



2022 | SUSTAINABILITY  
REPORT





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# Al Qaryan Group Key Highlights



**A Closed Joint Stock Company**



**2000+** skilled workforce



**17.13% of Locals** in the total workforce



**Recycling +1 MN Tons Per Year** industrial solid waste (metal)



**36 People** of determination



**952 Fleet** heavy duty trucks and earth moving equipment



**Circular Economy** investing in the shift towards circular economy



**20+ Initiatives Centered On** cultivating awareness and social responsibility



**Rise to Digital Strategy** SAP S4HANA



**50.21%** Al Qaryan Steel Local Content Score in 2021

**35.03%** Al Qaryan Group Local Content Score in 2021



**ISO Certified** 14001 - 45001 - 9001



**Awarded the Middle East Waste & Recycling Award** 2018 | 2019 | 2021 | 2022

## About this Report

### Key Highlights

#### GRI Accordance

Al Qaryan has reported in reference with the GRI Standards for the period January 1, 2022 to December 31, 2022.

#### Alignment

This report aligns with the United Nations Global Compact (UNGC) Principles, United Nations Sustainable Development Goals (SDGs) and Saudi Vision 2030. References to other global and national commitments are also mentioned throughout.

#### Comparable Data

The data in this report covers our performance in 2020, 2021 and 2022. The quantitative data presented throughout the report is, however, not subject to any comparison.

#### External Assurance

Al Qaryan has decided not to obtain external assurance for this report. However, extensive internal revision was conducted to ensure the credibility of the data presented in this report.

#### Monetary Values

All monetary values in this report are expressed in Saudi Riyals (SAR).

## Scope of the Report

### Reporting Period, Frequency & Contact Point

This report is Al Qaryan's first sustainability report and will serve as a baseline for the upcoming reports. The report will cover the environmental, social, and governance (ESG) performance for the year 2022.

For any inquiries about this report, please contact:

Sustainability Department:

sustainability@alqaryan.com | T. +966138226969 Ext.3110

### Entities Included In The Sustainability Report

We have highlighted the ESG performance of our operations in the Kingdom of Saudi Arabia (KSA) and the United Arab Emirates (UAE).

## Terminology

Terms used for reporting purposes	Reference
Al Qaryan Group	Our company located in Dammam, KSA, which covers our recycling operations.
Legal Names of the Entities	
Al Qaryan Group	
Al Qaryan International	Our international trading company headquartered in Dubai, UAE.
Al Qaryan Steel	Our steel recycling and processing company.
Al Qaryan Plastic	Our newly established plastic processing company.





## Message From Chairman

Dear Stakeholders,

I am pleased to present to you Al Qaryan Group's first of many sustainability reports. As one of the leading recycling companies in Saudi Arabia, this report is an essential step towards transparency and accountability for our operations and reflects our commitment to being a responsible and sustainable company.

At Al Qaryan Group, we understand that our position within the kingdom results in a unique responsibility to our customers, shareholders, and the communities in which we operate. We recognize the importance of long-term thinking and are committed to planning ahead, being transparent about risks, and having the courage to tackle emerging problems before they become more severe.

Moreover, we are well aware of the significance of addressing environmental, social, and governance (ESG) issues in our operations. Our sustainability efforts are guided by our commitment to the Saudi Vision 2030 and the United Nations Sustainable Development Goals (SDGs) and our desire to contribute to a more sustainable future for all. In the near future, we aim to positively contribute to programs that will transform our kingdom and diversify its economy.

In the past year, we have made significant progress in our sustainability journey. We have implemented a range of initiatives to reduce our environmental impact, including investing in state-of-the-art recycling equipment and technology. We have also focused on reducing our carbon footprint, promoting energy efficiency, and supporting the circular economy by transforming waste into sustainable material.

In addition to our environmental efforts, we are committed to promoting social sustainability by ensuring the health and safety of our employees and promoting diversity and inclusion in our workplace. We have also initiated several community engagement programs to support the communities where we operate, such as raising awareness and contributing towards local charities. Our sustainability efforts are underpinned by our governance framework, through which we strive for an ethical and transparent operation.

We recognize that our sustainability journey is ongoing, and we remain committed to improving our sustainability performance in the years to come. We are committed to transparency and will continue to report on our sustainability performance to ensure that our stakeholders are informed and involved in our processes as we progress.

I would like to take this opportunity to express my gratitude towards our employees, customers, suppliers, and other stakeholders for their support in our sustainability journey. Together, we can build a more sustainable future for all.

Sincerely,

**Mohammed Al Qaryan**  
Chairman, Al Qaryan Group



# A Glimpse into AI Qaryan

Unique Business Profile

AI Qaryan Group

Transportation and Equipment

AI Qaryan Steel

AI Qaryan International

Awards, Certification, and Recognition



Exploring Our Business, Operations, and Core Identity

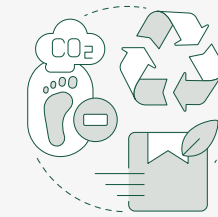
# Unique Business Profile

Since our establishment in 1988, Al Qaryan Group has become a pioneer in recycling across the kingdom, contributing towards circular economy and building a more sustainable future in the long-term.

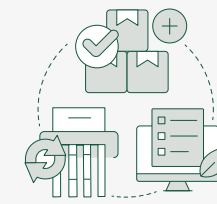
At Al Qaryan Group, we oversee the performance of different verticals and aim to acquire new opportunities in alignment with our overall business strategy. Annually, we have been able to recycle over 1M tons of waste, diverting the waste from landfills and turning them into semi-finished products. The waste recycled includes solid industrial waste (ferrous, non-ferrous metals), E-waste, and plastic. Through our various investment arms, we contribute to a greener future by producing sustainable material or semi-finished products and in doing so supporting local, regional, and international manufacturers.

As an entity, Al Qaryan prioritizes and attributes great importance to its **environmental impact, the health, safety and wellbeing of its employees and the impact on the local community.**

## Key Figures



**1MN TONS**  
per year of Recycled Materials



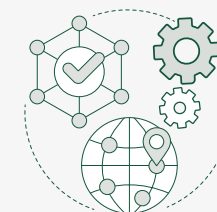
**500+**  
Recycled Grades



**2000+**  
Skilled workforce



**24+**  
Facilities



**31+**  
Global Outreach



In a rapidly changing ecosystem with innovation at its core, diversity is essential for organizations such as Al Qaryan to grow and flourish. Our diverse and rich business portfolio is comprised of various disciplines and sectors; wide array of products; a spectrum of talents, skills, and competencies; and a broad range of operations.

 RECYCLING

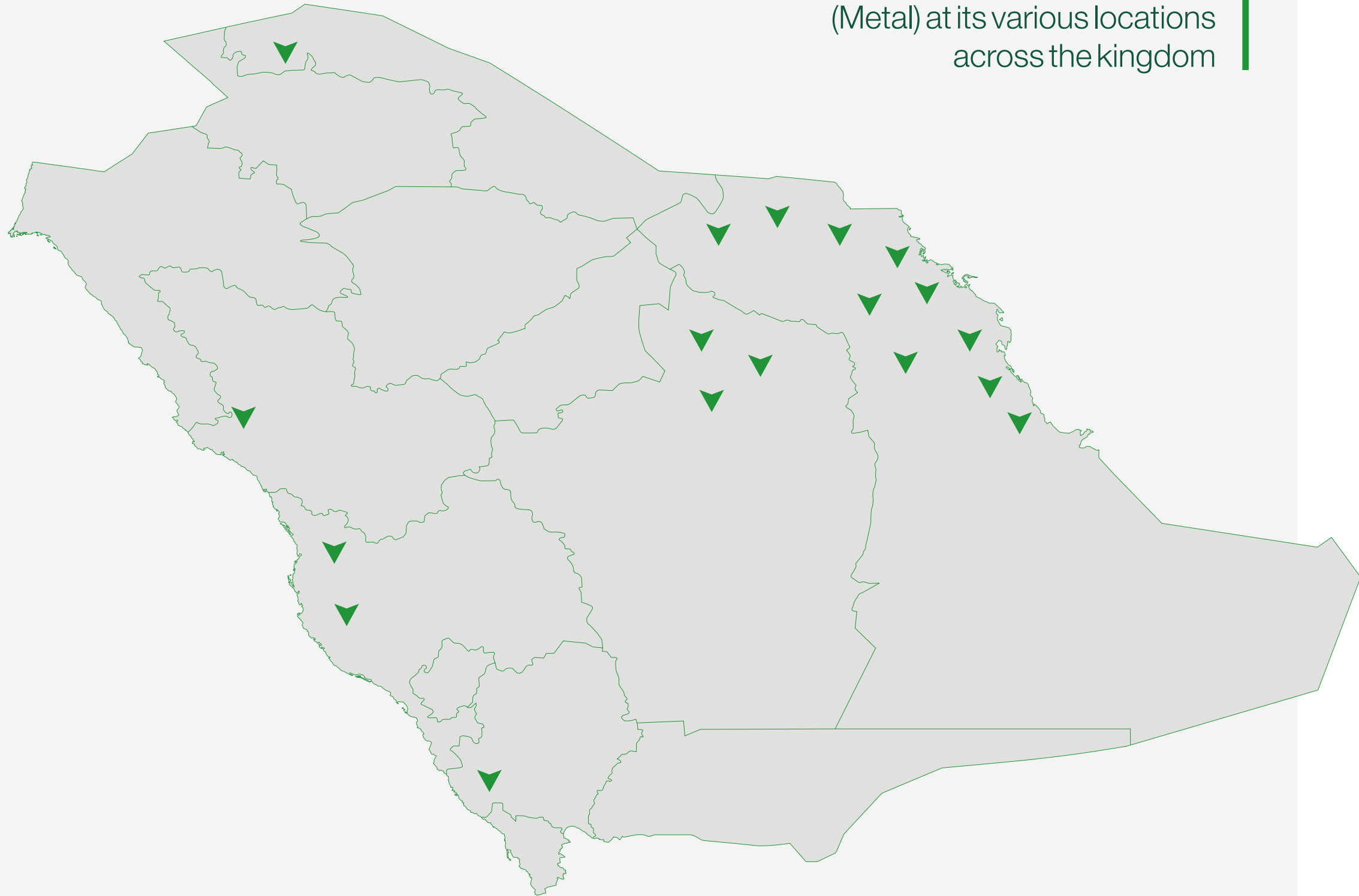
 FLEET & EQUIPMENT

 TRADING

 INDUSTRIES

As a sustainable business, Al Qaryan utilizes state-of-the-art technology, highly developed metal recycling and processing facilities enabling the production of high-quality products. Throughout the years, Al Qaryan has been able to fine tune its processes while enhancing its credibility by aligning with various international standards. Locally, through the involvement of various initiatives within the community and private sector while acquiring a lasting network of local and regional scrap metal suppliers, Al Qaryan has been able to position itself in the kingdom as a sustainable and community-friendly business. As time progresses, Al Qaryan continues to master the skills, sharpen the knowledge, and enhance the technology at hand in order to ceaselessly deliver our products and ensure the best customer experience for our vast array of clients.

Recycling over  
**1 MN tons**  
of industrial solid waste  
(Metal) at its various locations  
across the kingdom





One of the key focus areas for Al Qaryan is circular economy, as a recycling company implementing this practice potentially results in environmental, social, and economic benefits, while simultaneously enabling its positioning for everlasting success in a changing business and changing Saudi regulatory environment. Thus, in parallel with the dynamic ecosystem, Al Qaryan is working towards vertical integration to produce finished products along with the semi-finished goods in its processing. Consequently, in our businesses, Al Qaryan Steel, we are devising solutions and implementing practices to close the loop of production through Al Qaryan Industries companies. Transparency is also imperative to Al Qaryan as a business, with the adoption of digital solutions into our operations, more visibility of the process and monitoring of day-to-day operations will be present. The notion of sustainability is at the core of Al Qaryan's business and continuously will be taken into account as we set our practices.

With the guidance of the government through programs such as the National Transformation Program and the National Industrial Development and Logistics Program our investments are directed towards the economic diversification of the kingdom, growth of local content and attainment of the Saudi Vision 2030. While concurrently ensuring the best eco-friendly recycling solutions, we make sure that the clients' unique needs and requirements are diligently fulfilled. Highly specialized procedures, cutting-edge equipment, and highly qualified personnel are at the essence of our operations at Al Qaryan. We strive to be worldwide pioneers in the sustainable recycling of materials from post-consumer and industrial waste streams while ensuring compliance with environmental, social, and governance standards.

**Total waste recycled at Al Qaryan over the past year (metric tonnes):**



**Quantity of Waste Recycled per Annum (2022):**

Ferrous	927,128
Non-Ferrous	149,513
Other Metals	22,726
Plastic	1,708
Wood	576
E-waste	213
Battery	6,259
<b>Total Waste Recycled (metric tonnes)</b>	<b>1,108,123</b>

Recycling materials rather than producing them from their virgin source saves a significant portion of resources (2022).

<p><b>In 2022, the Steel</b> recycled in our operations saved</p>	<p><b>585,525,318</b> kWh of energy</p>
	<p><b>1,641,660</b> barrels of oil</p>
	<p><b>2,736,100</b> m<sup>3</sup> of landfill space</p>
<p><b>In 2022, the Copper</b> recycled in our operations saved</p>	<p><b>1,146,200</b> kWh of energy</p>
	<p><b>3,274,856</b> barrels of oil</p>
	<p><b>622,223</b> m<sup>3</sup> of landfill space</p>
<p><b>In 2022, the Aluminium</b> recycled in our operations saved</p>	<p><b>859,156,242</b> kWh of energy</p>
	<p><b>2,454,732</b> barrels of oil</p>
	<p><b>466,399</b> m<sup>3</sup> of landfill space</p>
<p><b>In 2022, the Plastic</b> recycled in our operations saved</p>	<p><b>9,861,628</b> kWh of energy</p>
	<p><b>27,839</b> barrels of oil</p>
	<p><b>39,283</b> m<sup>3</sup> of landfill space</p>

The values utilized were obtained from a study conducted by Stanford University.

# Pioneering in sustainable investment & recycling solutions

## VISION

We strive to be worldwide pioneers in the sustainable recycling of materials from post-consumer and industrial waste streams while ensuring compliance with environmental, social, and governance standards.



## MISSION

A catalyst in the transition to a circular economy through strategic partnerships, innovation, and high-performance culture with a commitment to maintaining rapid growth and delivering value for all stakeholders.



## OUR VALUES



Diversity & Inclusion



Innovation



Excellence



Integrity



Transparency

## Al Qaryan Group



Al Qaryan Group is our company that paves the way for recycling in the region, meticulous in its approach AQG prioritizes the quality of our products, the safety of procedures, the strong ethics and maintenance of international standards, and the nurtured relationships that we maintain with our regional and international clients.

Upon acquiring the scraps as a part of our processes, we conduct the grading, segregating, sorting, and packaging at our facilities. In 2022, we participated in a few large-scale projects such as Jeddah Development & Urban Regeneration Co. (JDURC).

The strategy applied in our overall approach to our business operations at AQG is listed as follows in order of prioritization.



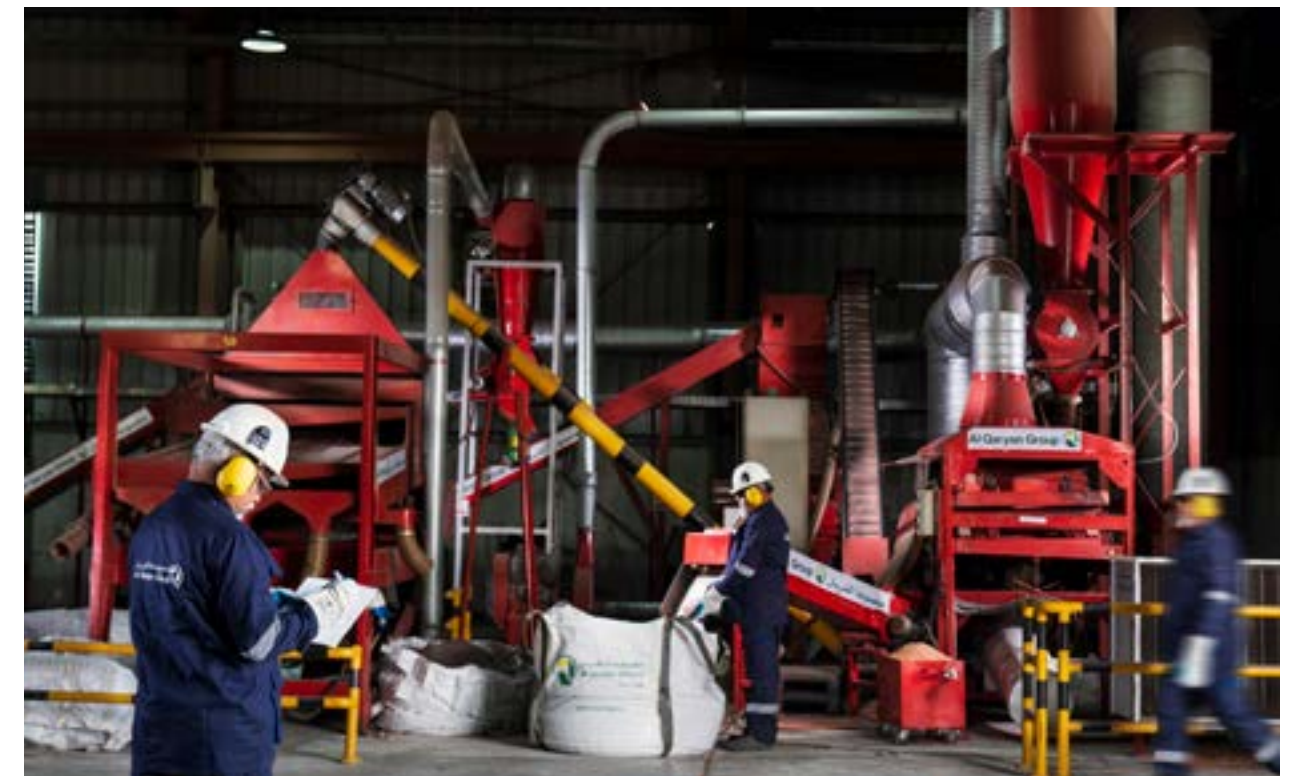
REDUCE



REUSE



RECYCLE





## Jeddah Dismantling Project

Al Qaryan was attributed a unique dismantling project in the Kingdom, the Jeddah Development & Urban regeneration by Jeddah Municipality. Located in the Al Jamī'ah District, the project aims for the dismantle and demolition of its masterplans for of 3,830,680 square meters. Through the scope of this project, Al Qaryan hopes to recycle more than 100,000 tons per million square meters as a crucial contribution to the circular economy. The project will result in the diversification of the projects portfolio by including urban regeneration,

infrastructure, housing, megaprojects, sustainable development plans, environment, and quality investment opportunities for the private sector.

The Jamī'ah Dismantling Project was unique due to:

- Sheer size of the project
- Heavy equipment
- Significant number of trips required



## Transportation and Equipment

Transportation and Equipment is our division that handles the intricate planning, implementation, and control of details of our Kingdom-wide and global operations.

The Transportation and Equipment Division handles the collection and transportation of the scraps to our facilities and the transportation from the facilities to the designated clients. This division maintains close contact within the entities within the supply chain, relaying information, coordinating between parties, and ensuring the right technologies, resources, and manpower are available when required for operations.





# Al Qaryan Steel



AQ Steel is a subsidiary company established in 2016. AQS has a steel manufacturing plant with the capacity of 300,000 TPY of steel billets.

As of present, AQS has an expansion plan in place as it aspires is to close the loop of production as a part of Al Qaryan's journey towards circular economy. The expansion plan will include the additional production 300,000 TPY of billets and 600,000 TPY of rebar.

In 2022, the sole product produced at AQ Steel was 130x130 square billets of construction steel quality. By December of 2023, the expansion of the steel company into rebar production is expected to be functional.



# Al Qaryan International



Specialized in the trading of primary and secondary metals, Al Qaryan International is our trading company that engages with our clients and partners across the globe in over 31 countries.

Launched in 2021, AQ International operates as an intermediary and a facilitator to enable the purchase and trading of scraps and processed material internationally from one entity to another. The materials traded include products such as metals and petrochemicals, or any other commodities in the market such as raw material, scrap, component, semi-product, and finished product. Maximizing from the advantages offered by the current period of globalization and AQ International's advantageous geographic location (Dubai, UAE), materials are purchased from one supplier and sold to the next. Our role as a business allows for our suppliers to be more sustainable because it allows them to achieve their targets and fulfill the requirements without procuring new products from mines that will result in deprecation of the environment.

## Key Highlights



Launched in 2021



Global Reach to 150+ Suppliers



Global Reach to 250+ Customers



30 Skilled Talents



# Al Qaryan International

At Al Qaryan International, full responsibility is assumed for each transaction from the point of origin to the point of delivery to the customer. We ensure the right governance in our processes, packed by conducting surveys (Know Your Customer) (KYC) with suppliers to ensure they possess a recycling trade license, compliance with government rules and regulations, and possess the right certifications for waste recycling etc.

Moreover, when trading hazardous materials precautionary measures are taken as a part of our social responsibility to ensure that the suppliers have the right approvals to manage and export the materials, consumers have the right approvals to consume and handle the materials.

Our grievance mechanism has enabled the reception of beneficial customer feedback, the main complaints received include the following:

- Quality of material
- Quantity of material
- Shipment duration

Complaints about the quality of the materials obtained in comparison to the client's expectations are the most common type of feedback received through our grievance mechanism. The primary issue affecting our operations is the lack of transparency in the supplier's operations, which has an adverse effect on the general customer experience. Overall, implementing various measures to acquire more control in our supply chain in the future will allow more prosperous and successful operations.



## Americas

United States

Brazil

## Europe

United Kingdom

Spain

France

Netherland

Germany

Sweden

Bulgaria

Turkey

## Middle East

Kingdom of Saudi Arabia

Bahrain

UAE

## Asia

India

Pakistan

China

Hong Kong

Vietnam

Singapore

Taiwan

Japan

Korea



# Awards, Certification, and Recognition

The exceptional quality of our products, excellent customer service, and commitment to the community and environment have been recognized and rewarded by numerous groups and bodies in the industry.

## Awards and Recognition

Best Metal Recycling Company in the Middle East (MEWAR), 2018 | 2019 | 2021 | 2022

## Certifications



**ISO:9001**  
Quality Management Systems



**ISO:14001**  
Environmental Management Systems



**ISO:45001**  
Occupational Health and Safety



## Best Metal Recycling Company in the Middle East

2018 | 2019 | 2021 | 2022



# Managing Al Qaryan's Approach to Sustainability

Stakeholder Engagement

Materiality Analysis

Our Sustainability Framework



## Navigating Al Qaryan's Sustainability Journey



The aim of establishing a rigid sustainability management approach is to ensure that our business operates in a manner that efficiently utilizes the available resources while also remaining environmentally, socially and economically sustainable.

In Al Qaryan's approach to sustainability management, our long-term goal is to embed sustainability practices as we ensure adherence and compliance with local and international sustainability regulations. Currently our priority is to set the foundation, standard, and framework for sustainability management and adhere to them at highest level. Implementing such a drastic change will facilitate our development as a business and mitigate the risks in order to maintain our status in the industry and endeavor towards longevity.



## In 2022

We continuously worked towards building and establishing our approach, we adopted and implemented various initiatives that align with the Saudi Vision 2030, the UN SDGs and the Saudi Green Initiative.

## In 2023

We will be launching our sustainability strategy and policies that will be implemented in Al Qaryan Group. Although our efforts are mostly centered on the community, environment, and governance aspects of sustainability, we aim to expand our realm and incorporate sustainability into the various aspects of our operations. We are constantly working to achieve our vision to become the local and regional lead for sustainability and implementing sustainability practices.





The Saudi Green Initiative (SGI) is an important pillar that guides the sustainability operations of various organizations across the kingdom. The SGI aims at combatting climate change and environmental degradation while promoting emissions reduction and offsetting, clean energy usage, and the energy transition. Under SGI, the Kingdom is committed to attaining net zero emissions by 2060. The SGI also incorporates initiatives such as planting 10 billion trees in Saudi Arabia over the next decade. Moreover, the SGI overall encourages the implementation of sustainability practices and technologies in various sectors across the Kingdom.



Established by the Council of Economic and Development Affairs, the Saudi Vision 2030 is focused on the transformation of the Saudi economy to a more modern, diverse, and knowledge-centered economy. Through the lens of the vision, Saudi Arabia is sought to become a more prosperous, stable, vibrant, and competitive society on the business front and additionally, a global leader of sustainability in the 21st century.












Set in place by the United Nations, the UNSDGs are a set of 17 comprehensive goals that target enhanced sustainability performance across the globe. The UNSDGs serve as a framework to guide, track and assess sustainability performance. These goals target various facets of sustainability including the social aspects such as hunger, poverty, discrimination, gender equality, good health and wellbeing, and education. The UNSDGs also target the environmental aspect of sustainability which includes climate change, biodiversity on land and water, and the environment. Governance is also an important aspect of the sustainable development goals and is incorporated through the aims of establishing peaceful and fair institutions.

# Stakeholder Engagement

Stakeholder engagements with various internal and external stakeholders was conducted in order to obtain their insights, identify sustainability priorities for Al Qaryan, determine gaps, and rank the material topics based on their relevance to our operations.

Engaging with our stakeholders is a key and integral aspect of our processes and enabled us to expand our understanding on the material issues that relate to Al Qaryan as a business. Taking into consideration the perspectives of our various stakeholders enables us to make better overarching decisions, enhance our risk management, improve our reputation and ensure long-term support from stakeholders. Stakeholder groups identified for the scope of this report are listed below:

-  Board
-  Top Management
-  Branch Management
-  Employees
-  Suppliers
-  Key Clients
-  Financial Institutions
-  NGOs & Community
-  Government Entities

# Materiality Analysis

The first step in sustainability reporting is the materiality assessment, which involves identifying and evaluating material issues that could potentially impact Al Qaryan as a business.

An economic, environmental, governance, or social issue that Al Qaryan potentially has an impact on or is impacted by was identified and assessed. These topics, referred to as material topics, substantially influence the assessments and decisions of stakeholders. These issues

are a reflection of an organization's attempts to promote sustainability and their focus areas when it comes to environmental, social, and governance related issues. Through the materiality analysis, material issues are selected based on the company's operations, corporate profile, industry, practices, and the local context.

For the 2022 sustainability report, a benchmark analysis was conducted with the selected peers in order to obtain an understanding of the various material priorities in the recycling industry both locally, regionally and on a global scale. Upon conducting the benchmarking, against the sectoral peers, the material topics were identified, assessed and mapped as per various sustainability standards including the GRI, the SDGs, and UNGC. Additionally, the country context as well as national frameworks such as the Saudi Vision 2030 were taken into consideration when deciding on the pertinence of the subjects.



## Material topics

Environment	01	Waste Management
	02	Circular Economy
	03	Climate change
	04	Energy Efficiency & Consumption
	05	Water Management
Social	06	Local Content
	07	Talent Attraction & Retention
	08	Community Engagement
	09	Diversity & Inclusion
	10	Human Rights/ Labor Rights
	11	Occupational Health & Safety
Governance	12	Corporate Governance
	13	Risk Management
	14	Technology & Innovation
	15	Product Quality & Stewardship
	16	Business Integrity & Ethics



# Our Sustainability Framework

As a part of the Sustainability Strategy at AI Qaryan, the sustainability framework was established to identify the focus areas. The identification of these focus areas will allow AI Qaryan to channel its sustainability efforts into key areas that have been identified as potential areas of improvement during the analysis, stakeholder engagements, and assessment processes. The sustainability strategy takes into consideration the environmental, social and governance related aspects that are deemed of utmost relevance throughout AI Qaryan's Sustainability Journey.

The framework is comprised of pillars, commitments, and KPIs that AI Qaryan will utilize to monitor and track its sustainability performance in the future. Upon the identification of KPIs the targets will be set, which will allow for AI Qaryan to manage its sustainability performance and continuously strive to attain these new horizons. The framework will also facilitate communication with both internal and external stakeholders on the subject of AI Qaryan's sustainability focus.

## Mitigating Environmental Impact

Striving towards the mitigation of environmental impact in order to protect natural resources while ensuring regulatory compliance.

### Material Topics and Commitments

#### Circular Economy

Waste Management and Reduction  
Product & Material Circulation

#### Water Management

Measurement and Monitoring  
Water Efficiency

#### Climate Change

Emissions Management  
Air Pollution Management  
Green Initiatives

#### Energy Efficiency & Consumption

Renewable Energy  
Equipment, Plant, & Facilities

## Enriching Our Community

Ameliorating our community through various initiatives and fostering our ties with the community to build long lasting relationships and a sturdy network.

### Material Topics and Commitments

#### Local Content

Supply Chain Localization  
Employee Localization

#### Diversity & Inclusion

Employee Localization  
Women Empowerment  
People with Disabilities

#### Community Engagement

Maintaining Effective Partnerships  
Community Development Initiatives  
Charity



## Enhancing Market Positioning

Forming a well-structured governance that enables the integration of responsible business practices in our operations and showcases our commitment to operational excellence.

### Material Topics and Commitments

#### Quality & Stewardship

Quality Management  
Product Development

#### Technology & Innovation

Research & Process Innovation  
Digitalization

## Managing Human Capital

Building a well-established and dynamic work environment that nourishes its employees and appeals to prospective employees, while inspiring and propelling employee development & fulfillment.

### Material Topics and Commitments

#### Talent Attraction & Retention

Learning & Development  
Employee Engagement

#### Occupational Health & Safety

Labor Safety & Protection  
Employee Wellbeing

#### Human Rights

## Building Resilient Governance

Committing to continuous growth and development. Thereby ensuring reliability in the quality of our services and semi processed goods, while working towards forward integration.

### Material Topics and Commitments

#### Corporate Governance

Regulatory Compliance  
Board Accountability  
Data Privacy & Cybersecurity

#### Business Integrity and Ethics

Openness & Transparency  
Reporting

#### Risk Management

#### Bribery & Anti-Corruption

# Governing with Resilience

Al Qaryan Group Board of Directors

Board Committees

Business Ethics & Legal Compliance

Internal Audit



Fostering Sustainability Through Resilient Governance



At Al Qaryan Group, we believe that effective governance is critical to the success of our business. We strive to upholding the highest standards of business ethics, transparency, and accountability in all of our operations. In this chapter, we will delve into our Executive Management Team, Committees, and Legal & Compliance areas, which encompass Business Integrity & Ethics, Risk Management, Corporate Governance, Bribery & Anti-Corruption.

## Al Qaryan Group Board of Directors

Our Board of Directors is composed of highly experienced professionals, who are committed to setting the strategic direction of Al Qaryan, monitoring operations, and ensuring our success. The Board is responsible for the supervision of the company's affairs, in accordance with the principles of transparency, ethical conduct, and good governance.

The Board of Directors is composed of seven members with diverse backgrounds and expertise, including our Chairman, Mr. Mohammed Al Qaryan, who serves as a non-executive member.

We have Mr. Hamoud Al Qaryan as our Vice Chairman and Mr. Fahaid Al Qaryan as an Executive Member. In addition, we also have Mr. Abdulrahman Al Qaryan, who serves as a non-executive member.

Moreover, we have three independent members on our board who contribute valuable expertise. They include Mr. Hazem Al Mubarak, Mr. Bader Al-Reziza, and Mr. Mohammed Bamaga.

The Board of directors at Al Qaryan are deeply committed towards sustainability and are actively involved in its integration into the company's business operations. As of present, AQG is currently developing policies, frameworks, and an integration plan to ensure sustainability becomes an

essential aspect of their organizational values and strategy in 2023. The Board's dedication and commitment exemplifies their role as leaders in progressive corporate governance, striving for a future where sustainability drives the company's enduring success.

### Composition of the Board of Directors of Al-Qaryan Group

MEMBERS	TITLE	OTHER MEMBERSHIP	TENURE
Mohammed Al Qaryan	Chairman Non-executive Member		According to the board tenure
Hamoud Al Qaryan	Vice Chairman	AQG BOD Audit Committee AQH Audit Committee AQG	
Fahaid Al Qaryan	Executive Member	AQ Logistics BOD Audit Committee AQH Audit Committee AQG	
Abdulrahman Al Qaryan	Non-executive Member	NRC AQG	According to the board tenure
Bader Al Reziza	Independant Member	AQG BOD NRC AQH NRC AQG	
Hazem Al Mubarak	Independant Member	NRC AQH NRC AQG	
Mohammed Bamaga	Independant Member	AQG BOD Audit Committee AQH Audit Committee AQG	

# Board Committees

## Al Qaryan Group Board Committees

Our Board Committees are composed of a diverse group of individuals who bring a range of skills and experiences to the table and play an integral role in supporting our governance framework.

Our Board Committees are committed to upholding the highest standards of corporate governance and ensuring that we are well positioned to meet the evolving needs of our stakeholders. We believe that the diversity of perspectives present within our community is key to our long-term success.

### Al Qaryan Group Board Committees



#### Audit Committee

Our Audit Committee is comprised of two executive members and one non-executive member. The Audit Committee role is risk oversight. It is responsible for overseeing the management of financial risks, compliance program, and legal risks and focusing on financial reporting process, internal controls, and risk management practices of the company



#### Nominations & Rewards Committee

Our Nominations and Rewards Committee includes two independent members of the Board, and one non-executive member. The Nominations and Rewards Committee is responsible for identifying and recommending qualified individuals to serve on the Board of Directors and its Committees. It also oversees the development and implementation of our compensation and benefits programs, ensuring alignment with our overall business strategy and values.

# Business Ethics & Legal Compliance

## Al Qaryan Group's Policies & Procedures for Promoting Ethical Behavior

At Al Qaryan Group, we are committed to the highest standards of business ethics and complying with all relevant laws and regulations. We have established several policies and procedures to ensure that we are operating in compliance with applicable laws, regulations, and industry standards.

### Business Integrity & Ethics

We have established a Business Integrity & Ethics policy to promote ethical behavior and prevent unethical conduct within our company.



### Risk Management

We have a robust risk assessment approach in place to identify the potential risks and challenges faced by each department. We are aiming to develop a risk management framework which incorporates mitigation strategies to identify, assess, and mitigate risks that may impact our business.



### Corporate Governance

We have established a Corporate Governance policy to ensure that we are operating in compliance with relevant laws, regulations, and industry standards. The policy outlines our commitment to transparency, accountability, and fairness in all our operations, and it provides guidelines for reporting any concerns related to corporate governance.



### Bribery & Anti-Corruption

We have a zero-tolerance policy for bribery and corruption, and we are committed to complying with all relevant laws and regulations related to anti-bribery and anti-corruption. We have established policies and procedures to prevent bribery and corruption within our company, and we provide training to our employees on these policies and procedures.





## Mitigating Risks & Ensuring Compliance

The Legal and Contracts team at Al Qaryan Group has implemented various initiatives to manage risks and mitigate legal issues in the organization. A new division was established in 2022 for contracts management to diminish legal and contractual risks that may arise from ongoing contracts. In our operations and practices, we have also undertaken compliance with the Ministry of Justice, Ministry of Commerce, and the Chamber of Commerce.

One case study is the new contracts management division added as a sub-division to the legal department, which manages the risks between Al Qaryan and other companies. This initiative has standardized contracts for departments' daily needs, while complying with the laws and regulations of Saudi Arabia and internationally recognized regulations. They have also made a contract management system, using contract management plans after the signature of contracts and close-out forms at the expiry of those contracts.

Al Qaryan Group respects the Board of Grievances on the legal framework and the judicial frameworks for Saudi Arabia. Any grievances concerning the rights of the community, the member of the public holds full right to adjudication and achieving the required justice. Regarding incidents of discrimination, no data is available on the total number of incidents and corrective actions taken by the Legal and Contracts team in 2022.

At Al Qaryan Group, we believe that good governance is essential to the success of our business. We are committed to maintaining the highest standards of business ethics, transparency, and accountability in all our operations. We have established a robust governance framework, including our Executive Management Team, Committees, and Legal & Compliance policies and procedures, to ensure that we are operating in compliance with relevant laws, regulations, and industry standards. We will continue to review and update our governance framework to ensure that it is effective and aligned with our overall strategy.



## Internal Audit

Managing Internal Audit ensures Al Qaryan's internal controls are efficient and effective in mitigating risks. In 2022, the audits were conducted according to the policies and procedures in place.

Al Qaryan's audit process exemplifies a meticulous application of a risk-based approach, wherein risks are evaluated in alignment with the organization's broader business strategy and objectives, thus ensuring accordance with the company's strategic vision and long-term success.

Our operations align and comply with the COSO framework, and the International Professional Practices Framework (IPPF) issued by IIA, which provides assurance to stakeholders that our operations are up to industry standards. Moreover, various policies and procedures in line with best practice were developed across different departments and are currently in the final stages of approval.

The initiatives ensure that the organization's internal controls are efficient and effective in mitigating risks, and the policies and procedures are regularly updated to meet current best practices.



# Overseeing Our Human Resources

Diversity & Inclusion

Women Empowerment

Local Content

Talent Attraction & Development

Labor Practices

Health, Safety & Wellbeing

Grievance Mechanism



Nurturing Empowered, Diverse Talent  
for Sustainable Growth





## Our Human Resources

Human Resources Management (HRM) is a critical aspect in Al Qaryan's approach to sustainability and is a key element in Al Qaryan Sustainability Framework. At Al Qaryan, we take pride in our efforts towards the prioritization of our employees' needs and wellbeing while ensuring that we continuously endeavor towards enhancing the working conditions for our employees. Successful Human Resources Management facilitates an environment

for employees to work more efficiently, improve overall performance and proficiency, and positively impact the organizational culture and morale of employees. Moreover, another key aspect of proficient business performance is the possession of the right skills and competencies, establishment of clear processes in the operations, attribution of defined responsibilities, and providing a clear measure of performance and rewards.

## Diversity & Inclusion

Diversity and inclusion refers to the commitment to fair treatment and opportunity for all, active eradication of prejudice and discrimination, and appreciation of people's differences. Fostering the creation of a culture of respect and understanding for employees emerging from a range of backgrounds will allow employees to grow and flourish in an environment where they are nurtured.

At Al Qaryan, we believe in diversity and inclusion as we are keen to support equal opportunities for all and we implement equal talents procedures in our recruitment process, enabling distinctive career paths for all employees. As a part of our approach to hiring, we are open to the recruitment of multinationals, we currently stand at about 20 nationalities. These efforts facilitate the establishment of a multicultural society in our company and promote the variety of experiences and skills in different knowledgeable and technical aspects. Al Qaryan is targeting gender diversity through the empowerment of female employees with hopes of ameliorating the culture and providing perspective across the board. In 2022, the number of female employees reached 50 working in several disciplines. Moreover, we aim to develop our female workforce to allow them to occupy leadership professions in the future. Additionally, we are also dedicated towards the growth and development of our employees with disabilities. We currently have around 36 disabled employees that are provided access to all the facilities in the work environment. Prior to hiring any new employees, the value is reviewed to ensure that the right talents have been selected to meet the requirements. More importantly, hiring and developing young Saudi talents is crucial for Al Qaryan as a business. Another important aspect of the hiring process is to ensure that we fulfill the Saudization requirement set in place by the government.

### Wages and Remunerations | 2022

202-1 Relevant ratio of the entry level wage by gender at significant locations of operation to the minimum wage. Equal

405-2 Ratio of basic salary and remuneration of women to men Equal

Employment **by Contract**

	2020	2021	2022
<b>Full-time Employees</b>	<b>1015</b>	<b>1248</b>	<b>2061</b>

Employment **by Level**

	2020	2021	2022
<b>Top Management</b>	<b>8</b>	<b>9</b>	<b>11</b>

	2020	2021	2022
<b>Middle Management</b>	<b>29</b>	<b>39</b>	<b>47</b>

Employment **by Skill**

	2020	2021	2022
<b>White collar Employees</b>	<b>229</b>	<b>301</b>	<b>440</b>

	2020	2021	2022
<b>Blue collar Employees</b>	<b>502</b>	<b>659</b>	<b>1253</b>

Employment **for People of Determination**

	2020	2021	2022
<b>People of Determination</b>	<b>17</b>	<b>19</b>	<b>36</b>

## Total number of workforce by age group

405-1-Diversity of governance bodies and employees	2020	2021	2022
Under 30	123	230	612
30-50	785	907	1315
over 50 years old	107	111	134
Total	1015	1248	2061

## Employee Turnover Rate

401-1-Total number of employee per category/level	2020	2021	2022
Total number of employees who left the organization	355	144	238
Workforce Turnover rate	20%	10%	10%
Total number of employees who left the organization (female)	4	3	6
Total number of employees who left the organization (male)	351	141	232
Total number of employees who left the organization Under 30	50	30	77
Total number of employees who left the organization (31-50)	280	97	142
Total number of employees who left the organization over 50 years old	25	17	19
Total number of employees who left the organization (Top Management)	1	1	0
Total number of employees who left the organization (Middle Management)	49	64	56
Total number of employees who left the organization (Staff)	156	79	182



### New Employee Hire

401-1-Total number and rates of new employee hires and employee turnover by age group, gender, and region	2020	2021	2022
Total number of new employees who joined the organization	95	266	865
Total number of new employees who joined the organization (female)	2	6	16
Total number of new employees who joined the organization (male)	93	260	849
Total number of new employees who joined the organization Under 30	14	117	418
Total number of new employees who joined the organization (31-50)	66	140	422
Total number of new employees who joined the organization over 50	15	9	25
Total number of new employees who joined the organization (Senior Management)	2	1	2
Total number of new employees who joined the organization (Middle Management)	3	10	8
Total number of new employees who joined the organization (Staff)	62	214	728

### Employment by Level

	2020	2021	2022
HSE COOP trainee	0	4	7
Recruitment interns	1	1	0

## Women Empowerment

Women constitute a large percentage of the population in Saudi Arabia, however, as of 2022, only 22% of women were employed according to the World Bank.

Promoting women's empowerment is at the core of KSA Vision 2030 and is an enabler for a more cohesive work culture as it results in exposure and access to a wider array of perspectives, skills, and experiences which will lead to the betterment of Al Qaryan as a business overall. As a part of Female empowerment, the training and development of female employees for their growth and eventual rise in the corporate ladder to attain top management positions is very important. Moreover, female employees organized, held and participated in most of Al Qaryan's conferences and voluntary campaigns thereby reflecting the confidence that Al Qaryan's top management has in its female employees and their ability to manage the business effectively and honorably. In addition, initiatives such as the Summer COOP program for female students, pre-employment training (Tamheer program supported by HRSDM) for graduated students from local universities and colleges throughout the regions of the Kingdom allow us to contribute positively towards the empowerment of women at Al Qaryan and beyond.

The table below shows cases the employment by gender, parental leave and the number of female employees that were provided training in 2022.

### Employment by Gender

405-1-Diversity of governance bodies and employees	2020	2021	2022
Female Employees in the workforce	34	38	52
Male Employees in the workforce	981	1,210	2009
% of Female Employees in the workforce	3.35	3.04	2.52
% of female in Middle Management	0	2.56	2.13
% of female in Top Management	0	0	0

**Parental Leave**

401-3-Parental Leave by Gender	2020	2021	2022
Number of male employees that were entitled to parental leave	237	298	416
Number of male employees that actually took parental leave	1	2	5
Number of male employees that came back to work after completion of parental leave	1	2	5
Number of male employees who returned to work after parental leave ended who were still employed twelve months after their return to work.	1	2	5
Retention rate for male employees who went on Parental Leave	1	2	5
Number of female employees that were entitled to parental leave	34	38	52
Number of female employees that actually took parental leave	2	0	0
Number of female employees that came back to work after completion of parental leave	2	0	0
Number of female employees who returned to work after parental leave ended who were still employed twelve months after their return to work.	2	0	0
Retention rate for female employees who went on Parental Leave	2	0	0

Training for Female Employees (2022)		
ISO Training		7
Time Management		14
Leadership Management		10
First Aid		4
Government Relation Management		2

# Local Content

Al Qaryan places great emphasis and priority on local content as a part of its strategy and approach to human resources management.

Led by the Local Content and Government Procurement Authority, local content aims at the development of the national economy through the involvement of various economic segments including different individuals, the private sector, and the public sector. The goal is to ensure the preservation of the largest possible expenditure within the Kingdom through investing in its human capital as well as its goods and resources. Al Qaryan aspires to improve its performance regarding local content in various elements such as assets, labor, goods, services, technology, and others. In order to improve our local content, the training of Saudi employees is important to empower them as they strive to attain new heights. More importantly, hiring and developing young Saudi talents is crucial for Al Qaryan as a business as we take part in building

our future leaders. Another important aspect of the hiring process is to ensure that we fulfill the Saudization requirements set in place by the government. Al Qaryan makes good efforts and continuously pursues Saudization across all departments. Al Qaryan is keen to attract national competencies in all disciplines, including engineers, administrators, technicians, accountants, legal employees, and safety officers to enhance its performance when it comes to local content, achieve the commitment of localization percentage.








	Local Content Score	Local Content Export Revenue
Al Qaryan Steel (2021)	<b>50.21%</b>	<b>60.21%</b>
Al Qaryan Group (2021)	<b>35.03%</b>	<b>45.03%</b>



### Employment by Nationality

405-1-Diversity of governance bodies and employees	2020	2021	2022
Local employees in the workforce	192	266	353
Expatriate employees in the workforce	823	982	1708
% of Locals in the total workforce	18.92	21.31	17.13
Number of nationalities in the workforce	16	19	21
Percentage of middle management hired from the local community	17.54	19.95	16.21
Percentage of senior management hired from the local community	34	38	52

Training for KSA Employees (2022)

	Applied course in HR Management	8
	Time Management	18
	Leadership Management	15
	First Aid	29
	Government Relation Management	3



# Talent Attraction & Development

Another key aspect to Al Qaryan's sustainability strategy is the attraction and development of talent with aspirations of positively contributing to Saudi Arabia's human capital.

Talent attraction and retention encompasses a work environment wherein employees can grow personally and professionally and develop careers that are rewarding and engaging. Additionally, it also requires the instilment of a workspace and culture that is appealing for prospective employees.



## The trainings provided to our employees in 2022

VAT Training	Creativity and innovation in career	ISO 9001:2015
Time Management	Determining Training needs and coordinating training Operation	Applied course in HR Management
First Aid	Government Relation Management	Leadership Management





404-3-Percentage of employees receiving regular performance and career development reviews

Employees receiving regular performance and career development reviews

**FEMALE** | % of workforce

2021 **0.88** 2022 **0.82**

**MALE** | % of workforce

2021 **58.12** 2022 **52.71**

**TOTAL** | % of workforce

2021 **59** 2022 **67.34**

#### Training Company-Wide

404-1-Average hours of training per year per employee	2020	2021	2022
Total number of Training for females (hours)	45	68	106
Total number of Training for males (hours)	39	68	106
Total number of Training for total workforce (hours)	84	136	212
Average hours of training per year per female employee	11	34	17.70
Average hours of training per year per male employee	13	34	17.70
Average hours of training per year per employee	12	34	17.70
Total Cost of Training (SR)	17,020	31,510	52,670
% of employee that went through a Human Right related training	0	0	0





## Labor Practices

The majority of our employees at Al Qaryan are blue collar workers that constitute the manpower that drives the processing in our facilities.

As a part of our recruitment strategy, we are targeting youth aged between 25-35 for the blue-collar level. Consequently, the approach established towards human rights and labor practices is of utmost importance and allows us to maintain our reputation as a responsible, accountable, transparent, and fair organization. Our operations and practices are in alignment with the Saudi Labor Laws. In 2022, there were no reported operations considered to pose significant risk of forced and compulsory labor. Moreover, none of our operations were subjected to human rights reviews or impact assessments. In the drafting of contracts, no human rights clauses were incorporated nor was there any human rights screening conducted. Among our top priorities in the future include improving our diligence and meticulousness in our approach to human rights while increasing employee awareness.

A significant aspect of our processing is handled by blue-collar workers who manage the material from the reception to the transformation and processing stage. In alignment with the QHSE department and the regulations in place, we strive to ensure regulatory compliance.

## Health, Safety & Wellbeing

At Al Qaryan, we uphold a strong adherence to health and safety measures to protect the health of our employees and minimize any work-related incidents.

We foster the creation of an empathetic work culture that addresses the holistic wellbeing of our employees while taking their human and labor rights with fair treatment and wages into utmost consideration. We provide our full-time employees at Al Qaryan with benefits in order to cultivate an environment where employees are at ease and able to thrive.

### Benefits for full-time Employees



Employee Loans



Yearly Bonus



Commission (monthly, quarterly)





## Occupational Health and Safety

403-9 Health & Safety Metrics	2022
Total worked hours	4,248,318
Total worked safe hours	4,248,318
Number of lost time injuries (LTIs)	0
Lost Time Injury Frequency Rate (LTIFR)	2.589
Number of lost days from LTIs	0
Lost Time Injury Severity Rate (LTIFR)	0.518
Number of near misses	41
Number of permanent disabilities	0
Average health and safety training hours per employee	920
Number of toolbox trainings attendees	1845
Number of unsafe acts	1,527
Number of unsafe conditions	547
Corrected unsafe condition	320
Fire incidents	16

Safety has been prioritized over the past years of our operations. Our rigid Occupational Health and Safety Management has been reflected in our efficient operations, engaged workforce, profitable workplace and ethical practices. We have adopted the Integrated Management System which is comprised of ISO 9001 Quality Management, ISO 14001 Environment Management and ISO 45001 Occupational Health and Safety Management. We have established Hazard Investigation Procedures and Corrective Action Procedures in place for our operations. Control of Substances Hazardous to Health (COSHH) Regulations are also implemented at Al Qaryan as a part of risk mitigation to prevent or effectively regulate exposure to substances that are harmful to health in order to avoid illness. Periodic internal audits and observations are also conducted to enhance the HSE culture and simultaneously prevent future incidents. In addition, we conduct Medical Fitness Reports to ensure the fitness of our employees, verify the presence of chronic, communicable or infectious diseases, and eliminate potential threats to manpower. Moreover, we also conduct periodical surveys on the IMS-P-32, Communication Participation and Consultation Producers and Safety Culture, to ensure communication with employees and considering their perspectives.

Training is also provided to our employees under the IMS. HSE Training Procedure and Human Resource Training are made available to train employees in occupational health and safety. A matrix plan is also prepared for HSE and other legal requirements.

## Grievance Mechanism

A grievance mechanism is a process that offers a concise and open structure for handling complaints about workplace issues. We are currently working on the establishment of our own grievance mechanism which will allow for our employees' perspectives to be taken into account and for changes to be implemented accordingly. Consequently, fostering the creation of a healthy work environment.

Al Qaryan has a robust grievance mechanism in place to ensure that customer complaints are resolved in a concise, prompt, and efficient manner. A key step to our grievance mechanism is ensuring to record all the details, verifying the facts regarding the complaints, and monitoring our records. Upon the identification of the issue, discussions are held for a resolution and immediate action, while taking steps to mitigate the chances of a recurrence and ensure customer satisfaction. Moreover, we maintain contact with clients to share market benchmarks and updates from the international market on a regular basis as well as market readings and raw material prices. Complaints received from customers are primarily categorized into quality, weight, non-performance, and delay of shipment. We coordinate directly with the QC team and loading yard to verify claims and forward a detailed report of the claim, along with photos or analysis, to the loading yard for reference purposes. We demand monthly feedback from customers regarding the quality, services, and material weight delivery to improve their team's customer service performance. In order to maintain transparency, solicit feedback, and ensure openness we have employed an omnichannel customer service approach.

# Engaging with Our Community

Community Initiatives

Community Engagements

Customer Relations



Building Thriving Communities Through Collaboration and Positive Impact



As a unique recycling business, one of its kind in the Kingdom, Al Qaryan plays an important role within the community.

Our impact on the local community is showcased directly through our role as a recycling entity. As we grew in an industry with limited recyclers, we focused on the recruitment of local talents, the elevation of the client experience, and the amelioration of our environment. The valuable insights provided.

Overall, community engagement is imperative to our success in the industry as it enables the establishment of strong ties and relationships, improved collaboration with stakeholders, enhanced reputation throughout the kingdom, ensures regulatory compliance, and increased innovation with the valuable insights provided.

## Community Initiatives

At Al Qaryan, leaving a positive impact in the communities that we operate is of utmost importance.

When it comes to the community initiatives that we engage in, we have a holistic approach to supporting the kingdom in its various environmental, social, and educational aspirations. Our efforts are channeled based on where the demand and need for action lies with regards to the development in our communities. Most of the opportunities and initiatives are selected as per vision 2030 and the SDGs. As we embark on various different initiatives, we ensure to maintain a strong communication with the partners and the beneficiaries to understand and ensure the extent of the impact. Volunteering is also an important aspect of our work with the community, and we continuously aim to encourage our colleagues across Al Qaryan to take part in various events.

A total of 21 initiatives were undertaken by Al Qaryan's Corporate Social Responsibility Team in 2022. Our work with the community is categorized based on the cultivation of awareness and social responsibility. The cultivation of awareness reflects events that align with expanding the mindset and knowledge of the local community in order to bridge the knowledge gap present and collectively culminate towards sustainable development. The initiatives under social responsibility encompass those initiatives that benefit society and add value to the individuals involved.

### Planning for the Future

In 2023, we will strive towards creating a more rigid structure, strategy and approach to how social responsibility is conducted at Al Qaryan. This new framework will take the Kingdom's priorities into consideration and those set by the Social Responsibility Council. We also aspire to involve our employees in the journey towards

sustainability by linking compensation to ESG performance. Formulating the link between sustainability efforts of our employees to the payment will encourage interdepartmental efforts towards sustainability and ensure the materialization of the changes we aspire to attain.

ACTIVITY	PURPOSE	BENEFICIARY	SDGs
Sabic Student Summer Camp Recycling Competition operational and awareness support	Cultivating Awareness	SABIC	11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 15 LIFE ON LAND
Sponsorship of E-Waste Recycling Awareness Campaign (Arab Environmental Day)	Cultivating Awareness	Irtiqa	11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 15 LIFE ON LAND
Sponsorship of Mangrove Plantation (500 trees)	Cultivating Awareness	Petro Rabigh	11 SUSTAINABLE CITIES AND COMMUNITIES, 13 CLIMATE ACTION, 15 LIFE ON LAND
Sponsorship of Petro Rabigh Environmental Award 2022	Cultivating Awareness	Petro Rabigh	13 CLIMATE ACTION, 15 LIFE ON LAND
Ocean Dive Cleanup Initiative	Cultivating Awareness	QHSE	13 CLIMATE ACTION, 14 LIFE BELOW WATER, 15 LIFE ON LAND

ACTIVITY	PURPOSE	BENEFICIARY	SDGs
Ehsan Foundation	Social Responsibility	Ehsan foundation	10 REDUCED INEQUALITIES, 11 SUSTAINABLE CITIES AND COMMUNITIES
Donation for National Charity Campaign (Ehsan) 1 Million	Social Responsibility	The National Charity Campaign Ehsan	1 NO POVERTY, 11 SUSTAINABLE CITIES AND COMMUNITIES
Donation for Orphan Housing Units	Social Responsibility	10 Families	10 REDUCED INEQUALITIES, 11 SUSTAINABLE CITIES AND COMMUNITIES
Sponsorship for Saudi Foundation for People with Disabilities in Mecca	Social Responsibility	Saudi Association for Special Education	3 GOOD HEALTH AND WELL BEING, 10 REDUCED INEQUALITIES, 11 SUSTAINABLE CITIES AND COMMUNITIES
Ramadan Iftar Camps (6 locations)	Social Responsibility	AL Qaryan Ramadan camp served 4,600 meals a day and awarded 9 umrah trips	2 ZERO HUNGER, 11 SUSTAINABLE CITIES AND COMMUNITIES
Hospitality of the Holy Mosque of Makkah all year	Social Responsibility	11,000 iftar/a month	2 ZERO HUNGER, 11 SUSTAINABLE CITIES AND COMMUNITIES
Hajj Meal Provision	Social Responsibility	2000 meals	10 REDUCED INEQUALITIES, 11 SUSTAINABLE CITIES AND COMMUNITIES
Mosques Hospitality Support & Maintenance	Social Responsibility	5 mosques	11 SUSTAINABLE CITIES AND COMMUNITIES
Sponsorship of Quran Recitation Classes	Social Responsibility	172 students	10 REDUCED INEQUALITIES, 11 SUSTAINABLE CITIES AND COMMUNITIES

ACTIVITY	PURPOSE	BENEFICIARY	SDGs
Financial Aid Provision	Social Responsibility	1915 families	1 NO POVERTY, 10 REDUCED INEQUALITIES, 11 SUSTAINABLE CITIES AND COMMUNITIES
Charity Basket Provision	Social Responsibility	329 families	1 NO POVERTY, 10 REDUCED INEQUALITIES, 11 SUSTAINABLE CITIES AND COMMUNITIES
Sponsorship of Orphans	Social Responsibility	100 orphan	1 NO POVERTY, 10 REDUCED INEQUALITIES, 11 SUSTAINABLE CITIES AND COMMUNITIES
Financial Aid to fulfill Household Expenses	Social Responsibility	12 families	1 NO POVERTY, 10 REDUCED INEQUALITIES, 11 SUSTAINABLE CITIES AND COMMUNITIES
House Renovation	Social Responsibility	4 families	1 NO POVERTY, 10 REDUCED INEQUALITIES, 11 SUSTAINABLE CITIES AND COMMUNITIES

### Mangrove Plantations

At Al Qaryan, the notions of sustainability, combating climate change and protecting natural resources are engrained into our identity as a business. In 2022, we participated in the RABIGH Mangrove Plantation Initiative. The event which took place on World Environment Day was aimed at obtaining endorsements to push with the Environmental Initiative “plantation of mangroves”. Registered under the United Nations

Environmental Program, the mangrove plantation took place across the coast of Rabigh Bay and will play an integral role in ecosystem protection in the nearby populated areas and coastal communities. Moreover, mangroves plantations are essential in the combat against climate change in the Kingdom as they result in emissions reduction as they sequester carbon at a much higher capacity than terrestrial forests.



## Cultivating the Youth and Community

Our reputable years of experience have enabled our team at Al Qaryan to acquire the imperative knowledge and skills which we intend and aspire to transmit to the newer generations in hopes of planting the seed of sustainability within them. We have participated in a wide variety of awareness campaigns which include the Sabic Student Summer Camp Recycling Competition and the Sponsorship of E-Waste Recycling Awareness Campaign. In October 2022, Al Qaryan participated

in the Arab Environmental Day in partnership with Irtiq. The purpose of the event was to increase public knowledge of environmental issues and the value of recycling electronic waste, which is extremely hazardous to both human health and the environment. In the future, we hope to cultivate and increase people's awareness on the importance of recycling and the benefits for society in the long-term.



## Uplifting the Community

Leaving a strong imprint on the community we engage with and a positive impact in the livelihoods of the surrounding communities enables us to contribute towards the prosperity of the kingdom. Being implicated in the efforts that benefit our community allows us at Al Qaryan to participate in the amelioration of the standards of living. A significant portion of Al Qaryan's social responsibility is associated with enhancing

community wellbeing, building sustainable communities and reducing inequalities by targeting the disadvantaged members of society. In 2022, our participation in several national and internally-led campaigns played a role in benefiting our local community including iftar provision, sponsorship of low-income families, medical support, and education.

## Community Engagements



A continuous aspiration for Al Qaryan is to expand our visibility and build our brand recognition through the role we play in various partnerships, sponsorships, memberships and exhibitions. Our status and position in the recycling industry has enabled us to benefit from strong ties with the local government entities. As we continue to grow, we

aim to build stronger partnerships with these local entities and collaborate in future.

Moreover, we have participated in a wide variety of events in 2022 in order to acquire more insight, contribute further to the community, alleviate our notoriety towards the change and development in the waste sector of Saudi Arabia.

## Customer Relations

Our strong customer relations with notable organizations in the kingdom have enabled our business to flourish and prosper.

Our strong customer relations with notable organizations in the kingdom have enabled our business to flourish and prosper. The personalization of the experiences with each client along with our

communication, consistency and high quality of product are integral in the maintenance of strong customer relations. We strive to deepen the knowledge of our customers through environmental awareness programs. The standard and caliber of the end-to-end recycling solutions that we provide to our clients incentivizes our clients to be more efficient and mitigates further financial repercussions. The vigilance and meticulousness in the processes we have developed have also mitigated the risks of hazards and fines, allowing our customers to save more. During the pandemic, various restrictions were inflicted upon our operations. We were able to maintain customer satisfaction by ensuring regular supply and maintaining the quality.



# Achieving Environmental Sustainability

QHSE Management

Waste Management

Water Management

Energy Efficiency & Consumption

Climate Change and Emissions

Air Pollution



Preserving Our Planet Through Conservation, Innovation, and Stewardship








## Ensuring the protection and mitigation of our impact on the environment in our day-to-day operations is at the core and essence of who we are at Al Qaryan.

Our eco-centric worldview and intrinsic value we place upon the environment emulated through sharing knowledge, implementing policies, fulfilling regulatory compliance, and the adoption of new practices. We are continuously aspiring to enhance our environmental management performance and strengthen our knowledge and competencies in order to keep our environment safe.

Recycling allows for a reduction in GHG emissions, a reduction in the potential for environmental hazards, and a reduction in the quantity of waste sent to landfills. The scrap recycling industry as a whole displays a wide array of advantages to the environment and in the global combat against climate change.

Scrap recycling (rather than natural resource consumption) leads to a decrease in:

	<b>Biodiversity Loss</b>
	<b>Damage to Ecosystem Functions</b>
	<b>Deforestation</b>
	<b>Loss of Habitat</b>
	<b>Energy and Water consumption</b>

In the process of managing our environmental impact, we keep track of the fuel, electricity, water, waste, and raw material consumption that showcases our performance. The environmental data is also required by local environmental authorities on a periodic basis while allowing us to assess and monitor our operations. Tracking the data is also key to the success of our sustainability journey.

# QHSE Management

We align our QHSE strategy that aims to mitigate accidents, incidents, or near misses in the financial, moral, and legal domain with the following standards and regulations. An integral element to the establishment of our strategy is the Saudi HSE Laws and Regulations, which acts as guidance in our processes. Moreover, QHSE is also in line with the ISO 45001 standards for Health and Safety and the AQG Integrated Management System (IMS).



**ISO:9001**  
Quality Management System



**ISO:14001**  
Environmental Management System



**ISO:45001**  
Occupational Health and Safety



Total Man Hours worked:  
**13,631,426.5**



Safe Man Hours Worked Without LTI  
**4,513,412.5**



Average Manpower  
**1,845**



Fatal & Road Traffic Incidents  
**0**



First Aid Case (FAC):  
**20**



Environmental Incidents  
**19**



Property Damage Incidents  
**26**



Medical Treatment Injury  
**11**



Emergency Drills conducted  
**30**



HSE Inspections  
**665**

Our Sustainability Strategy, which is currently under development, will also encompass the approach of environment and will encompass various elements such as climate change, biodiversity, circularity, waste management, water management, energy efficiency, and emissions while taken ESG criteria into consideration.

# Waste Management



At Al Qaryan, making and incorporating environmental risk management into our systems is a continuous aspect of our project lifecycle. The implementation of solutions to minimize the negative impacts of our operations is all integrated into Al Qaryan's approach towards waste management.

Effective waste management possesses significant benefits in the long run as it facilitates:

	<b>Pollution minimization</b>
	<b>Improved public health</b>
	<b>Natural Resource Conservation</b>
	<b>Energy Conservation</b>
	<b>Economic Benefits</b>

Our business operations showcase our cognizance with regards to sustainable waste management and the necessity of these practices as we strive towards circular economy. Thus, maintaining specific systems, practices and controls are essential to the efficiency of our operations. In addition, we have also ensured to reduce the quantity of waste generated through the adoption of eco-friendly technologies. As an important aspect of our processes, we filter through the scraps received from the different entities present upstream in our value chain, in the process the materials other than those utilized in our operations are also recycled except for the chemicals. These include materials such as wood, paper, and oil.

## Waste Disposal

	2021	<b>400</b>
	2022	<b>400</b>
	2021	<b>74,282,000</b>
	2022	<b>73,591,000</b>

Moreover, various initiatives are currently in place to enhance our approach to circularity while ameliorating our vigilance towards waste-monitoring data. One of the most important steps taken was to become more rigid with our scrap suppliers, limiting the influx of hazardous materials or those that are no longer within our scope. Another measure taken in an effort to improve our waste management and make processes more efficient is the construction waste storage areas

to control any leak and safe storing. As a part of our processes, we strive to ensure the circularity of hazardous material. For instance, during the production of steel billet Zinc Oxide is the main hazardous waste generated and obtained through the dust collecting systems. The Zinc Oxide is then utilized in another cycle of production by several manufacturers. Likewise, Iron dust is also usually reused in cement industries.

## Waste Management Hierarchy






Safety is a fundamental value for us at Al Qaryan that has transcended all our practices, most notably in our hazardous waste management practices. We take pride in our high score in hazardous waste segregation and storage for chemicals. As a part of our practices, we secure agreements with authorized waste management suppliers to handle hazardous waste in compliance with environmental and regulatory requirements (NCEC, MWAN).

In order to manage nonhazardous waste, we have implemented a recycling program at our facilities by supplying bins to aid in waste segregation at the source. This program, which incorporates awareness programs, aims to persuade our staff to follow the same procedure at home in order to contribute to the goal of zero landfill. Moreover, the designated recycling facilities receive all recyclable waste, such as paper, plastic, and metal, excluding general waste.

We are able to attain and maintain such standards with hazardous waste management by implementing the following steps.

- Training staff on how to identify hazardous materials
- Training staff on how to transport and manage materials safely
- Building a hazardous storage area that matches the environmental and safety standards
- Closely monitoring and inspecting the sites on a regular basis

	Implement the EHS regulation
	Designate areas for preliminary handling of large industrial waste that contains oil and other chemicals. The recovered liquid waste is collected to be readily recycled again
	Utilize qualified contractors to remove oil or other chemical residues from our facilities



## Water Management

According to the World Resources Institute, the Kingdom of Saudi Arabia, at present, is enduring significantly high levels of water stress.

Ensuring that we take the right steps to manage natural resources in a diligent and eco-friendly manner is of utmost importance to us. More importantly, given the arid desert climate of Saudi Arabia, the critical state and scarcity of the resource, the strict water regulations in place, it is ever so more important that effective water management is implemented to minimize further

resource depletion and degradation. The majority of our recycling operations handled at Al Qaryan, do not require water consumption. The exception being the operations at AQS that utilizes cooling water.

At Al Qaryan Steel, the water is measured on a daily, weekly, and monthly basis to ensure control. We also have a water treatment plant in place at AQS to recycle the water. The plant removes a large majority of contaminants present in the water. Consequently, minimizing wastage while the rejects from the plant are further utilized for irrigation.

Overall, the operations of our offices constitute most of our water usage, hence we are aiming to devise strategies to reduce the consumption in our offices and adopt the right tools to implement the changes in the upcoming years.

303: Water Consumption & Reuse	2021	2022
Water Consumption (m3)	145,286	149,444
Ground Water (m3)	8,546	9,340
Drinking water (m3)	260	260
Total of water consumption (m3)	154,092	159,044

## Energy, Efficiency & Consumption

At our facilities, energy is obtained through the local electricity lines (government sources) or the diesel generators wherever applicable.

In the long term, we aim towards the utilization of renewable energy in our facilities. As of present, we aspire to transition the facilities that rely on diesel generators to the local Saudi Electricity Company electricity lines. As of present, we have successfully shutdown the diesel power generators in our branches at Harf Al Baten and Yanbu. Moreover, efforts are underway to obtain the government

power connection for the other branches in order to minimize our overall diesel consumption as we strive towards sustainability.

Monitoring our energy consumption on a regular basis is also a key aspect in reducing and gradually decreasing our energy consumption in the future. Given our status, outreach and distribution across the kingdom, our logistics and fleet operations demand a significant portion of our energy. In some of our processing plants and locations, we are devising renewable energy solutions such as the adoption solar power into the yards and facilities that can accommodate or switching to more efficient and eco-friendly lighting.

We aim to further establish strategies and practices that will allow for better energy management in the future.

302: Energy Consumption	2020	2021	2022
Petrol used for on-road vehicles owned or leased by the organization (Liters)	145,286	496,942	596,942
Diesel used for on-road vehicles owned or leased by the organization (Liters)	8,546	7,226,888	8,123,221
Diesel used for stationary machinery & generators owned or leased by the organization (Liters)	260	16,989,073	14,684,200
Electricity (kWh)	154,092	161,391,417	161,301,838

## Climate Change & Emissions

We are deeply committed to mitigating against the impacts of climate change and instilling the right tools, approach, strategies and methodologies to endeavor towards climate action and the Paris Agreement Goals.

As a part of our risk assessment procedure, the following risks were identified relating to climate change, the emissions obtained from furnaces, hot work activities, heavy equipments, refrigeration processes, and generators.

We strive to procure state-of-the-art machinery that apply the highest standard of emission control applied in KSA in compliance with regulatory authorities and the government. On an operational level with full awareness of our potential impacts, we are yet to begin vigilantly monitoring our emissions. Our machinery constitutes a significant percentage of our energy and emissions, consequently, procedures for Environmental

Aspect and Impact (IMS-P-21 Environmental Aspects Control) were implemented with hopes of minimizing the impacts and emissions. In the near future, we look forward to computing our GHG inventory and monitoring Al Qaryan's performance with reference to the GHG protocol. As of present we do take certain precautionary measures and steps to reduce emissions in our activities, for instance, priority is attributed to scrap material provided by suppliers closest to the processing facilities than other suppliers as a means to minimize emissions productions and conserve energy.

In order to optimize on our energy and fuel consumption while striving towards emissions reduction, we have began mobilizing only tier 3 editions of engines (for vehicles) and machines. We aim to convert the old machinery to tier 3 wherever possible as less fuel is consumed and less emissions are produced. In the future, we aspire to mobilize towards tier 5 when the suitable fuel becomes available within the kingdom. In parallel, prioritization has been attributed to the larger fleet and trucks in order to optimize on the energy and emissions, lower the operational costs, and increase productivity. In a similar manner, in 2022, we have also provided mass transportation for employees as a proactive measure in our journey towards sustainability.



Emissions Production	2021	2022
305-1, 305-2- Scope 1 & 2 Emissions		
<b>Scope 1 Emissions</b> (Tonnes CO2e)	116,320	112,549
<b>Scope 2 Emissions</b> (Tonnes CO2e)	81,648	81,603
<b>Total Emissions Consumption</b> (Tonnes CO2e)	<b>197,968</b>	<b>194,152</b>

**Scope 1** | Emissions refer to the emissions that are obtained from the direct consumption of energy. The emission factors utilized were obtained from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

**Scope 2** | Emissions are derived from the consumption of energy that is purchased, thus, indirect energy not in our control. The approach adopted the country specific emission factors derived from the International Energy Agency for country grid electricity emission database

## Air Pollution

Since the start of our operations, air pollution has been a primary priority.

With time, we have consistently modified our procedures and operations while selecting more environmentally friendly machinery to mitigate further impacts on our atmosphere and surrounding ecosystem. An advanced dust collection system and a secondary

system has been installed at AQS to help with the management, reduction, and elimination of potentially harmful particulate matter and fumes from gases from our processes. The dust collection system is comprised of a bag house filter system with suction ducts and pulse jet cleaning of the dust bags. Moreover, the waste that is generated from the dust collecting systems (DCS) will be utilized in another cycle of production by several manufacturers other than AQS, part of the waste is utilized in cement industries and other parts in other industrial applications.



# Regulating Operations

Localization And Greening The Supply Chain

Sustaining Our Logistics

Maintaining Efficient Processes

Expanding Our Facilities

Quality Management



Optimizing Logistics, Green Maintenance,  
and Sustainable Supply Chains



# Localization and Greening the Supply Chain

A key element engrained in our corporate culture is our commitment to environmentally friendly supply chain practices and dedication towards greening our supply chain.

Sustainable procurement is embedded in our identity at Al Qaryan and is a core aspect in our aims to green our supply chain. To support the long-term growth of the Saudi economy, local content refers to the dedication of enhancing the capacity and capability of local people and businesses. At Al Qaryan, although there is no prescribed policy in place, locally based spending constitutes 50% of the material we procure, and prioritization is attributed to local suppliers. With suppliers that have offices internationally, we urge that they supply us with goods and services at

their local office and regional locations. Moreover, in other cases, prioritization is attributed to local suppliers even when the cost is more demanding, as importance is attributed to localizing the supply chain.

To ensure compliance with legal, ethical and environmental standards, suppliers are screened and assessed to align with operational best practices. We have developed supplier registration system wherein all the necessary documents are acquired prior to procurement. Local registrations, identification of information regarding the history of the supplier and their lawfulness are among the factors assessed by the system to attain the utmost level of governance. We have begun the process of structuring our approach to screening suppliers. The supplier Code of Conduct will be incorporated into the new framework module. In the future, we will continue to endeavor towards greening our supply chain by further aligning our processes with international best practices and taking the environmental, social and governance concerns as a priority.

As a part of our processes, suppliers are assessed as per the following criteria:

	Brand/Quality of Product or Service
	Reliability/ Capability to Deliver
	Speed of Delivery
	Competitive Pricing
	After sales service/ warranty
	Spare parts availability (for equipment)
	Other identified metrics

When it comes to the purchase of recyclable waste and materials, the governance in our processes is maintained through collecting the right information and conducting screening. In certain cases, upon procuring the material, the received goods are not in alignment with the international best

practices. In such cases, the scraps are rejected, the entry of the items is revoked, and the supplier is blacklisted. For instance, a supplier has been rejected for sending a shipment with the presence of radioactive material at a much higher rate than internationally permissible.

# Sustaining Our Logistics

Maintaining our position as the top recyclers in the Kingdom while growing our impact around the world requires maintaining an effective and cohesive logistical infrastructure .

Fleet	2020	2021	2022
<b>Number of Fleet - Cat. 01</b> (Small cars, Medium & Heavy Duty Trucks)	408	476	548
<b>Number of Fleet - Cat. 02</b> (Earth Moving Equipment & Power Generators)	293	339	404





## Inhouse Logistics

In accordance with regulatory bodies and governmental laws, we acquire mobile equipment and vehicles that implement the highest level of emission control in application in KSA. The upkeep of our equipment, vehicles, equipment, machinery, and personnel is of utmost importance. We conduct regular inspections across the board to ensure the efficiency of our rigorous operations and the development of more sustainable practices.

Digitalizing and integrating technology into the function of our warehouses as we transition to a paperless environment is a key highlight of our 2022 performance. Introduction of KPIs, development of SOPs, and SAP integration are among the changes facing the non-trading facilities that will come into effect as of February 2023. For the trading facilities, a Yard Management System (YMS) is in place that will be launched in 2023. YMS is a software solution created to monitor the movement of trailers in yards, facilities, and warehouses. Moreover, other efforts made in 2022 include staff training, better control and tracking of performance, and improvement in performing scaling duties. All in all, the implementations of SAP S/4HANA and YMS in 2023, will have a significant effect on achieving the desired outcomes for trading and non-trading stocks.



## Outsourced Logistics

Regulatory compliance towards international and Saudi regulations is important to ensuring righteousness in our processes. In 2022, through the medium of enhancing our sustainability performance and improving our shipping capacity, we improved our loading style, selected shorter transits, and began working directly with the shipping lines. Our packaging is minimal and compliant with local and international sustainability requirements.

We aim to work with transport providers to reduce our carbon footprint, however, our operations are completely dependent on carriers, thereby limiting the scope of our control. Our carriers are aware and concerned about their carbon footprint and environmental impact, as they currently take strides in the shift towards clean energy and hydrogen. For the purpose of reducing our environmental effect, we are currently trying to tighten our transportation regulations and practices.

## Maintaining Efficient Processes

Maintaining the highest and utmost level of productivity and quality in our machinery and equipment enables us to regulate a sustainable flow of operations and optimize our processes.

Having a competent team of engineers on standby facilitates repair, lifespan extension, mitigates breakdowns, ensures environmental compliance, and allows for routine upkeep and repairs. SMRP, Society of Maintenance and

Reliability Professionals, for maintenance and asset management, is utilized as a framework for engineering and maintenance operations as well as IAM, the Institute of Asset Management. In 2022, we also adopted Preventive Maintenance (PM) and Predictive Maintenance (PDM) strategies to mitigate against asset failures before they occur. Moreover, Corrective Maintenance (CM) Strategies were also adopted to lower the operating costs of a reactive maintenance approach. In addition to the implementation of new strategies, we have built maintenance activities for analysis, KPIs and enhancing performance. Sustainable practice is embedded in our operations through the maintenance of assets health, maintenance of a continuous high productivity rate, monitoring of energy and fuel consumption.

## Expanding Our Facilities

Through the establishment of a well-defined expansion strategy, Al Qaryan aims to open more facilities by 2025.

With the execution of the expansion plan at hand, we yearn to build facilities that are ecosystem friendly, energy efficient, and that are of utmost quality and in alignment with the regulations. The facilities will ensure the built environment's functionality, comfort, safety, and efficiency while incorporating the four main pillars of facilities management which are people, place, process, and technology.

The facilities expansion plan includes the expansion into areas where recycling is unavailable resulting in more waste being diverted from landfills where recycling best practices are adopted. The expansion allows to minimize the distance traveled by the fleet to process the waste.

As a part of the expansion, local talents are

recruited in the areas where the new facilities are open leading to an overall enhancement in Al Qaryan's sustainability performance.

Through the scope of this geographic expansion project, our operations will attain new heights, and eventually result in the expansion of our market share.

At Al Qaryan, we are ceaselessly excelling towards energy efficiency and climate-friendly solutions

**The key sustainable elements and attributes of the 2021-2025 Expansion Plan are the following:**

#### PEOPLE

- Proximity to upstream suppliers
- Fostering strong partnerships with suppliers

#### PLACE

- Incorporation of sustainable technologies
- Transition towards renewable energy resources (solar)
- Adoption of the best environmentally friendly designs and construction

#### PROCESS

- Ecofriendly material selection
- Minimizing logistic cost
- Efficient transportation ensuring emissions reduction

#### TECHNOLOGY

- Digitalization in operations to reduce paper consumption

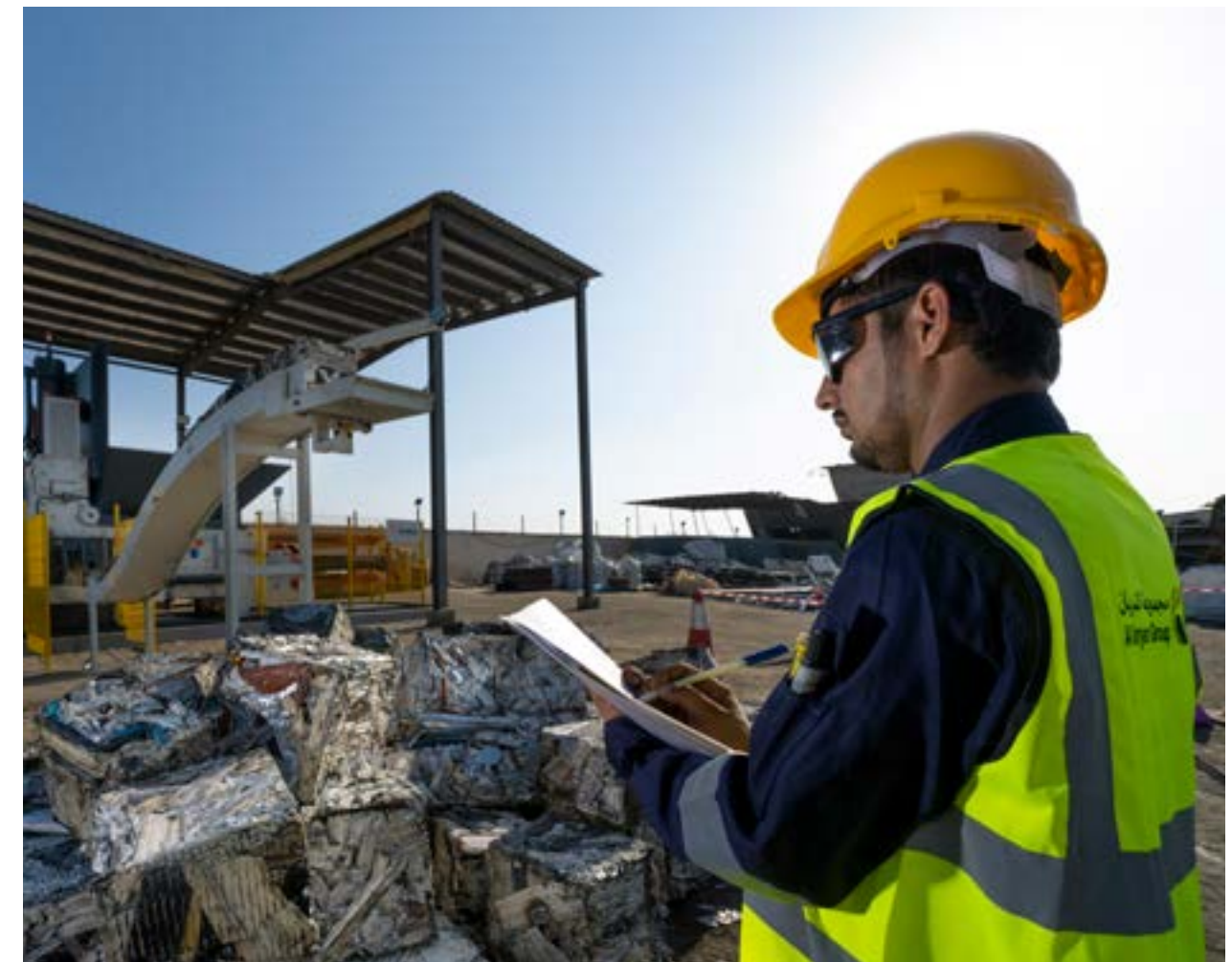
Improving the practices incorporated in our facility management approach was the key focus strategy in 2022. In the upcoming facilities, we envisage the incorporation of green and eco-friendly designs. We also aspire to incorporate solar power as a sustainable energy solution on a large scale to reduce our carbon footprint and fossil fuel consumption in our operating facilities.

Additionally, in 2022, the lighting utilized in projects was upgraded to minimize maintenance costs and reduce energy consumption. Moreover, the new design incorporated eco-friendlier and more sustainable designs such as chemical and oil stores, clear landmarking, awareness signage, an upgrade in the firefighting systems to surpass government requirements.

## Quality Management

In the past 30+ years, we have cultivated a strong culture of continuous improvement at Al Qaryan. Quality management and assurance are implemented to guarantee that the efforts towards continuous development are successful and long-lasting. We maintain a rigorous approach to quality management and culture of continuous improvement to enable our certification in ISO 9001 (Quality Management Systems). A key standard we strive to withhold in our approach to quality management is the maintenance of high-

quality products and services. At Al Qaryan, we possess the tools required to identify the type of metal being delivered and treated to provide full visibility and strengthen the governance within our operations. All in all, our governance efforts internally are ameliorated, and the transparency delivered towards our clients is improved. Moreover, we also strive to fulfill our customers' expectations and stay in line with the required specifications, in doing so surpassing the customer satisfaction levels.





# Foundations for the Future

Strategizing The Way Forward

Technology, Innovation And Digitalization

Bolstering Our Financial Well-Being



## Leading with Sustainable Innovation and Future-Driven Strategies

Operations management is a key aspect to maintaining Al Qaryan's sustainability in the long term and has become increasingly important as organizations strive to identify their environmental, social, and governance-related concerns. As a part of our operations management, we continuously organize, manage, control, and regularly assess the different stages of production as we transform and process waste into semi-finished goods.

## Strategizing the way forward

At Al Qaryan, meticulous planning, preparation, and assessments are conducted to allow for the adoption of the right strategies and approach toward our development and growth as an organization with a focus on the core recycling business opportunities. Given the exposure to various strategies, heightened government regulations, and the challenge posed by non-compliant companies, it is imperative to have the right plans, tools, and resources at hand to grow and excel in our operations while mitigating risks. The opportunities present for growth in copper, aluminum, and steel industries were among the key focus areas in 2022.

Our ambitious growth at Al Qaryan is in line with the aspirations of the Saudi government and the Vision 2030. The Saudi government aims to diversify its economy and become more industrious. Hence, our investments are centered on supporting the localization of various industries and aiding Saudi Arabia to become a leading industrial powerhouse.

At Al Qaryan, we undertake strategy development with the utmost precaution and due diligence. The efforts made in our strategy development processes include the following:

- 

Conduction of feasibility studies for all potential projects
- 

Collaboration and involvement of stakeholders
- 

Identification and selection the most ESG-friendly alternatives
- 

Continuous development of safe and clear procedure in our operations
- 

Establishment of rigid and fortified governance systems
- 

Attribution of focus towards circular economy and green investments

Along with trade and strategizing, the careful selection of environmentally friendly appliances, equipment, and technologies is important to developing and growing as a leader in the industry.





## Our Strategic Approach

As our knowledge and awareness has grown in our approach to business development, we have become more selective in the evaluation of various technologies in order to identify the most suitable technology for our raw material. A good example is the selection of Upcast technology to process our copper scrap rather than selecting the widely used "FRHC" technology which is not suitable for our copper scrap types.

In alignment with the various trends in the scrap recycling industry over the past couple of years, sustainability and the notions of circular economy are accounted for more in Al Qaryan's strategies, practices, and applications. In 2022, one of the key focuses in our strategy development was working towards forward integration and closing the loop of production. In alignment with the Saudi Vision and as a leader in the industry, expanding our processing and production to encompass finished and semi-finished products enables Al Qaryan to mitigate the risks associated with the increased scrap trading regulations.

Al Qaryan Steel is our secondary ferrous plant, established in 2020. Expediting our downstream expansion was an important aspect of our 2022 strategy with priority attributed to non-ferrous

metals. Throughout the year, strategies were further developed as a part of our expansion into more manufacturing facilities. As part of our procedure, various tasks were undertaken to address risk management, investment, cost efficiency, and financial responsibility.

Led by the National Transformation Program (NTP), the Saudi government has adopted the process automation initiative as the means to automate and regulate processes across various sectors. Through the help of the initiative, the government aspires to enhance efficiency, ameliorate quality, and reduce production and operation costs. As a part of our business development, Al Qaryan is working towards adopting the right equipment and technology in order to support the automation initiative along with establishing a qualified maintenance team who can properly administer to the running and efficient management of the highly advanced and automated sorting system. Processing and sorting at Al Qaryan Group is financially demanding and results in a decreased quality of production. With the help of the Automation initiative, we are certain we will acquire long-term efficiency and improved sustainability.

# Technology, Innovation and Digitalization

## Digitalization Journey at Al Qaryan

In the current technology paradigm, ensuring the latest and best technology while continually innovating our processes is essential to maintaining our status in the industry. In 2022, we underwent a digital transformation. AQQ will implement RISE with SAP as part of its transformation, along with the SAP S/4HANA real-time business suite, the SAP Success Factors human experience management suite for its 1,500 workers, and the SAP Analytics Cloud. Al Qaryan Group will be able to innovate, optimize operations, improve product costing, and make data-driven decisions for its near-term goals for regional expansion thanks to the digital transformation.

One of the key highlights of our 2022 performance was the implementation of the Rise with Digital Strategy. The strategy incorporated initiatives that focused on the simplification of processes and technology to make AQQ resilient, sustainable and intelligent as an enterprise.

Moreover, it also included initiatives that enabled adaptation to the current digital era while AQQ is able to maintain its competitive edge in the market. Striving towards digitalization will overall lead to the enhancement of our sustainability performance throughout Al Qaryan.

Digitalization can have a positive impact on Al Qaryan's Sustainability performance in the long term and will potentially impact:



Task automation and increased efficiency.



Improved accuracy in data collection and analysis.



Enhanced customer service and satisfaction.



Facilitation of safety measure implementation.



Waste reduction associated with process automation.





## Bolstering our Financial Well-being

Establishing effective, accountable, and inclusive institutions at all levels and in doing so reducing illicit financial activity is at the basis of the SDG 16.

Ensuring sustainability in financial operations allows for healthy long-term economic growth while minimizing negative impacts. Incorporating sustainable practices in our operations enables the development of stronger stakeholder relationships, improved efficiency, cost savings, improved reputation, and better retention of employees.

At Al Qaryan, we have weekly, monthly, and quarterly reporting schemes to obtain clear and regular insight into our financial position and operations. As of present, we are closing our books on a monthly basis while preparing management reporting. Our auditors are independent and always selected from Big Four Firms and conduct the audits in line with international auditing standards.

In our operations, we follow the International Financial Reporting Standards (IFRS). Moreover, we also ensure strict compliance with Asset and Liability Management Review of the financial statements on a monthly basis as a means to mitigate risks. The policies and regulations in place include but are not limited to the Authority Matrix, Bank Mandate, Bank Reconciliation, Borrowing, Budget, Financial Reporting Process, Head Office Expenses

Allocation, and Investment policies. The aforementioned policies facilitate the mitigation of financial risks, promotion of transparency, enhancing decision-making, and maintaining financial stability.

Al Qaryan has adopted a robust approach to combat illicit financial activities. And ensure transparency and accountability; we strictly adhere to the Procure-to-Pay (P2P) and Order-to-Cash (OTC) processes for all financial transactions. To further enhance security, we exclusively employ proper banking channels for supplier payment, ensuring meticulous verifications. Moreover, to maintain traceability and compliance, customer payments are conducted through secure channels, ensuring a rigid defense against illicit financial activities. Additionally, the extensive system we have in place enables us to mitigate further any risks associated with illegal activities.

Al Qaryan has forward-thinking by aligning sustainability principles with various aspects of its business operations. With a dedicated focus on sustainable practices, we at Al Qaryan strategically direct cash flow toward forward integration initiatives, ensuring long-term growth and adaptability.

By Performing down-stream and up-stream integration and future-oriented investments, we proactively position ourselves as a forward-thinking player, poised to thrive in an ever-changing economic landscape.



# GRI Content Index





# GRI Content Index

Statement of use	Al Qaryan has reported in reference with the GRI Standards for the period January 1, 2022-December 31, 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGE NUMBER	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
<b>General Disclosures</b>					
GRI 2: General Disclosures 2021	2-1 Organizational details	7			
	2-2 Entities included in the organization's sustainability reporting	7			
	2-3 Reporting period, frequency and contact point	6			
	2-4 Restatements of information	6			
	2-5 External assurance	6			
	2-6 Activities, value chain and other business relationships	12-24, 86			
	2-7 Employees	50-53			
	2-8 Workers who are not employees			Not Applicable	

	2-9 Governance structure and composition	40-43			
	2-10 Nomination and selection of the highest governance body	42			
	2-11 Chair of the highest governance body				Information Unavailable/ Incomplete
	2-12 Role of the highest governance body in overseeing the management of impacts	40			
	2-13 Delegation of responsibility for managing impacts	40			
GRI 2: General Disclosures 2021	2-14 Role of the highest governance body in sustainability reporting				Information Unavailable/ Incomplete
	2-15 Conflicts of interest				Information Unavailable/ Incomplete
	2-16 Communication of critical concerns	65			
	2-17 Collective knowledge of the highest governance body	40-41			
	2-18 Evaluation of the performance of the highest governance body				Information Unavailable/ Incomplete
	2-19 Remuneration policies				Information Unavailable/ Incomplete



	2-20 Process to determine remuneration		Information Unavailable/Incomplete
	2-21 Annual total compensation ratio		Information Unavailable/Incomplete
	2-22 Statement on sustainable development strategy	28	
	2-23 Policy commitments	43	
GRI 2: General Disclosures 2021	2-24 Embedding policy commitments	43	
	2-25 Processes to remediate negative impacts	44, 65	
	2-26 Mechanisms for seeking advice and raising concerns	65	
	2-27 Compliance with laws and regulations	43	
	2-28 Membership associations	73	
	2-29 Approach to stakeholder engagement	33	
	2-30 Collective bargaining agreements		Not Applicable

### Material Topics

GRI 3: Material Topics 2021	3-1 Process to determine material topics	34
	3-2 List of material topics	35

### Local Content

GRI 3: Material Topics 2021	3-3 Management of material topics	55
	204-1 Proportion of spending on local suppliers	55

### Bribery and Anti-corruption

GRI 3: Material Topics 2021	3-3 Management of material topics	43
	205-1 Operations assessed for risks related to corruption	Information unavailable/incomplete
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	43
	205-3 Confirmed incidents of corruption and actions taken	Confidentiality Constraints

### Energy Efficiency & Consumption

GRI 3: Material Topics 2021	3-3 Management of material topics	81
	302-1 Energy consumption within the organization	81
	302-2 Energy consumption outside of the organization	81
GRI 302: Energy 2016	302-3 Energy intensity	Information unavailable/incomplete
	302-4 Reduction of energy consumption	Information unavailable/incomplete
	302-5 Reductions in energy requirements of products and services	Information unavailable/incomplete

### Water Management

GRI 3: Material Topics 2021	3-3 Management of material topics	80
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GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Information unavailable/incomplete
	303-2 Management of water discharge-related impacts	Information unavailable/incomplete
	303-3 Water withdrawal	Information unavailable/incomplete
	303-4 Water discharge	Information unavailable/incomplete
	303-5 Water consumption	80

### Climate Change

GRI 3: Material Topics 2021	3-3 Management of material topics	82
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	81
	305-2 Energy indirect (Scope 2) GHG emissions	81
	305-3 Other indirect (Scope 3) GHG emissions	81
	305-4 GHG emissions intensity	Information unavailable/incomplete
	305-5 Reduction of GHG emissions	Information unavailable/incomplete
	305-6 Emissions of ozone-depleting substances (ODS)	Information unavailable/incomplete
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Information unavailable/incomplete

### Waste Management

GRI 3: Material Topics 2021	3-3 Management of material topics	78
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	78
	306-2 Management of significant waste-related impacts	78
	306-3 Waste generated	78
	306-4 Waste diverted from disposal	Information unavailable/incomplete
	306-5 Waste directed to disposal	Information unavailable/incomplete

### Talent Attraction and Retention

GRI 3: Material Topics 2021	3-3 Management of material topics	58
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	52
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	63
	401-3 Parental leave	54



404-1 Average hours of training per year per employee 61

**GRI 404:  
Training and  
Education 2016**

404-2 Programs for upgrading employee skills and transition assistance programs 54, 56, 59

404-3 Percentage of employees receiving regular performance and career development reviews 61

### Occupational Health and Safety

**GRI 3: Material  
Topics 2021**

3-3 Management of material topics 63

403-1 Occupational health and safety management system 63

403-2 Hazard identification, risk assessment, and incident investigation 65

403-3 Occupational health services 65

**GRI 403:  
Occupational  
Health and  
Safety 2018**

403-4 Worker participation, consultation, and communication on occupational health and safety 65

403-5 Worker training on occupational health and safety 65

403-6 Promotion of worker health 64

403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships 65

**GRI 403:  
Occupational  
Health and  
Safety 2018**

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