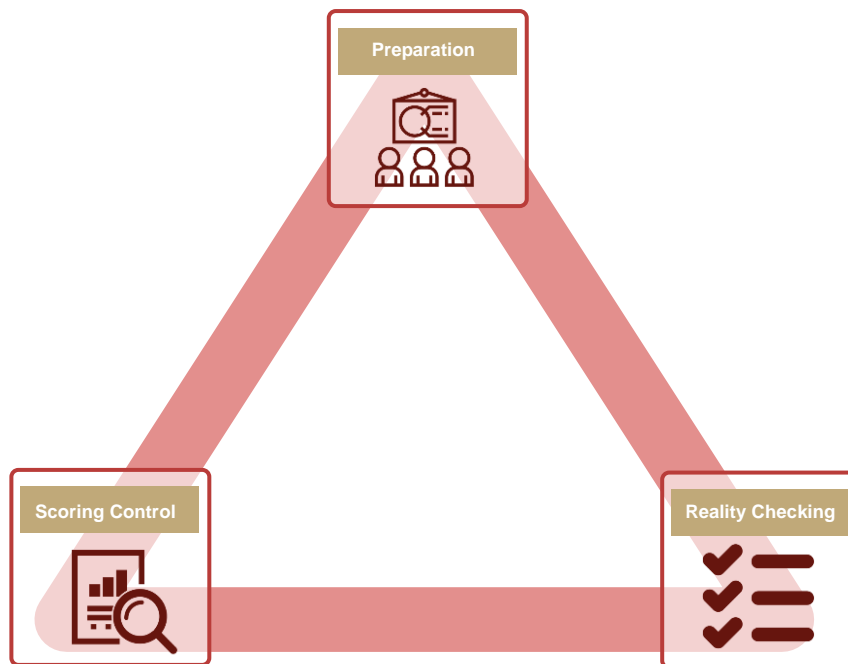
Compliance with good practice reporting and sustainability standards

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 three-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.

CONTACT INFORMATION

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