



جائزة الملك خالد
KING KHALID AWARD

Sustainability Award
Capacity Building

Social & Economic Workshop 2022

Beginners Toolkit

Social & Economic

Workshop 2022 **Beginner**

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Letter to Participants

The King Khalid Foundation (KKF) is pleased to publish, in partnership with AccountAbility, this practical and insightful Sustainability Award Capacity Building Toolkit on Environmental, Social, and Governance (ESG) for companies in the Kingdom of Saudi Arabia.

The King Khalid Foundation continues to advance the sustainability agenda by collaborating to deliver impactful sustainability programs and support the growth of responsible business practices. The Foundation has worked and partnered with the corporate sector in the country for the past 13 years. The Capacity Building Toolkit builds upon years of experience, feedback, questions, and concerns that KSA companies have shared with KKF during the past thirteen years and during each annual King Khalid Award process. The Toolkit supports the Capacity Building Program by outlining trends and challenges and providing specific sustainability solutions for companies throughout the Kingdom.

The Toolkit introduces the social and economic aspects of ESG and sustainability in a broad sense, highlights their importance, relevance, and how they impact organizations both globally and in the Kingdom. It sets a foundation for a deeper discussion of selected social and economic themes that are material to companies in Saudi Arabia.

Social & Economic Training

The Social & Economic Workshop is intended to provide an introduction to social and economic concepts and practices and highlight the relevance to your company. The workshop includes lectures, discussions, and practical learning activities.

The content of the Capacity Building training and this Toolkit is tailored to the needs identified based on 13 years of Award participant feedback and needs.

This Toolkit contains explanatory content, relevant case studies, and discussion questions to complement the Workshop materials. We hope it will be a useful reference tool for the implementation of Workshop learnings in the future.

The Toolkit contains the following Social & Economic focus area chapters:

- **Corporate Social & Economic Themes**
- **Human Rights**
- **Diversity, Equity & Inclusion**
- **Health & Safety**
- **Development & Education**
- **Community Investment**

Upon completion of the Training, you will have the basic tools necessary to implement Social & Economic initiatives in your organization and support your company's ESG and sustainability journey.

Corporate Social & Economic Themes

Innovation
Branding
Solution
Marketing
Analysis
Ideas
Success
Management



Introduction to Social & Economic Practices

The ‘S’ in ESG (environmental, social, governance) has been defined in different ways by different stakeholders, geographies, industries, and organizations. It refers to the areas in which an organization has an impact on, or is impacted by, people, society, and the economy through its employment practices, operations, products, and services. Directly or indirectly, companies affect what happens to employees, workers in the value chain, customers, and local communities, and it is important to manage impacts proactively.

The scope of ‘S’ has progressively widened over the past two decades, which reflects the evolving business environment of the 21st century, in which businesses and markets are increasingly interconnected and interdependent. Beyond traditional ‘S’ topics of human rights, labor issues, workplace health & safety, and product safety and quality, ‘S’ factors now also incorporate the impact of modern supply-chain systems, recognition of other social development needs, and the adoption of technology across all business sectors.

Businesses’ social license to operate depends greatly on their social sustainability efforts. In addition, a lack of social development, including poverty, inequality, and weak rule of law, can compromise business operations and growth. Actions to achieve social sustainability may unlock new markets, help retain and attract business partners, or be the source for innovation for new product or service lines. Internal morale and employee engagement may rise, while productivity, risk management, and company-community conflict can improve.

Interest in how the private sector considers ESG issues continues to grow as customers, investors, and civil society groups demand both more transparency on how the corporate world impacts on society and more action to ensure those impacts are positive. Companies have made progress in achieving a better understanding of environmental impact and governance standards and in ensuring those standards are met.

However, social factors have not been given the same attention until a few years ago. The COVID-19 pandemic heightened global awareness of social inequity challenges, as did the

emergence of global social justice movements related to systemic corporate discrimination on the basis of race, gender, lifestyle, ethnicity, religion, or ability. Social issues are now among the most pressing for companies in all markets as stakeholders, both internal and external, seek to understand how the firm they work for, buy from, or invest in is treating the people whose lives it impacts.

One major challenge around the 'S' in ESG is how to best capture, measure, and quantify S-related performance and impact. Unlike environmental and governance issues, which are more easily defined, have an established track record of market data, and are often accompanied by robust regulation, social issues are less tangible, with less mature data to show how they can impact a company's performance. In fact, a 2021 Global ESG Survey by BNP Paribas revealed that 51% of investors surveyed (covering 356 institutions) found 'S' to be the most difficult to analyze and embed in investment strategies.

Negative Social Impact Risks

Failure to manage material social topics can negatively impact society, resulting in significant regulatory, financial, operational, and reputational risks and opportunities. When companies are involved in social scandals, their reputation is often affected negatively, requiring millions of dollars to rectify this. Boycotts, protests, or even a drop in sales can also be a consequence of not properly managing social topics and negatively impacting society.

Businesses may negatively impact society through, for instance:

- Human rights violations in the supply chain
- Discrimination based on race, gender, ethnicity, etc. that also hinders social inclusion
- Risky or unhealthy labor conditions
- Low wages
- Inhumane working hours
- Unsafe customer products
- Environmental impacts like water, air, or soil pollution that lead to community displacement

Insight: Child labor in the cocoa industry

As the chocolate industry has grown over the years, so has the demand for cheap cocoa. Most cocoa farmers earn less than \$1 per day, an income below the extreme poverty line. As a result, they often resort to the use of child labor to keep their prices competitive. In many cases, this includes what the International Labor Organization (ILO) calls “the worst forms of child labor.” These are defined as practices “likely to harm the health, safety, or morals of children.”

Approximately 2.1 million children in the Ivory Coast and Ghana work on cocoa farms, most of whom are likely exposed to the worst forms of child labor. Children as young as 10 years old have allegedly been found working in Ghana and other countries in West Africa to harvest cocoa pods to supply Mondelēz, Hershey, Mars, and Nestlé, some of the biggest multinationals manufacturing chocolate that is consumed worldwide.

In fact, these companies have been facing lawsuits against them on several occasions in the past two decades, accused of committing “the worst forms of child labor.” The most recent lawsuit was filed in 2021 in the USA against Nestlé, Cargill, Barry Callebaut, Mars, Olam, Hershey, and Mondelēz by the human rights firm International Rights Advocates (IRA), on behalf of eight former child slaves who say they were forced to work without pay on cocoa plantations in the Ivory Coast.

Each time these multinationals face lawsuits, they risk having to pay millions of dollars of damage to the victims of child labor, which can impact their profits. Moreover, reputational damage and loss of trust from investors and other stakeholders is also a common risk chocolate manufacturers face if they do not fight child labor and protect human rights across their value chains.

Creating Positive Social & Economic Impacts Globally and Locally

Companies have an opportunity to invest in practices that generate value for the business, its stakeholders, and society. Aligning these efforts with local and global frameworks and commitments can result in meaningful contributions to initiatives like the UN SDGs and Saudi Arabia's Vision 2030.

Companies who can demonstrate that they protect or create social value – for example, through ethical supply chains that pay a fair price for commodities, or which protect workers' rights – can also satisfy stakeholder interests and differentiate their products from competitors. Businesses that can show that their operations will enhance local communities - for example, by providing educational opportunities that build human capital or by developing local infrastructure – earn a social license to operate with local communities, governments, and regulators. Companies targeting emerging markets are increasingly finding that inclusive business models, with operations and products that target the 'bottom of the pyramid' in these economies, can access large markets and deliver goods and services that increase the welfare of the most vulnerable, while also creating new sustainable business opportunities.

By aligning your social sustainability strategy and efforts with the United Nations Sustainable Development Goals (SDGs), you can turn challenges into business opportunities that contribute to the development priorities of the global community, addressing the world's most pressing social challenges.

By aligning your ambitions with Saudi frameworks and initiatives such as Vision 2030, the Human Resources and Social Development program and the Human Capability Development Program, your company can create local impact and help the country to reach its goals.



Aligning company's **Social & Economic** efforts with **global sustainability needs** creates **global impact** and **value**.



Supporting local Social & Economic **goals** and **initiatives** helps **Saudi Arabia reach** its **local development ambitions**.

Figure 1: Creating Positive Social & Economic Impacts Globally and Locally

Just Transition

A “Just Transition” seeks to ensure that the substantial benefits of a green economy transition are shared widely, while also supporting those who are at the greatest economic risk – be they countries, regions, industries, communities, workers, or consumers. A rapid increase in the speed and scale of actions required to reduce the risks of climate change can create new economic opportunities not only for the wealthiest members of society, but also those in need in a Just Transition.

While a Just Transition is mainly based on environmental considerations, it is also shaped by other structural changes affecting labor markets, such as globalization, labor-saving technologies, and the shift to services. A Just Transition is an integral part of many of the global commitments adopted by countries. The Paris Agreement acknowledges “the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities” and highlights the importance of workers in responding to climate change. Furthermore, the Just Transition concept links to 14 of the 17 UN SDGs, explicitly drawing together SDGs 12 – climate action, 10 – reduced inequalities, 8 – decent work and economic growth, and 7 - affordable and clean energy.

Many countries have recognized the challenge that this transformation entails and are taking measures to protect those that are most vulnerable and affected by the changes. Businesses are a key part of a Just Transition as they contribute to the economy and employ the population. Society will be unable to have a Just Transition without the participation of businesses, who must contribute to a more sustainable and equitable society via both internal practices and community investment.

Components of a Just Transition:

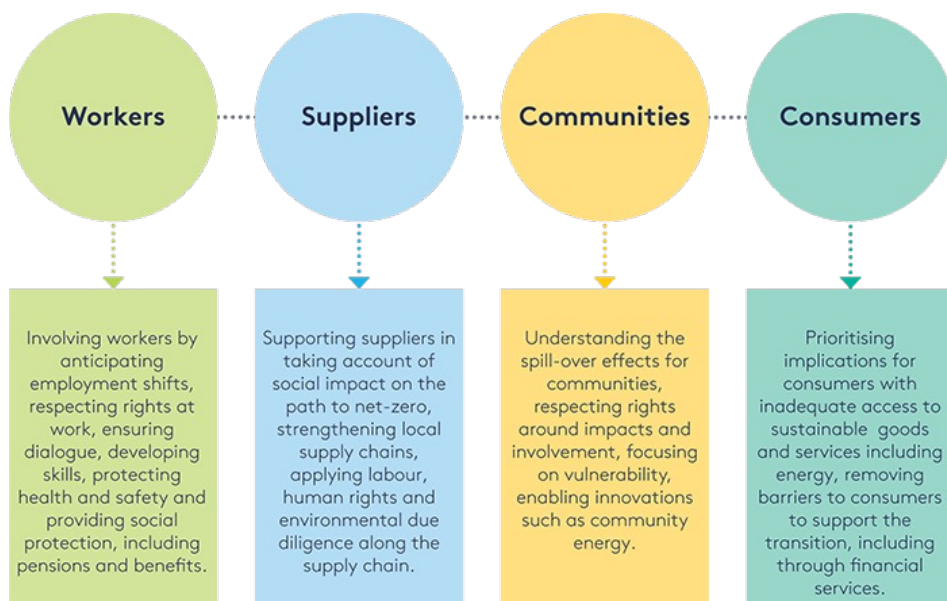


Figure 2: Components of a Just Transition

Social Trends- Global

Diversity & Inclusion

96% of business executives agree workforce education programs on diversity & inclusion help drive business growth and competitive advantage

Training & Development

218% higher income per employee at firms with training programs versus firms without formalized training

Community Investment

80% of consumers believe that businesses should play a role in addressing societal issues

Employee Engagement

71% of executives say that employee engagement is critical to the success of their company

Employee Retention

70% of respondents in a national survey indicated that training and development opportunities influenced their decision to stay

Social Trends- KSA

KSA as a Leader in MENA

KSA achieved the 2nd place for adopting CSR practices in the MENA region

Saudi Training and Development

The KSA Human Capability Development program ensures citizens' educational base for the global labor market by providing lifelong learning opportunities

KSA moved up 5 global positions on the Human Development Index between 2021 and 2022. This higher ranking reflects efforts to improve learning outcomes and strengthen the Kingdom's education capacity in global competition. The progress on the knowledge acquisition scale demonstrates the education system's commitment to developing human capabilities. Which enhances the Kingdom's global competitiveness and contributes to its international ranking

Community Investment

611 small and medium businesses have been financed by the Kingdom with the “Indirect Lending Initiative”

Saudi CSR Focus

78% of Saudi organizations engage in some form of CSR activity
[Social Responsibility Guide for companies](#) was released by SASO & Ministry of HRSD

Unemployment as key Focus

49% of CSR activities in KSA are focused on opportunities for unemployment





Human Rights

Human Rights

Human Rights: the basic rights and freedoms that belong to every individual regardless of race, sex, nationality, ethnicity, language, religion, or any other status by the United Nations. Driven by stakeholders and market regulations, organizations are expected to respect these rights and ensure the safety and well-being of employees via supply chain and labor practices.

The actions of business enterprises can affect people's enjoyment of their human rights either positively or negatively. Indeed, experience shows that enterprises can and do infringe human rights where they are not paying sufficient attention to this risk. Enterprises can affect the human rights of their employees and contract workers, their customers, workers in their supply chains, communities around their operations, and end users of their products or services. They can have an impact – directly or indirectly – on virtually the entire spectrum of internationally recognized human rights.

New laws, growing social pressure, and increasing shareholder and investor interest are requiring businesses worldwide to focus on human rights concerns such as child labor, slavery, and coercive workplaces. Laws being enacted in this area include the California Transparency in Supply Chains Act and the UK's Modern Slavery Act are designed to improve transparency and accountability on human rights. Disclosure requirements on compliance with human rights grow more stringent, and some stock exchanges and market regulators are requiring companies to either report on their material human rights impacts or explain why they have not.

Companies also risk lawsuits for alleged breaches of human rights, such as the presence of forced labor or child labor in their supply chains. Additionally, corporate boards are concerned about the reputational damage that can result from failing to meet human rights standards—which can be much more damaging than financial penalties.

Human Rights: Global and KSA Perspectives

Global

- In a survey of Fortune 500 companies, almost all respondents report having an explicit set of human rights principles or management practices in place
- 43% of companies have adopted a stand-alone human rights policy
- According to data by S&P Global, 74% of companies have implemented a process to identify, prevent and mitigate human rights impacts

KSA

- Punishment for labor violations involve fines and the possibility of temporary or permanent closure of a business
- All businesses in Saudi are subject to the 'Labor Law'

Human Rights: Risks and Opportunities

Respecting human rights is key to achieving the 2030 Agenda for Sustainable Development. Furthermore, there is also a compelling business case for doing so.

Not considering human rights challenges in a business' operations and supply chain can cause a series of **risks**, including but not limited to:

- Lost business opportunities and investments
- High employee turnover rates and low retention
- Reputational harm
- Loss of loyal customer base
- Fines for non-compliance

Companies should also care about human rights because putting people first is a business **opportunity** that enables a business to:

- Future-proof for regulatory and legislative developments
- Meet investor expectations
- Low employee turnover rates and high retention rates
- Ensure business continuity
- Global relevancy and ability to compete in the market

UN Guiding Principles on Business and Human Rights

The UN Guiding Principles on Business and Human Rights set out the expectations that all businesses, irrespective of size or sector, should respect human rights. This expectation is supported by international human rights instruments that are enacted into law by governments around the world, and by which businesses are regulated.

The UNGPs create a common language for speaking about the roles of States and businesses when it comes to the negative impacts on people that can result from business activities and set expectations on how companies can prevent and address negative impacts on human rights. The document is based on three interdependent pillars: protect, respect and remedy.



Figure 3: The UN Guiding Principles on Business and Human Rights document and its three pillars.

Within the three pillars there are foundational and operational principles, in total there are 31 best practices. For instance, “where it is necessary to prioritize actions to address actual and potential adverse human rights impacts, business enterprises should first seek to prevent and mitigate those that are most severe or where delayed response would make them irremediable.”

The guidance applies to all businesses worldwide and are being implemented by companies, governments, and other stakeholders on every continent. The UN Guiding Principles (UNGP) Reporting Database is an independent, public resource developed by Shift that makes it possible to see what some of the world’s largest companies say about human rights.

Human Rights: Leading Practices

Many leading practices can be undertaken to instill the consideration of human rights in business. These include, but are not limited to:

Human rights trainings

can be used to educate senior employees on the importance of human rights and what actions may be recognized as human rights violations. These trainings should also teach individuals what practices may need to be undertaken to improve current practices that may either violate or not fully protect human rights

Human rights KPIs and targets

should be used to determine long term performance and establish goals to be worked towards

Human rights tracking metrics

should be used in tandem to demonstrate progress against the aforementioned goals

Human rights public policy

is a formal statement on the organization's commitment to human rights and establishes a commitment to their sanctity

Human rights reconciliation

should be established in advance to reconcile internal human rights violations in a streamlined manner

Reporting on human rights

can be done to publicly communicate an organization's commitment to and transparency on human rights

Align policies to the UNGPs

An organization can voluntarily align their policies with the practices listed in the United Nation's Guiding Principles for Business and Human Rights (UNGPs)

Internal human rights reviews

should be conducted regularly to determine if the organization's human rights policy is being upheld and if there are any violations that need to be addressed



Case Study:

PepsiCo



PEPSICO

- Published a Human Rights and Salient Issues Statement
- In line with the UN Guiding Principles for Business and Human Rights (UNGPs), aims to provide remedies where company has caused or contributed to negative impacts
- Zero tolerance for land displacements of any peoples, in accordance with IFC Performance Standards, including Free, Prior, and Informed Consent (FPIC)

Case Study:

Almarai



- Security personnel are trained in human rights policies or procedures as identified by the High Commission for Industrial Safety of the Ministry of Interior in Saudi Arabia
- Zero operations have been subject to compulsory external human rights reviews
- Plans to introduce an occupational health and wellbeing program accessible to all employees by 2025
- Follows GRI human rights assessment

A background image of a pair of scales of justice, symbolizing fairness and equality. The scales are made of metal and have a wooden base. The image is overlaid with a large red diagonal shape and a smaller yellow diagonal shape.

Diversity & Equal Opportunity

Diversity & Equal Opportunity

Diversity and Equal Opportunity or Diversity, Equity & Inclusion (DEI): Corporate policies and programs that promote the representation and participation of different individuals, including different ages, races, ethnicities, disabilities, genders, religions, and cultures. labor practices faster than it can be replenished.

Corporate policies and programs that promote the representation and participation of different individuals, including different ages, races, ethnicities, disabilities, genders, religions, and cultures.

Diversity

is actively bringing people of all backgrounds – from the perspective of age, gender, religion, etc. – to be a part of the workplace. This includes aspects that are unseen as well, like learning differences.

Equity

is about ensuring all people have equal opportunities within the organization and that bias, harassment, and discrimination – of any kind – are not tolerated.

Inclusion

is recognizing and embracing those differences so every employee can have an impact on your organization because of the very qualities that make them who they are.

Diversity & Equal Opportunity: Global and KSA Perspectives

Global

- Women and men participating equally in the economy could add \$28 trillion to global GDP by 2025
- Racial and ethnic diverse companies are 35% more likely to financially surpass peers
- 67% of job seekers consider diversity important
- Inclusive teams improve team performance by up to 30% in high-diversity environments
- Women's empowerment as important aspect of the SDGs

KSA

- The number of women in workforce almost doubled in the last 5 years
- 12% increase in workers with disabilities in Saudi since 2021
- Use of enabling technology like ICT to promote women empowerment

Insight: Global Perspective

In 2021, there were 347 Fortune 500 companies with boards reflecting greater than 30% diversity, almost 7 times the number of companies a decade ago

Diversity & Equal Opportunity: Risks and Opportunities

Not considering DEI in a business' operations can cause a series of **risks**, including but not limited to:

- Lost business opportunities and investments
- Market alienation
- High turnover rates and low retention rates
- Reputational harm

- Loss of loyal customer base
- Increased conflict
- Complaints and legal actions

Companies should also care about DEI because putting people's diversity first and treating them equally is a business **opportunity** that enables a business to:

- Meet investor expectations
- Low turnover rates and high retention rates
- Diversity of thought
- Exposure to more marketplace opportunities
- Higher profitability
- Higher employee engagement and productivity

Diversity & Equal Opportunity: Leading Practices

Many leading practices can be undertaken to instill the consideration of diversity and equal opportunity in business. These include, but are not limited to:

DEI trainings

can be used to educate senior employees on the importance of diversity and what actions may be recognized as exclusionary. These trainings should also teach individuals what practices may need to be undertaken to improve current practices that may either violate or not fully foster diversity.

DEI KPIs and targets

should be employed to determine long term performance and establish goals to be worked towards.

DEI tracking metrics

should be used in tandem to demonstrate progress against the aforementioned goals.

DEI public policy

is a formal statement on the organization's commitment to diversity and establishes a commitment to their sanctity.

DEI accountability

should be established in advance to reconcile internal violations in a streamlined manner.

DEI speakers and events

can further educate employees on the importance of diversity and keep them engaged on the topic.

DEI member groups

can be created in the organization for employees to support inclusivity, such as female leadership groups.

DEI leadership

is important to ensure there is an individual or individuals in the organization responsible for the progress and monitoring of diversity and equal opportunity.

Case Study:

P&G



- Target to ensure gender equality by employing 50/50 women at every level of the organization
- Supplier Diversity program creates economic opportunities for underrepresented businesses, such as minority-owned, women-owned, and people with disabilities firms
- Goal to achieve 40% representation of multicultural employees at every management level of the company in the U.S
- The “P&G pra Voce” in Brazil is a hiring process focused on Black and Brown candidates that includes scholarships for English courses and mentorship

Case Study:

Agthia



For The Better • من أجل الأفضل

- Tracks its progress on DEI KPIs and metrics regularly
- Focus on age diversity: 26% of workforce is under 30 years old
- Focus on a diverse workforce that is supported by an inclusive and caring environment
- Female employees in management positions grew by 6% from 2019 to 2021
- Female employees in non-management positions grew by 4% from 2019 to 2021
- Partner of the Abu Dhabi Businesswomen Council which is focused on female entrepreneurship



Health & Safety

Health & Safety

Health & Safety:

The regulations, policies, and procedures put in place to prevent and manage occupational or work-related injuries or accidents in a workplace.

Health & Safety regulations and procedures are put in place to safeguard workers' safety, well-being, and health. Robust health and safety measures will ensure the most secure working environment and minimize the chances of injuries, accidents, and illnesses. Health & Safety issues can arise from many sources, such as exposure to hazardous materials, unsafe work practices, and accidents. It is very important for employers to understand and identify the health and safety hazards that exist in their workplace and the associated potential risks.

Health & Safety: Global and KSA Perspectives

Global

- 7,500 people die each day from unsafe and unhealthy working conditions
- Work injuries can cost annual GDP around 4%
- The International Labor Organization added 'safety and health' as one of the five Fundamental Principles and Rights at Work in 2022.
- 28.2 million working days were lost in 2018/19 due to work-related ill health and non-fatal injuries.

KSA

- The Saudi Ministry of Human Resources and Social Development (HRSD) created a platform to regulate occupational health and safety (OHS) and released a program to enhance personnel's skills in the field of OHS through two tracks: practitioner and professional
- General decreased in occupational injuries/diseases since 2013 after which they started increasing again
- Employees can report work accidents
- The Health Transformation Program spearheaded by Vision 2030, aims to restructure the health sector in the Kingdom to be a comprehensive, effective, and integrated health system

Health & Safety: Risks and Opportunities

Not considering Health & Safety in a business' operations can cause a series of **risks**, including but not limited to:

- ✔ Lost business opportunities and investments
- ✔ Market alienation
- ✔ High turnover rates and low retention rates
- ✔ Reputational harm
- ✔ Loss of loyal customer base
- ✔ Complaints and legal actions
- ✔ Serious injuries or fatalities

Companies should also care about Health & Safety because putting their employees' physical and mental wellbeing and safety first is a business **opportunity** that enables a business to:

- ✔ Meet investor expectations
- ✔ Low turnover rates and high retention rates
- ✔ Higher employee trust and productivity
- ✔ Improved standing among suppliers and partners
- ✔ Cost savings from accident reduction and aversion of legal fees

Health and Safety: Leading Practices

Many leading practices can be undertaken to instill the consideration of health and safety opportunity in business. These include, but are not limited to:

Health & Safety trainings and certificates

can be used to educate employees on the importance of health and safety, including the risks and hazards. These trainings should also teach individuals what practices may need to be undertaken to improve current practices that may not fully protect employees' physical and mental wellbeing and safety.

Health & Safety certificates

such as the ISO 45001 can be used to demonstrate a company's commitment and achievements related to Health & Safety to stakeholders, or for compliance purposes.

Health & Safety KPIs and targets

should be employed to determine long term performance and establish goals to be worked towards.

Health & Safety tracking metrics

should be used in tandem to demonstrate progress against the aforementioned goals.

Health & Safety public policy

is a formal statement on the organization's commitment to Health and Safety and establishes a commitment to their sanctity.

Health & Safety Practices

are communicated from employees' onboarding, emphasizing its importance from the very first day people join the company.

Health & Safety Handbook

that is accessible to all employees for reference on internal health and safety practices.

Clear Health & Safety Signage

to communicate practices to employees and serve as a reference in environments that may be hazardous.

Health & Safety leadership

is important to ensure there is an individual or individuals in the organization responsible for leading health & safety initiatives and managing and monitoring their progress.

Case Study:

Apple



- Conducted 1,177 health and safety assessments in 2021
- Risk-specific programs in place for higher hazard environments, including safe systems of work, chemical management, equipment and machinery safety, and hazardous materials management
- Employees can request health and safety evaluations of their workplace
- Any instances of noncompliance with health and safety code and standards are addressed through customized Corrective Action Plans
- Health and safety is embedded into products

Case Study:

Ma'aden



- In 2020 launched the standards on Environment, Health, Safety and Security (EHSS), improving focus on providing employees with a working environment that supports health and wellbeing
- “Life Saving Rules” have been established
- Total recordable incident rates reduced by 24% in 2020
- Aim to achieve a “zero harm” work environment
- Created the SafeSteps safety program which stands for the steps to be followed when faced with EHSS risks: Stop, Think, Evaluate and Proceed Safely
- Ammonia 3 construction project achieved 10 million safe manhours



The background of the page is a stack of books with a greenish tint. Overlaid on this are several geometric shapes: a large red triangle pointing downwards on the left, a smaller red triangle pointing upwards on the right, and a gold-colored diagonal bar crossing the center.

Development & Education

Development & Education

Development & Education:

process during which employees, with the support of their employer, go through professional training or pursue learning opportunities to improve their skills and grow their knowledge and careers.

Employers who invest in staff development help their employees hone strengths and grow skills in accordance with industry trends and best practices, which better equips them for their current roles. This adds more value to the work they do and directly benefits your business. Perhaps more impactful, though, is the value employees and job seekers place on development opportunities when considering offers. Making learning and development a focus of a company culture helps improve employee engagement, increase retention, and attract elite candidates.

Development & Education: Global and KSA Perspectives

Global

- 30% of employees consider career development opportunities for learning and personal growth in general very important
- 74% of employees will learn new skills or re-train to remain employable
- 94% of workers would stay at a company longer if their employers invested in their careers
- 69% of companies have increased employee development initiatives

KSA

- KSA's Nitaqat is a program aimed at developing the local workforce and achieving high Saudization rates
- KSA consumer expenditure on education grew at a ~4% CAGR between 2013 and 2018
- "Tourism Trailblazers" is a 2022 initiative by KSA to train 100,000 youth on tourism jobs

Insight: Nitaqat

The first version of Nitaqat was launched in 2011 by the Saudi Ministry of Human Resources and Social Development to encourage the localization of jobs and set a minimum wage for Saudis in the private sector. The second version was developed with the private sector and hopes to provide 340,000 jobs by 2024 and simplifies the compliance rules for businesses.

The latest version has three new features:

1. Clear localization plan with a transparent vision to increase private sector organizational stability over the next three years
2. A linear formula for determining the target Saudization Ratio
3. Integrating program activities to be 32 instead of 85

Development & Education: Risks and Opportunities

Not considering Development & Education in a business' operations can cause a series of **risks**, including but not limited to:

- High turnover rates and low retention rates
- Reputational harm
- Harmful to company growth
- Fall behind on global market trends
- May appear as a lack of investment in and consideration for employees

Businesses should also care about Development & Education because focusing on employees' career development and enhancement of skills and knowledge is a business **opportunity** that enables a company to:

- Low turnover rates and high retention rates
- Ensure business continuity
- Foster employee trust
- Higher productivity
- Meet investor expectations

Development & Education: Leading Practices

Many leading practices can be undertaken to instill the consideration of development & education opportunity in business. These include, but are not limited to:

Development & Education workshops

can be used to educate employees on different topics, ranging from environmental practices to the development of leadership skills.

Development & Education KPIs and targets

should be employed to determine long term performance and establish goals to be worked towards.

Development & Education tracking metrics

should be used in tandem to demonstrate progress against the aforementioned goals.

Development & Education public policy

is a formal statement on the organization's commitment to Development & Education and establishes a commitment to their importance.

Development & Education surveys

distributed annually to employees can help determine in what areas they are seeking development and educational trainings. This feedback should then be implemented to tailor programs further to employees' needs.

Development & Education guest speakers

can be hosted to educate employees on industry-related topics and enhance networking capabilities.

Development & Education online resources

such as documents, reports, toolkits, or online playbooks on a variety of relevant topics should always be accessible for employees to reference and utilize.

Development & Education leadership

is important to ensure there is an individual or individuals in the organization responsible for leading development & education initiatives and managing and monitoring their progress, and receiving employee input.

Case Study:

Northrop Grumman



- Strong focus on employee development via leadership training
- Annual ethics trainings are conducted
- Required DE&I trainings to drive awareness, strengthen engagement and build skills to enhance leadership and further enlighten employees
- Leading for Impact Program offers development paths for all new and experienced managers seeking to refresh or build their leadership capabilities
- 51,000 employees have utilized the My Learning Experience, a platform for professional and career development

Case Study:

Saudi Electricity Company



- By the end of 2023, training days will have increased by 2.1%
- Collaborated with the International Institute for Management Development (IMD) to design and implement training courses for 47 of the company's senior leaders
- Designed and developed interactive content to be included in the self-learning system "I'm learning"
- 7,920 employees attended workshops on occupational health and safety
- Workshops, training courses, and certificates are offered to employees in the field of environmental awareness







Community Investment

Community Investment

Community Investment:

can be achieved by organizations via fiscal contributions or volunteer efforts and aim to support local charities or communities in need.

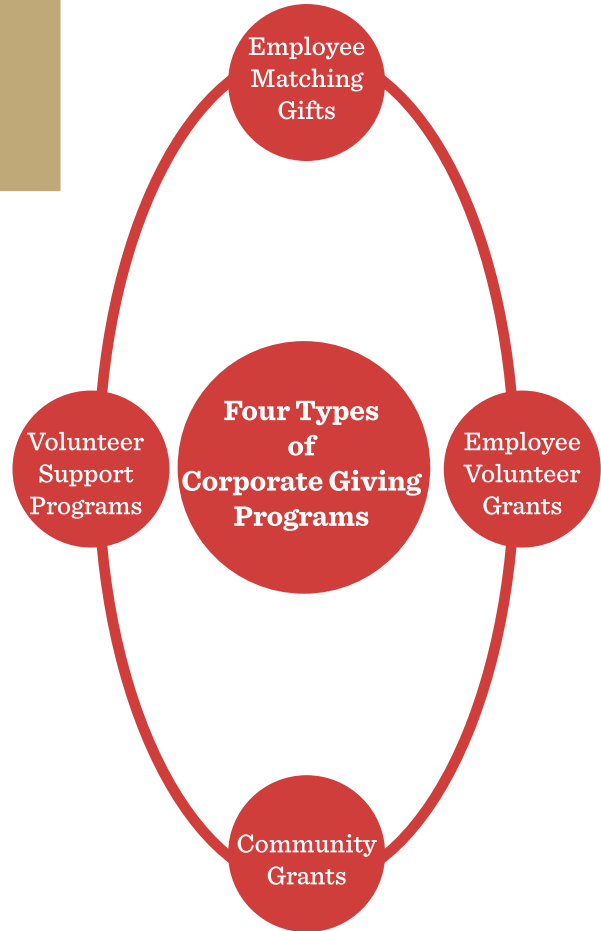


Figure 4: Four types of corporate giving programs

Corporate giving programs as part of a company's community investment efforts can be classified in four types:

Employee Matching Gifts

Soros Fund Management matches donations up to \$300,000

Employee Volunteer Grants

40% of Fortune 500 companies offer volunteer grant programs

Community Grants

Walmart offers community grants located in regions where it has a physical presence, from \$250-\$5,000

Volunteer Support Programs

One of the best ways to benefit from non-cash contributions is by partnering with companies that have expertise that an organization can leverage

Community Investment Leading Practices

- Community Investment efforts are aligned to the company's core competencies and ESG focus areas - Guidelines or eligibility criteria are formalized, externally available, and aligned to the company's core competencies and ESG focus areas
- Strong efforts to ensure that the individual components of Community Investment feed into each other and are clearly communicated through external reporting
- Assessment of Community Investment includes qualitative and quantitative impact and is both internally & externally disclosed on a regular basis
- Establish partnerships with other organizations to increase and scale positive impacts and value



Community Investment: Risks and Opportunities

Not considering Community Investment in a business' operations and supply chain can cause a series of **risks**, including but not limited to:

- ✔ Mismanagement and/or diversion of funds and resources
- ✔ Reputational harm
- ✔ Increased scrutiny
- ✔ Lack of measurable impact
- ✔ Unintended consequences

Businesses should also care about Community Investment because focusing on improving relations with and the wellbeing of a company's external stakeholders like communities is a business **opportunity** that enables a company to:

- ✔ Ensure business continuity and social license to operate
- ✔ Enhanced reputation and positive public association
- ✔ Increased transparency, trust, and accountability with stakeholders
- ✔ Competitive advantage

Community Investment: Partnerships

Partnership: An association between two or more entities that have: mutual or shared interests, complementary needs and objectives, reciprocal resources or skills, and a shared commitment to accountability and transparency

Establishing partnerships with other organizations such as NGOs, UN agencies, governmental institutions, etc. to increase and scale positive impacts and value is considered as a leading practice for community investment initiatives.

Steps to undertake a partnership with an external organization:

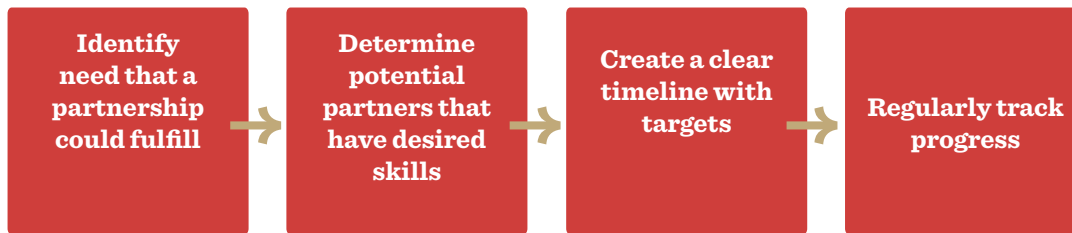


Figure 5: Steps to undertake a partnership with an external organization

Case Study: **L'Oréal**

L'ORÉAL

- Social and environmental commitments are key to L'Oréal's growth
- L'Oréal Citizen Day was created for employees to dedicate a full day of their work time to supporting a non-profit social or environmental organization
- Three million people will benefit from the brand's social engagement programs by 2030
- By 2023, L'Oréal will have invested 50 million euros to support highly vulnerable women.
- Since 2020, the L'Oréal Fund for Women has directly helped more than 400,000 girls and women

Case Study: **Aramco**

أرامكو السعودية
saudi aramco



- In-Kingdom Total Value Add Program (iktva) amplifies efforts to build a sustainable supply chain that serves a diverse, sustainable, and globally competitive energy sector in KSA
- Company matched employee contributions to COVID-19 response campaign, benefiting 20,219 families
- Provides research and training initiatives in engineering, technology, and science at leading academic institutions around the world
- Wa'ed Entrepreneur Center supports more than 100 diverse entrepreneurial businesses in KSA, providing necessary financial support, guidance, and tools

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