



# Environment Fund ESG REPORT 2023

Moving Towards  
a Sustainable  
Environmental Sector



Environment Fund  
ESG Report 2023

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This ESG report is prepared by the Environment Fund to provide stakeholders with comprehensive information on our environmental, social, and governance (ESG) strategies and actions in support of the Kingdom's Vision 2030, National Environment Strategy (NES), and the UN's Sustainable Development Goals (SDGs). We have taken utmost care and diligence to ensure the accuracy and reliability of the information contained in this report. The report primarily focuses on the ESG strategies and actions that guide the ESG journey for EFund. Furthermore, the inclusion of forward-looking statements, projections, or estimates in this report is based on our present ESG strategy and focus. Future results may differ due to various factors, including but not limited to the evolution and the dynamic nature of business, economic, and environmental conditions. Every effort has been made to appropriately attribute sources of information to ensure transparency and accuracy. However, we would like to highlight that most of the information captured is based on public sources and referenced entities which may be accomplishing more than what is described in this report. By accessing or using this report, you agree to be bound by the terms of this disclaimer.

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Environment Fund

# **ESG REPORT**

2023

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DATE PALM GARDEN - BURAYDAH CITY, SAUDI ARABIA

## Our Corporate Vision

“ A pioneering fund to enable a sustainable environment.

# OUR DISTINGUISHED BOARD MEMBERS



**His Excellency Eng. Abdulrahman bin Abdulmohsen Al-Fadhli**

Minister of Environment, Water and Agriculture & Chairman of the Board of Directors



**Dr. Osama Ibrahim Fakiha**

Vice Chairman, Representative of the Ministry of Environment, Water and Agriculture



**Mr. Haitham bin Abdulrahman Al-Tarif**

Board Member, Representative of the Ministry of Finance



**Ms. Farah bint Ahmed Ismail**

Board Member, Representative of the Ministry of Economy and Planning



**Mr. Muneer bin Fahad Alsahli**

Member of the Board of Directors



**Dr. Mohammad bin Faraj Al-Zahrani**

Member of the Board of Directors



**Mr. Abdulrahman bin Muhammad Ramzi Addas**

Member of the Board of Directors



“

We contribute to the development of the Kingdom’s environmental sector in a holistic manner.



**Mr. Muneer bin Fahad Alsahli**

Acting Chief Executive Officer  
Environment Fund

#### Message from the CEO:

It is with great pleasure and a profound sense of responsibility that I present to you the Environment Fund’s inaugural Environmental, Social, and Governance (ESG) report.

In an era where sustainability has emerged not just as a choice but as a necessity, our report reflects our unwavering commitment to aligning Environment Fund’s (EFund’s) strategies with the Kingdom of Saudi Arabia’s ambitious sustainability goals and maximizing our contribution toward the objectives of Saudi Vision 2030.

Since our establishment in 2019, EFund has been committed to supporting the success of the National Environment Strategy, not just as a directive but as a mission to protect and enhance our nation’s natural wealth. Our journey, embedded in the fabric of Saudi Arabia’s transformation, is guided by the dual imperatives of sustainable development and economic stability for the environmental and meteorological centers.

In this report, you will find how EFund aspires to integrate global ESG principles and best practices

into its core operations. We strive to balance environmental conservation and management with social sustainability and robust governance to contribute to the development of the Kingdom’s environmental sector in a holistic manner.

Our approach is to gradually integrate ESG across our operations, including our risk management, investment evaluations, incentives and grants, and impact assessments of our financing activities, to drive sustainability within the environmental and meteorological centers.

Looking ahead, EFund is poised to continuously evolve its ESG strategy. We are committed to adopting innovative practices and emerging global standards to strengthen our role in driving sustainable development in the centers and to facilitate positioning the Kingdom among global leaders.

Thank you for reading our inaugural ESG report. As we get started on our ESG journey, I invite you to join us in creating a sustainable future for the Kingdom’s environmental sector.

# The Kingdom's Sustainability Landscape



AL-SOUDAH MOUNTAINS IN ABHA

# BLESSED WITH RICH NATURAL CAPITAL

The Kingdom of Saudi Arabia occupies an area of approximately 2 million km<sup>2</sup>, covering two-thirds of the Arabian Peninsula's total area, with 67 distinct geological surfaces, each having its own climate and biodiversity.<sup>1</sup>

The Kingdom is endowed with a multitude of flora and fauna spread across diverse ecosystems, including mountainous regions, deserts, and marine coral reefs. However, due to continuous population growth, rapid urbanization, increased demand for water and energy, and ongoing economic development, our intricate environmental ecosystems have become increasingly vital for the Kingdom's prosperity goals. With changing climactic conditions translating to additional stress, Saudi Arabia's temperature is predicted to rise faster than global averages, posing a threat of accelerated desertification, infrequent rainfall, and severe dust storms. In response, Saudi Arabia has established Vision 2030 goals aligned with the UN's SDGs to safeguard its biodiversity and natural ecosystems and counteract desertification.

<sup>1</sup> Ecosystems of Saudi Arabia ([my.gov.sa](http://my.gov.sa))



RED SEA CORAL REEFS - SAUDI ARABIA

# OUR NATIONAL VISION GIVES WAY TO THE GLOBAL AGENDA ON SUSTAINABILITY

The government of Saudi Arabia has followed an integrated approach to achieve both the Saudi Vision 2030 and the SDGs. The Vision 2030 and SDG targets are interrelated and complementary in nature, while sharing a common goal of promoting sustainable development.

## Sustainability is fundamental to Vision 2030



### Key objectives and transformative programs of Vision 2030<sup>1</sup>

	Diversification of Economy		Quality of Life Improvements in Health and Education		Environment Protection
	Economic Growth		Women's Empowerment		Green and Vibrant Cities
	Infrastructure Development		Youth Empowerment		Promotion of Heritage and Culture
	Job Creation		Social Protection for the Needy and Vulnerable		Tourism Development



## The Vision's targets are closely linked to UN SDGs



### Illustrative Vision 2030's targets<sup>2</sup> and link to UN SDGs

	Increase the average life expectancy to 80 years		Increase women's participation in the workforce		Increase FDI by 30% and green investments by 40%		Increase the Public Investment Fund's assets to over SAR 7T		Enhance ability to set agendas in the international arena
	Increase the wellbeing perception of all citizens		Raise E-gov Survey index to be among the top 5		Increase Performance in Global Soft Power Index		Reduce KSA unemployment to 5%		Increase representation and leadership in international forums
	Achieve 100% universal health coverage		Rally one million volunteers per year		Increase private sector contribution to GDP by 40-65%				
Long lasting, inclusive, healthy society		Empowered through innovation and accessible quality education		Sustainable environment focused on preservation of nature		A growing circular economy		Open for partnerships without boundaries	

<sup>1</sup> KSA Voluntary National Review 2023 - Pg 21 (<http://nrv.un.org>)

<sup>2</sup> KSA Voluntary National Review 2023 - Pg 23 (<http://nrv.un.org>)

# THE DESERT BLOOMS AS SAUDI ARABIA ENVISIONS A GREENER TOMORROW



## Acting on climate change and promoting carbon markets

Saudi Arabia has pledged to go beyond net-zero carbon emissions by 2060,<sup>1</sup> triggering actions and investments in emerging frontiers such as carbon capture and renewable energy, while maximizing energy efficiency, and enhancing green cover.

To enable an efficient market mechanism and successfully deliver on net-zero goals, the country has launched the maiden Greenhouse Gas Crediting and Offsetting Mechanism (GCOM), a voluntary, project-based program aligned with Article 6 of the Paris Agreement. It is open to participation from both the public and private sectors, as well as subsidiaries of foreign companies.<sup>2</sup>



## Growing focus on circularity and renewable energy

Saudi Arabia has made significant commitments to diversify its energy sources. The country has set ambitious targets to generate 50% of its energy from renewable sources, by 2030.<sup>3</sup> Saudi Arabia also has 17 renewable energy projects currently under development with a collective capacity of 13.76 GW.<sup>3</sup>

Saudi Arabia is also pioneering a circular carbon economy framework that is built on “Reduce” our CO<sub>2</sub> emissions, “Reuse” the CO<sub>2</sub> we capture as is, “Recycle” the CO<sub>2</sub> we capture by transforming it into new products, and “Remove” the CO<sub>2</sub> that is emitted in the atmosphere.



## Accelerating sustainable finance

As a critical player in the region, Saudi Arabia has embraced sustainable finance in an accelerated manner, unlocking a significant pool of capital for a low carbon transition and sustainable future.

The country's sovereign wealth fund, the Public Investment Fund (PIF), issued three tranches of green bonds totaling \$3 billion in October 2022.<sup>4</sup> This has provided confidence to other market participants triggering a growing focus on more sustainable ways of financing capital.



## Building on corporate governance and social programs

Among others, corporate Governance and Social agenda is a focus of transformation. The Capital Market Authority (CMA) has introduced the Corporate Governance Code, which outlines for boards of directors, disclosure requirements, and shareholder rights.<sup>5</sup> These reforms aim to enhance accountability, protect investors and attract foreign investment.

Community engagement planning and initiatives are on the rise, with leading entities and major projects appointing specific management to address these areas and build upon the social capital.

1 Green Initiatives ([greeninitiatives.gov.sa](https://greeninitiatives.gov.sa))

2 Domestic Greenhouse Gas Credit Initiative ([voanews.com](https://voanews.com))

3 Green Initiatives ([greeninitiatives.gov.sa](https://greeninitiatives.gov.sa))

4 PIF Announces Successful Completion of USD 3 Billion Inaugural Bond ([spa.gov.sa](https://spa.gov.sa))

5 Corporate Governance Code - Pg 2 ([content.knightfrank.com](https://content.knightfrank.com))

# STEADY TRANSFORMATIONS FOR THE NATIONAL ENVIRONMENTAL LANDSCAPE

Several National Transformation Program initiatives are working to safeguard the Kingdom's natural environment by studying, conserving, protecting, and rehabilitating species and habitats. These encompass mining areas, quarries, construction waste dumps, abandoned agricultural lands, and other environmentally impactful locations across the Kingdom. The initiatives aim to evaluate and devise remediation plans for these sites that affect air, water, and soil quality.



Since 2018, six new nature reserves have been created, bringing the total to 23 across the Kingdom, covering 16.20% of the land and 5.5% of marine areas in KSA.<sup>1</sup>



The establishment of five specialized environmental and meteorological centers in 2019 is transforming the Kingdom's approaches to their respective fields.<sup>2</sup>



In July 2020, the General Order for Environment was introduced. This law is supported by a new set of executive bylaws covering a wide range of environmental elements, such as air quality, marine protection, and waste management.<sup>3</sup>



SGI planted 43.9M trees and rehabilitated 94K hectares of degraded land, contributing to Saudi Arabia's goal of growing 10 billion trees over the coming decades.<sup>4</sup> The MGI aspires to grow 50 billion trees across the Middle East, supporting in reduction of 670 million tons of CO<sub>2</sub>e emissions.<sup>5</sup>

1 National Center for Wildlife Development | Geospatial Portal ([ncw.gov.sa](http://ncw.gov.sa))  
2 Environmental and Meteorological Centers ([ef.gov.sa](http://ef.gov.sa))  
3 KSA Voluntary National Review 2023 - Pg 163 ([hlpf.un.org](http://hlpf.un.org))  
4 Greening Saudi | Saudi Green Initiative Target ([greeninitiatives.gov.sa](http://greeninitiatives.gov.sa))  
5 Middle East Green Initiative ([greeninitiatives.gov.sa](http://greeninitiatives.gov.sa))



BISHA CITY IN TABALAH

# The Strategic Role of the Environment Fund



ARABIAN ORYX IN NATURAL HABITAT

## The Environment Fund

# ENABLING THE NATIONAL ENVIRONMENT STRATEGY OBJECTIVES

The Kingdom's National Environment Strategy signifies a transformational journey of sustainable growth. It harmonizes nature and economic advancement by focusing on enhancing centers' effectiveness, combating desertification, protecting wildlife, preserving biological diversity, and improving meteorological services. This strategy also includes private sector participation to raise awareness while amplifying the roles of NGOs and volunteers. However, to fulfill these ambitions, the government launched the Environmental Fund to play a pivotal role in navigating their success.

The Environment Fund (EFund) was established in 2019 and aims to contribute to the financial sustainability of the environmental and meteorological centers, and provide the necessary capabilities for its advancement. EFund's main position is to manage capital (navigating fund allocations and budget management) to ensure the environmental and meteorological centers' financial sustainability. The core responsibilities for EFund include optimal investment of its capital, support for environmental programs, studies and initiatives, stimulating environmentally friendly technologies, raising awareness on the main challenges, promoting positive environmental performance and environmental rehabilitation programs, and providing support to the environmental and meteorological centers. EFund will also provide strategic support to MEWA in organising the Conference of the Parties (COP16) of the United Nations Convention to Combat Desertification (UNCCD) and build upon the outcomes to enhance the sector.



FAIFA MOUNTAINS IN JIZAN



# MAKING PROGRESS TOWARDS A SUSTAINABLE ENVIRONMENTAL SECTOR

At EFund, we stand at a pivotal crossroads where our vision, strategy, and action converge to create a sustainable future. Our commitment to Environmental, Social, and Governance (ESG) principles is not just a facet of our work, it's the bedrock of our ethos. Our Strategic Priorities revolve around three main pillars.



## Sound Financial Management

is the cornerstone of impactful environmental work. At EFund, we embrace this philosophy wholeheartedly. Our approach to sound financial management transcends traditional accounting through balancing financial health, ethical investments, and long-term sector viability. Encompassing prudent financial management, we ensure that every riyal not only counts but also contributes to a greener future.



## Sector Development

is vital in navigating the dynamic landscape of opportunities and challenges in the environmental sector. At EFund, we strive to be a catalyst for growth. By funding environmental initiatives, we empower innovation and facilitate breakthroughs. Our commitment extends beyond funding – it's about nurturing the environmental sector's future, fostering investments and private sector partnership, and incentivizing research for sustainable advancement.



## Organizational Excellence

underscores our efforts towards environmental stewardship. At EFund, we attract and build a workforce that is talented and committed to our cause. Our pursuit of organizational excellence is reflected in our streamlined processes and our unwavering focus on results. It is a testament to our belief that excellence in operations leads to excellence in impact.

# WE ASPIRE TO ACHIEVE FINANCIAL SUSTAINABILITY

The Environment Fund (EFund) ensures financial stability of environmental and meteorological centers by strategically investing capital, backing green programs, fostering eco-friendly technologies, and supporting environmental and meteorological centers.

EFund's Five Strategic Objectives:



Achieve financial sustainability for the environmental and meteorological centers through the development and investment of the Fund's resources



Encourage environmentally friendly practices among individuals, economic sectors, and environmental and meteorological organizations



Support research, innovation, and development in the environmental and meteorological centers



Promote investments in areas related to the environmental and meteorological centers



Build capabilities and achieve institutional excellence



AL-BAHA HISTORICAL VILLAGES

# EFUND'S BUSINESS PROPOSITION

## 1. Collaborative Focus with Environmental and Meteorological Centers

Our primary focus is to collaborate with the environmental and meteorological centers on managing their budgets directly coming from MoF, while supporting their progress on projects and initiatives.

## 2. Optimizing Operations for Greater Effectiveness

We strive to enhance the efficiency of national environmental and meteorological centers, optimizing their operations for greater effectiveness.

## 3. Customized Financial Initiatives for Innovation

We manage customized financial initiatives, including incentives and grants for small and medium enterprises and research centers, fostering innovation and research in the fields of environment and meteorology, specially fighting desertification and land degradation.

## 4. Identifying Critical Research Domains

We focus on identifying critical research domains essential for impactful national research programs to encourage engagement and spur growth across sector. By offering comprehensive support to said initiatives, their success would have a broader impact on a national level, advancing the environmental and meteorological domains and elevating their significance.

## 5. Unlocking Opportunities in the Environmental Sector

We are committed to unlocking sector-specific opportunities and fostering public-private partnerships in collaboration with national environmental and meteorological centers.

## 6. Sound Financial Capital Management

We responsibly invest EFund's capital across asset classes to achieve long-term growth. All the aforementioned activities are underpinned by the principles of sound financial capital management.

## 7. Implementing Financial Sustainability

We prioritize responsible investment strategies and incorporate sustainable financial practices to ensure long-term viability and impact.

## EFund's Investment Thesis

The primary objectives of our Investment Portfolio are to maximize revenues, implement best practices, achieve financial sustainability, and foster investment and innovation in the environmental and meteorological centers.

Oversight from the Board ensures effective management by the Investment Committee. We emphasize good governance and robust controls as crucial elements for success and risk management. Our investment principles, aligned with the Kingdom's values, guide our decisions for us to actively collaborate with investment managers who align with our beliefs.

2023 in numbers:

**83M SAR**

Revenue from centers

**259M SAR**

Revenue from investments

## Incentives and Grants Strategy

Our incentives and grants program is designed to promote the adoption of environmentally friendly technologies and practices. We aim to fund projects that enhance the environmental performance of economic sectors and contribute to environmental conservation efforts led by individuals, NGOs, private sector companies and other organizations.

Anticipating that the funding will stimulate private sector engagement in environmental and meteorological services and infrastructure, our emphasis lies in supporting activities related to environmental conservation, climate change adaptation, and the development of infrastructure and technologies to enhance environmental compliance and performance.

# WORKING CLOSELY WITH THE FIVE NATIONAL ENVIRONMENTAL AND METEOROLOGICAL CENTERS



## National Center for Vegetation Cover Development and Combating Desertification

The center is concerned with protecting and enhancing the vegetation cover, combating desertification, and land degradation in the Kingdom. It ensures the implementation of environmental regulations and protects forests for long-term sustainability. It also manages grazing lands and national parks to balance human activities with the preservation of natural habitats, while actively rehabilitating vegetation and enhancing overall greenery.



## National Center for Environmental Compliance

The center is concerned with preserving the environment's resources. It provides high-quality initiatives that align the level of compliance with environmental regulations and standards. The center's main role involves improving environmental accreditation and licensing processes, monitoring noise and light pollution in major cities, and rehabilitating polluted spots.



## National Center for Waste Management

The center aims to regulate and supervise waste management activities and investments, contributing to a Circular Economy in line with the UN's Sustainable Development Goals. The center's strategic goals are to regulate the waste management sector, improve investment attractiveness and economic performance, increase compliance levels, promote sustainable practices and behaviors, achieve digital transformation, and optimize the use of data.



## National Center for Meteorology

The center provides weather forecasts and climate warning services to ensure the safety of the people and the planet. The main objectives of the center include improving the accuracy and range of weather forecast services, collaborating with national and international meteorological organizations to enhance weather forecasting and research, supporting economic growth by offering customized and commercial meteorological products and services, and ensuring a high level of competence and knowledge in the sector through continuous cooperation with educational institutions.



## National Center for Wildlife

The National Center for Wildlife preserves the wildlife on land and under water. It fosters a protective environment for all natural habitats, especially those at risk. The strategic goals for the center include sustainable protection and development of wildlife and biodiversity, establishment and management of protected areas and reproductive centers for threatened species, building a knowledge base on wildlife and biodiversity in the Kingdom, and raising awareness on wildlife through outreach programs across communities.

# Environment Fund's ESG Approach



DESERT LAKE IN THE GREEN VALLEY IN JEDDAH

# ESG IS FUNDAMENTAL FOR THE REGION'S SUSTAINABLE FUTURE

Amid societal pressures, climate change concerns, and rising demands for transparency, an organization's Environment, Social, and Governance (ESG) performance has surged in significance, for ESG shapes the future of responsible business practices. It not only addresses societal and environmental challenges, but is a key driver of long-term financial success, signaling a pivotal revolution in the global business and investment realms.

This collective focus towards ESG represents a revolutionary transformation in the regional business landscape. It acts as a catalyst for economic growth, economic diversification, and job creation, and in return it elevates the overall quality of life in the region. Reflected in national visions, this transformative journey touches every corner of Middle Eastern society, promising a future where sustainable practices thrive. The ESG initiative contributes expansively to sustainable development across a broad spectrum of sectors.



- Climate action
- Managing greenhouse gas emissions
- Energy efficiency
- Pollution and waste management
- Use of natural resources
- Biodiversity
- Green technologies
- Etc



- Human capital
- Diversity, equity, and inclusion
- Community engagement
- Labor relations and working conditions
- Privacy and data security
- Product quality and safety
- Human rights and child labor
- Etc



- Business ethics
- Corporate code of conduct
- Risk management
- Board composition
- ESG governance
- Transparency and disclosure
- Audit and compliance
- Etc

# ENVIRONMENT FUND'S ESG VISION



EFund pioneers a vision for sustainable change within the Kingdom to become a benchmark for sustainable development worldwide.

“ To augment green growth aspirations by adopting & promoting holistic principles of sustainable development within the Kingdom. ”



ARABIAN SAND GAZELLE IN NATURAL HABITAT

# SEVEN ESG PRINCIPLES

The below ESG principles outline our fundamental beliefs:

1. Growing and protecting Saudi Arabia's natural capital resources by combating desertification and land degradation, championing environmental conservation, enhancement, and promotion of biodiversity, environmental quality, and regenerative practices.
2. Mitigating the effects of climate change and aligning efforts with Saudi Arabia's net-zero pledge by 2060, striving towards a lower carbon economy.
3. Fostering a harmonious, positive, and inclusive workplace culture, emphasizing ethical business practices that value Diversity, Equity, and Inclusion in line with expectations and customs in the Kingdom
4. Encouraging meaningful involvement of the private sector and promoting cultivation of healthy relationships with local communities.
5. Integrating ESG criteria across key business functions and embedding it as part of departmental strategies and actions, for a holistic view on sustainable development. This approach is also intended to guide projects under the National Environment Strategy.
6. Complying with the applicable laws, including relevant environmental and social legislation.
7. Upholding the highest standards of governance, in line with the applicable norms and mandates in the Kingdom.





# OUR AMBITIOUS GOALS



## Environmental

- Commit funding and resources to advance research and field projects aimed at fighting desertification and land degradation in alignment with national objectives.
- Develop and execute a corporate-level strategy to lower greenhouse gas emissions, supporting the Kingdom's ambition for net-zero emissions goal.
- Incorporate an ESG Impact assessment framework and report ESG impact along EFund's value chain.
- Initiate holistic strategies to reduce the impact of environmental degradation in the Kingdom.
- Launch strategies to increase investments in green industries and technologies that contribute to a sustainable economy.
- Facilitate the launch of center commitments to achieve carbon reduction targets in alignment with the national net-zero goal.



## Social

- Ensure a minimum threshold for women's representation across all organizational levels that exceeds the national requirements.
- Strive to achieve and sustain high levels of employee satisfaction, positioning the organization as a benchmark for being an excellent and safe workplace.
- Exceed national benchmarks in the environmental sector by establishing ambitious objectives for training, skill development, people safety, and employment generation.



## Governance

- Uphold the highest standards in data security and privacy, aiming for zero breaches.
- Consistently implement and uphold top-tier ESG governance practices throughout the organization.
- Implement a comprehensive risk management framework to proactively identify and address ESG-related risks across business activities.
- Encourage adoption of ESG within the Kingdom's environmental and meteorological centers and become a global standard.

# INSTITUTIONALIZING ESG: STRATEGY AND IMPLEMENTATION

To integrate ESG into its operations, EFund has strategically designed its approach to leverage the inherent environmentally-friendly mandate, aligning with KSA's national priorities. Drawing from established frameworks, global peers, and ESG experts, EFund considers diverse modes of influence to fulfill its objectives. EFund sets a leadership standard in the environmental sector, aligning with national ambitions for comprehensive ESG integration.

To embark on the development of its ESG Policy and Strategy, EFund establishes these foundational pillars as bedrock of its ESG journey. To fortify these pillars, EFund employs a suite of supplementary reporting tools and comprehensive guidance notes, ensuring precise execution of ESG initiatives in alignment with strategic objectives.

EFund reflects commitment and strides towards ESG implementation through three goals.

## Embedding ESG at the corporate level



## Embracing ESG in the environmental sector



## Enhancing governance of ESG

To transparently communicate progress and ESG performance to stakeholders, EFund is committed to producing an annual ESG Report. This report transcends mere data compilation; it stands as a testament to our unwavering commitment to accountability. To encompass vital ESG performance data, insights from benchmarking and research endeavors, the report shines a light on our strides towards realizing ESG commitments.



A DATE PALM TREE WITHIN AL-AHSA OASIS

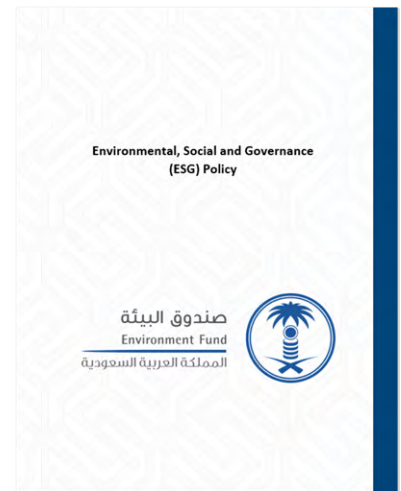
# EMBEDDING ESG AT THE CORPORATE LEVEL



Our ESG Policy seamlessly integrates ESG across our organization and activities.

The adoption of ESG at EFund is built on a strong foundation of commitment and the belief of our leadership in the principles that we outline in our strategy. This shared commitment is formalized by establishing the alignments between ESG and the direction set by the board of directors, resulting in an ESG policy that is applicable to our current ambitions and suited to ensure the adoption of ESG principles throughout our organization.

The ESG policy is a living document intended to evolve as EFund innovates and adapts to the changing regulatory and financial landscapes surrounding sustainability. The policy is our most important tool, and it lies at the heart of implementing EFund's ESG strategy.



## Objectives set by our ESG policy:

1. Outline EFund's ESG principles and approach.
2. Develop a framework to align with global best practices for allocation of funds and capital to sustainable projects with strong ESG characteristics and enable the measurement and management of the impact of allocated capital.
3. Ensure EFund's ESG approach aligns with the Vision 2030 and National Environment Strategy (NES) objectives, enabling EFund to contribute to related national sustainability goals and commitments.
4. Increase understanding of ESG across the Kingdom's environmental and meteorological centers, setting an example by demonstrating progress against leading ESG practices, thereby extending these principles to the broader environmental and meteorological centers in the Kingdom.

# OUR CORPORATE ESG ACTION PLAN

Our ESG corporate action plan is structured around three targets, which effectively integrate across diverse departments within our business functions.

## 1. Expanding on Material Themes: Identifying where we can have the most impact

We extensively researched and synthesized EFund's 11 key ESG themes, incorporating insights from its vision, mission, and strategic objectives. Our inclusive approach considered EFund's challenges and opportunities, and are strategically aligned with national and international agendas, such as the KSA Vision 2030, National Environment Strategy (NES), Saudi Green Initiative (SGI), Middle East Green Initiative (MGI), and UN SDGs. This breakdown enables a targeted implementation plan, reinforcing EFund's commitment to sustainable practices locally and globally.

## 2. Best in Class Initiatives to Achieve ESG Targets:\* Developing short- & long-term plan

All departments actively contribute to achieving EFund's ESG objectives by taking ownership and collaborating. ESG initiatives are customized to leverage each department's strengths, enhancing overall effectiveness and fostering active participation. This tailored approach recognizes and utilizes diverse expertise across the organization. Ongoing collaboration establishes feedback loops and open communication channels, promoting efficiency, innovation, and continuous improvement. This ensures our ESG initiatives remain adaptive to evolving circumstances and needs in the short and long term.

## 3. Monitoring & Reporting: Tracking progress

Effective and transparent communication at all levels of ESG advancements is integral to our strategy. It reaffirms our commitment to EFund's ESG principles and integrates them seamlessly into the corporate strategy, contributing to EFund's mission and vision.

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\* The initiatives are categorized by each material theme. More details on our approach in Section 4: The Road Ahead

# EMBRACING ESG IN THE ENVIRONMENTAL SECTOR

EFund's Impact Framework steers our initiatives within the Kingdom's environmental sector.



## Organizational Excellence

Improvement in workforce diversity metrics and in employee skill levels.



## Technology & Innovation

Contribution to industry innovation and technological advancement, and effectiveness of spending in driving sustainable & innovative industry solutions.



## Social Development

Focusing on community development, welfare and CSR effectiveness.



## Environmental Enhancement

Progress in climate change response, enhancement of ecosystems and biodiversity.



## Sustainable Economic Growth

Contributing to green economic growth and green economic opportunities.

Our strategic allocation of capital serves as the key driver for ESG-related impact, anchored in our incentives and grants program.

Our collaboration with the environmental and meteorological centers helps them achieve specific outcomes such as emission reduction, climate change mitigation, efficient waste management, increased vegetation cover, and combating desertification and land degradation.

We are steadfast in our commitment to vigilant monitoring, ensuring these initiatives substantially contribute to our ESG goals and desired impact.

# ENHANCING GOVERNANCE OF ESG

EFund is committed to ESG governance by instilling decision-making mechanisms across all organizational levels, including the Board of Directors, management, and stakeholders.

The Board oversees ESG governance and performance, ensuring strategic alignment with broader EFund objectives for effective execution. This alignment facilitates periodic reviews and provides essential guidance to bolster effective strategy execution.

The ESG Committee is chaired by the Chief Executive Officer (CEO) and will include senior executives from key divisions within the Fund. This approach is expected to streamline reporting to the CEO and Board on key ESG matters and facilitate coordination across divisions. This committee optimizes internal ESG reporting, aiding EFund's comprehensive ESG integration.

ESG representatives from various internal functions within EFund are nominated by their respective division leaders to help meet expectations across their functions in line with the ESG strategy.



JABAL ALFIL (ELEPHANT ROCK)

# Way Forward: A Roadmap to Guide our Actions on Material ESG Themes





# FOCUSING OUR EFFORTS TO ELEVEN MATERIAL THEMES

We determined our ESG material issues by assessing what matters most to us and what is in line with national priorities for areas for maximum stakeholder impact. Guided by Vision 2030, National Environment Strategy (NES), Saudi Green Initiative (SGI), Middle East Green Initiative (MGI), KSA's ESG commitments, and the broader ESG landscape, we have identified key focus areas to guide corporate actions and investments. The 11 themes stated below, reflect where EFund can maximize impact as an environmental steward and a facilitator of progress in KSA.

## Environment

### E1: Natural Capital

- Land degradation
- Desertification
- Terrestrial and marine life conservation
- Natural cover enhancement

### E2: Climate Change

- Green technologies
- Reduction in GHG emissions
- Mainstreaming climate change adaptation

### E3: Environmental Quality

- Wastewater management
- Pollutants and air emissions

### E4: Circular Economy

- Waste recycling
- Reuse, refurbishment and repair of materials
- Regenerative practices

### E5: Green Economic Opportunities

- Green investments & innovation
- Green employment & trade
- Engagement & partnerships

## Social

### S1: Diversity, Equity and Inclusion

- Diverse representation
- Access to opportunities
- Equity and inclusion

### S2: People and Culture

- Fair employment and social benefits
- Employee engagement and workplace wellbeing
- Skills and development

### S3: Community Engagement

- Training and capacity development
- Increased economic opportunities
- Social engagement and grievance redressal

## Governance

### G1: Risk & Impact Management

- ESG risk identification and mitigation
- Impact measurement and management

### G2: Business Ethics & Compliance

- Regulatory compliance
- Anti-bribery and corruption
- Whistleblowing

### G3: Data Security and Privacy

- Digital transformation
- Data privacy and cybersecurity

## Our ESG material themes are aligned with





# E1: Natural Capital



One million animal and plant species are facing extinction while current efforts to conserve the earth’s resources will likely fail without radical action.<sup>1</sup>

## Natural Capital at Risk

Nature provides essential environmental resources like clean water, healthy soil, and valuable resources that are crucial for our well-being.

Our collective natural capital needs protection and enhancement. In alignment with its vision, EFund aspires to allocate capital to preserve the natural environment in order to help combat desertification and land degradation.

## Planting Trees, Protecting Oceans, and Securing Tomorrow

Saudi Arabia is actively preserving its wildlife, marine life, and coastal ecosystems through the management of 15 sanctuaries by the National Center for Wildlife, focusing on protecting endangered species and promoting biodiversity.<sup>2</sup> The government places a strong emphasis on creating marine protected areas and promoting eco-friendly tourism, supported by significant investments in research for ocean conservation and sustainable utilization.<sup>3</sup>

Under the Saudi Green Initiative (SGI), Saudi Arabia is combating desertification by planting millions of trees and several other initiatives in line with land and marine protection. These measures contribute to restoring degraded landscapes and creating a more sustainable future.<sup>4</sup>

In coastal management, the Kingdom is implementing strategies to decelerate erosion, enhance blue carbon sinks, and address climate change risks to marine livelihoods.<sup>5</sup> Ambitious goals under the SGI include planting 10 billion trees, restoring 40 million hectares of land, and ensuring that 30% of Saudi Arabia’s land and sea areas are under protection by 2030, achieved through the creation of new protected zones.<sup>6</sup>

1 UN Report ([un.org](https://un.org))  
 2 NCW manages 15 Protected Areas ([faw.org](https://faw.org))  
 3 KSA Voluntary National Review 2023 - Pg 164 ([nlpf.un.org](https://nlpf.un.org))  
 4 Saudi Green Initiative ([greeninitiatives.gov.sa](https://greeninitiatives.gov.sa))  
 5 KSA Voluntary National Review 2023 - Pg 163 ([nlpf.un.org](https://nlpf.un.org))  
 6 Saudi Green Initiative ([vision2030.gov.sa](https://vision2030.gov.sa))



EFund is prepared to enhance its initiatives in combating desertification, land degradation, and preserving terrestrial and marine life, and support MEWA in organising the sixteenth session of the Conference of the Parties (COP16) of the United Nations Convention to Combat Desertification (UNCCD). EFund has identified specific sub-themes aimed at improving natural capital in KSA.

**1. Desertification**

EFund will explore investment opportunities, including technologies and projects aimed at combating desertification. In collaboration with the relevant environmental and meteorological centers, we plan to organize a survey to assess both the risks of desertification and the opportunities available to combat it.

**2. Land Degradation**

EFund will explore driving positive change in land restoration and regeneration. In collaboration with recognized environmental and meteorological centers, we intend to conduct a thorough survey to evaluate the root causes and consequences of environmental degradation, with the aim of identifying effective mitigation strategies.

**3. Terrestrial and Marine Life Conservation**

EFund will seek collaboration with the relevant environmental and meteorological centers to organize a survey of local at-risk species and identify risk drivers for terrestrial and marine life.

**4. Natural Cover Enhancement**

We will encourage our employees to participate in tree-planting activities and plan to organize awareness sessions to upgrade skills for the enhancement of biodiversity and conservation in local communities.

## Notable Achievements

- Launched EFund’s 1st sustainable initiatives with Bateelah for kids and family & Philippine Saudi initiative, which resulted in planting +2200 trees with the help of +300 volunteers.
- Partnered with Suddair Evergreen to increase green spaces and enhance environmental protection activities, clean reserves, parks under the One Goal initiative.
- EFund and Coral Research and Development Accelerator Platform (CORDAP) signed an MOU for collaborative efforts in coral reef projects, research and events.



AGRICULTURAL FARM - HAIL CITY, SAUDI ARABIA



# E2: Climate Change



2022 was the sixth warmest year on record (0.86°C above the 20th-century average). The last nine years have been the nine warmest ever recorded globally.<sup>1</sup>

## The Climate Change Issue

Climate change increasingly threatens both human health and the stability of natural ecosystems. This pressing issue has brought the need for a global shift in energy consumption and production to the forefront of international discourse.

The discussions at COP28 in December 2023 underscored this urgency, advocating for a transition to renewable and lower-emission energy sources.<sup>2</sup>

This evolving landscape demands a re-evaluation of the global dependency on fossil fuels, urging governments and businesses to adapt to a new economy where renewable energy plays a central role and carbon offsets emerge as key commodities.

## Saudi Arabia's Efforts in Climate Change Mitigation

The National Environment Strategy (NES) integrates climate adaptation into all national strategies, focusing on raising compliance standards and concurrently reducing pollution.<sup>3</sup> The Green Initiatives (MGI and SGI) unify environmental protection with the imperative of the energy transition, place significant emphasis on achieving emissions reduction through the implementation of the circular carbon economy.<sup>4</sup>

To attain these goals, strategic investments in carbon capture, energy efficiency, and renewable energy are deemed crucial.

Saudi Arabia has set a tangible target to cut 278 million tons of CO<sub>2</sub> annually by 2030, underscoring its commitment to achieving zero emissions by 2060 through the circular carbon economy strategy.<sup>5</sup>

In line with these objectives, the country actively funds the development of cutting-edge technologies, including those related to carbon capture, energy efficiency, and renewable energy sources. Additionally, Saudi Arabia has positioned itself globally by signing the Global Methane Pledge, showcasing a dedicated effort to reduce global methane emissions by 30% by 2030. The MGI aspires to grow 50 billion trees across the Middle East, supporting in reduction of 670 million tons of CO<sub>2</sub>e emissions.<sup>6</sup>

<sup>1</sup> World's sixth warmest year on record ([noaa.gov](https://www.noaa.gov))

<sup>2</sup> COP28 Highlights ([unfccc.int](https://unfccc.int))

<sup>3</sup> KSA Voluntary National Review 2023 - Pg 156 ([unfccc.int](https://unfccc.int))

<sup>4</sup> KSA Voluntary National Review 2023 - Pg 157 ([unfccc.int](https://unfccc.int))

<sup>5</sup> KSA Voluntary National Review 2023 - Pg 155 ([unfccc.int](https://unfccc.int))

<sup>6</sup> KSA Voluntary National Review 2023 - Pg 155 ([unfccc.int](https://unfccc.int))



EFund aligns with the Kingdom’s vision to transform energy consumption, reduce greenhouse gas emissions, and promote climate change adaptation. This reflects a commitment to a more sustainable future, with EFund focusing on specific sub-themes to address climate change effectively.

**1. Green Technologies**

EFund plans to develop a roadmap for altering its energy mix to include increasing participation of green technologies, aligning it with organizational growth and maturity.

**2. Reducing GHG Emissions**

EFund will explore establishing employee awareness campaigns to reduce energy consumption, aiming to minimize the office’s carbon footprint. Our objective is to identify greenhouse gas (GHG) reduction, including energy efficiency improvements and plans to reduce and report our direct GHG emissions (scope 1 & 2). We will develop a GHG reduction plan, setting incremental targets to achieve carbon neutrality within a specific time frame, and build the capabilities to measure and develop a reduction plan for scope 3 emissions.

**3. Mainstreaming Climate Change Adaptation**

EFund aims to establish a forum to lead discussions and promote climate change adaptation practices and projects in KSA, collaborating with regulators, prominent organizations, and private sector members.

## Notable Achievements

- EFund has implemented energy-efficient lighting systems to reduce its energy consumption by using LED lights and motion-sensors.



# E3: Environmental Quality



An estimated 80% of global wastewater flows back into the environment untreated, contaminating water bodies and posing significant health and environmental risks.<sup>1</sup>

## Environmental Quality is Imperative

Maintaining environmental quality is a pressing concern. Factors such as air and water quality, pollution, and noise levels significantly impact human well-being, both physically and emotionally.

Ensuring and improving environmental quality is paramount to achieving national goals of fostering a high quality of life and promoting good health and well-being for all citizens,

In today's context, addressing environmental quality has become a crucial issue, requiring urgent attention and action.

## The Kingdom's Holistic Water Management Initiatives

Since conservation of environmental quality, especially clean water access, is an immediate issue, the Kingdom has extended access to clean water and improved sanitation services, especially in remote areas.<sup>2</sup> The government has elevated water and wastewater infrastructure, increasing the public's access to potable water while minimizing waste and enhancing water use efficiency.<sup>2</sup>

The government has invested in improving wastewater management to mitigate its impact on public health and the environment.<sup>2</sup> This effort includes providing significant volumes of tertiary treated water, which can be repurposed for various applications, including agriculture, industry, and urban activities.<sup>2</sup>

Additionally, strategic plans, such as the National Urban Development Strategy, foster sustainable urban development by enhancing urban planning, governance, and management.<sup>3</sup> Meanwhile, The National Environment Strategy aims to enhance sectoral effectiveness, drive economic growth and innovation through private sector participation, and strengthen environmental compliance. It also places a focus on combatting desertification, conserving biodiversity, fostering climate change resilience, and promoting environmental awareness.<sup>4</sup> The National Center for Environmental Compliance is in the process of creating a central air quality and emission monitoring unit encompassing roughly 240 stations, further progressing the Kingdom's analysis and forecasting capabilities in this domain.<sup>5</sup>

1 Water Quality ([unwater.org](http://unwater.org))

2 KSA Voluntary National Review 2023 - Pg 81 ([hlpf.un.org](http://hlpf.un.org))

3 KSA Voluntary National Review 2023 - Pg 134 ([hlpf.un.org](http://hlpf.un.org))

4 National Environment Strategy ([mewa.gov.sa](http://mewa.gov.sa))

5 KSA Voluntary National Review 2023 - Pg 136 ([hlpf.un.org](http://hlpf.un.org))



EFund is poised to elevate its wastewater management practices and air emission controls in line with the Kingdom’s stringent environmental standards, ensuring they align their growth with ecological preservation. EFund has identified the following sub-themes to improve environmental quality in KSA.

### 1. Wastewater Management

### 2. Pollutants and Air Emissions

EFund’s immediate priority is to raise awareness of pollution prevention among its employees and communities. The Fund will pursue initiatives such as organizing awareness campaigns on wastewater and emissions management in heavily polluting industries, conducting environmental workshops in educational institutions. By doing so, EFund would be able to raise awareness on environmental quality topics including wastewater management, air quality, pollution reduction and conservation, and launching a ‘Green Ambassador’ program in schools.

Furthermore, we will actively seek opportunities to advocate for sustainable practices by engaging in research and development collaborations with academic institutions focused on environmental innovations and their potential impact. EFund will examine avenues to undertake studies to understand the level of incentives and funding required by industries to adopt water-saving technologies or practices.

## Notable Achievements

- EFund has implemented HVAC projects which improve ventilation systems that operate on more environmentally friendly gas and maintain clean air ducts. In addition, faucets and water network systems in the building have been replaced to avoid water leakage and conserve water.





# E4: Circular Economy



Global circular economy could unlock revenue growth of USD 713 billion by 2026.<sup>1</sup>

## What is a Circular Economy?

The Circular Economy involves repurposing the waste generated by commercial activities, moving away from using finite resources. Our current economic system can be considered a ‘linear economy,’ built on a model of extracting raw materials from nature, transforming them into products, and then discarding them as waste.

Currently, only 7.2% of used materials are cycled back into our economies after use, and material extraction and use account for 70% of global greenhouse gas (GHG) emissions.<sup>2</sup> This places a significant burden on the environment, contributing to the climate, biodiversity, and pollution crises.

Estimates indicate that we are already using more than the available amount of Earth’s natural resources. If current trends persist, we will need three planets by 2050.<sup>2</sup>

Smarter and more efficient use of resources will, in the future, enable people to enjoy a prosperous life on a healthy planet, fostering a strong and sustainable economy.

## Circular Carbon Economy and Waste Management Initiatives

Saudi Arabia’s influential role within the G20 directly led to the adoption of the Circular Carbon Economy approach by member countries. This approach serves as an integrated and comprehensive framework, strategically addressing the challenges posed by greenhouse gas (GHG) emissions.<sup>3</sup> This collaborative program aims to achieve carbon circularity, neutrality, or net zero carbon emissions, by providing a comprehensive, technologically impartial, and cost-effective method to assess strategies to mitigate climate change at various scales.<sup>4</sup> The Circular Carbon Economy (CCE) expands upon the three Rs of the circular economy - reduce, recycle, and reuse - by incorporating a fourth ‘R’ for removal, while focusing on the flows of energy and emissions rather than materials and products.<sup>4</sup>

The government has promoted the sustainable management of waste, waste-to-energy plants and has launched recycling initiatives. The Saudi Investment Recycling Company (SIRC) was founded to develop, own, operate, and finance various activities across all waste types, establish recycling capacities in the Kingdom, and build a circular economy for a sustainable future.<sup>5</sup>

1 Circular economy revenues ([sciencedirect.com](https://www.sciencedirect.com))  
 2 Global greenhouse gas ([climatepromise.undp.org](https://climatepromise.undp.org))  
 3 KSA Voluntary National Review 2023 - Pg 214 ([hlpf.un.org](https://hlpf.un.org))  
 4 KSA Voluntary National Review 2023 - Pg 94 ([hlpf.un.org](https://hlpf.un.org))  
 5 KSA Voluntary National Review 2023 - Pg 148 ([hlpf.un.org](https://hlpf.un.org))





Aiming for a 42% waste recycling rate by 2035, significant investment has been made in waste management in Saudi Arabia, including reducing waste, supporting recycling, and improving waste processing techniques.<sup>1</sup> The MWAN-drafted regulations, approved by the Council of Ministers, guide environmentally responsible waste management.<sup>2</sup> Additionally, the Royal Commission for Riyadh Development created a waste management strategy for Riyadh, offering a roadmap for enhanced practices.<sup>3</sup>

In sync with the Kingdom’s waste management guidelines, EFund remains committed to refining its waste recycling, reuse, and refurbishment practices to support the principles of a circular economy. EFund has identified the following sub-themes to promote a circular economy in KSA.

**1. Waste Recycling**

We aspire to transform our office environment into a zero-waste space by developing relevant policies and procedures, thereby significantly reducing contributions to landfills.

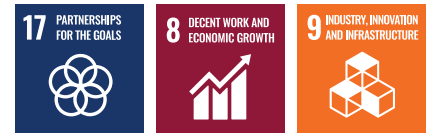
**2. Reuse, Refurbishment and Repair of Materials and other Regenerative Practices**

We are committed to environmental stewardship, actively exploring ways to minimize our office’s waste footprint. This includes ongoing employee education on waste reduction and recycling practices. Additionally, we will strive to promote concepts of waste reduction and re-use to the environmental and meteorological centers and encourage specific programs to eliminate waste.

1 Waste recycling rate ([my.gov.sa](http://my.gov.sa))  
 2 KSA Voluntary National Review 2023 - Pg 146 ([hlpf.un.org](http://hlpf.un.org))  
 3 KSA Voluntary National Review 2023 - Pg 146 ([hlpf.un.org](http://hlpf.un.org))



DATE PLANTATION



# E5: Green Economic Opportunities



In 2023, Saudi Arabia announced that it would invest up to one trillion riyals (\$266.4 billion) to generate cleaner energy.<sup>1</sup>

## The Green Economy Approach

Green Economic Opportunities involve promoting economic growth and development while ensuring that natural assets continue to supply the resources and environmental services crucial for our well-being.

In essence, a green economy promotes low carbon emissions, resource efficiency, and social inclusivity. It fosters economic growth through both public and private investments in activities and infrastructure that reduce pollution, enhance energy efficiency, and protect biodiversity and ecosystems.

This approach also involves creating new markets by generating demand for green goods, services, and technologies.

Overall, the green economy has the potential to drive positive GDP growth, boost competitiveness, and generate new employment opportunities in the long term.

## Economic Diversification and Green Initiatives

Driven by the key objective of economic diversification, Saudi Arabia is expanding sectors such as tourism, technology, and diversified energy. It has announced investments worth more than \$186.6 billion to contribute to the development of the green economy, create quality job opportunities, and provide significant investment opportunities for the private sector.<sup>2</sup>

Three targets guide MGI and SGI's work - emissions reduction, afforestation, and land and sea protection. Since the launch of SGI in 2021, over 80 green initiatives have been activated.<sup>3</sup> The government is scaling up renewable projects, electric vehicle adoption, hydrogen production, energy efficiency, and carbon capture utilization and storage.<sup>4</sup> Multiple large-scale urban development programs are expanding urban green spaces.

Saudi Arabia has channelled substantial resources into infrastructure and industrial growth. The government has strongly advocated for innovation across all industries, marked by a rapid digital transformation now underway across all sectors.

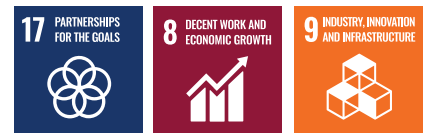
Saudi Arabia established King Abdulaziz Center for National Dialogue to encourage a network between the government and the civil society while building strong partnerships with NGOs and other civil society organizations. Moreover, the government also partnered with the United Nations to support sustainable development initiatives, by engaging with other

<sup>1</sup> Generation of clean energy ([reuters.com](https://www.reuters.com))

<sup>2</sup> Saudi Arabia to invest \$186.6bn ([zawya.com](https://www.zawya.com))

<sup>3</sup> Saudi & Middle east green initiative ([greeninitiatives.gov.sa](https://greeninitiatives.gov.sa))

<sup>4</sup> KSA Voluntary National Review 2023 - Pg 15 ([hlpf.un.org](https://hlpf.un.org))



multilateral organizations, such as the GCC and the G20.<sup>1</sup> Additional partnerships include: Protection of victims of human trafficking (UN and KSA Human Rights Commission), the Future Investment Initiative (FIIF by PIF), Saudi Capital Market Forum (Tadawul), and Carbon Capture and Storage (CCUS) Hub (Aramco, Ministry of Energy and Schlumberger).<sup>2</sup>

As part of EFund’s commitment to sustainability, it aims to establish a portfolio with focus on green innovations and employment, complementing the Kingdom’s agenda to boost the green economy. EFund has identified the following sub-themes to develop green economic opportunities.

**1. Green Investments and Innovation**

EFund will explore potential green projects or businesses for investment. We seek to establish connections with experts in green technologies and sustainable business practices to enrich understanding and cultivate potential collaboration prospects.

**2. Green Employment and Trade**

EFund sees potential in convening stakeholders, including industry leaders, policymakers, and academics, through forums and roundtables, to explore advancements in the green economy.

**3. Engagements and Partnerships**

EFund seeks to create a stakeholder engagement plan. The aim of this is to bring participants from both public and private domain to develop the environmental and meteorological centers in a manner that defines each stakeholder group’s concerns, priorities, communication, and engagement methods.

EFund envisions the environmental and meteorological centers’ engagement in international and national events, that generate new opportunities, and that add value to the environmental and meteorological centers.

EFund seeks to explore partnerships with national and international organizations that can provide expertise on developing the environmental and meteorological centers in ways that align with the Kingdom’s established frameworks and aspirations.

<sup>1</sup> KSA Voluntary National Review 2023 - Pg 199 (<http://un.org>)  
<sup>2</sup> KSA Voluntary National Review 2023 - Pg 220 (<http://un.org>)

## Strategic alliance

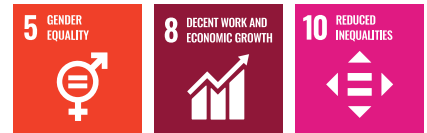
Three MOU were signed with:

- Deputyship of Research and Innovation at MEWA
- King Saud University
- King Abdullah University of Science and Technology

Aiming to design, develop, and enable joint projects and initiatives of research, innovation and entrepreneurship in the environment sector.

## Notable Achievements

- The Fund launched the “Sidra” program, which aims to build the entrepreneurship ecosystem in the environment sector, create an entrepreneurial community specialized in the sector, and help startups grow and attract venture capital.
- The Fund participated in the “Saudi Green Initiative” at COP28 in Dubai, emphasizing its vision, mission, and strategic objectives for the financial sustainability of 5 environmental and meteorological centers.



# S1: Diversity, Equity & Inclusion



Organizations with inclusive cultures are 2x as likely to meet or exceed financial targets as those without, 3x as likely to be high-performing, 6x more likely to be innovative and agile, and 8x more likely to achieve better business outcomes.<sup>1</sup>

## Diversity is Key

Diversity focuses on representation or the make-up of an entity. Inclusion is about how well the contributions, presence, and perspectives of different groups of people are valued and integrated into an environment.

Diversity, equity, and inclusion (DE&I) are often grouped together because they are interconnected, and it is only in combination that their true impact emerges.

Employee engagement is strongly linked with a sense of inclusion. When implemented correctly, diversity, equity, and inclusion foster cohesiveness among employees and management and a healthy work environment.

As a result of creating a united workforce through DE&I, a business increases its chances of success in establishing its desired company culture.

## Saudi Arabia’s Pursuit of Equality and Inclusion

Saudi Arabia has taken steps to achieve a cohesive method of equality between the men and women of society in various fields by enhancing their rights, support systems, and care programs, thus improving their work environment in all sectors.<sup>2</sup>

The representation of women holding senior positions in the private sector increased from 20.02% in 2015 to 32.28% in 2020.<sup>3</sup>

Inclusive tourism is becoming increasingly important in Saudi Arabia, creating experiences that are accessible and welcoming to all individuals, regardless of their background or abilities.

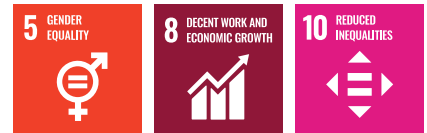
Saudi Arabia’s Vision 2030 promotes a vibrant society that aims to provide equal opportunities for everyone - men and women, young and old - so they may contribute to the best of their abilities.<sup>4</sup>

<sup>1</sup> Perspective of D&E ([deloitte.com](https://www.deloitte.com))

<sup>2</sup> KSA Voluntary National Review 2023 - Pg 71 ([nlpf.un.org](https://nlpf.un.org))

<sup>3</sup> KSA Voluntary National Review 2023 - Pg 71 ([nlpf.un.org](https://nlpf.un.org))

<sup>4</sup> Saudi Arabia’s Vision 2030 - Pg 37 ([vision2030.gov.sa](https://vision2030.gov.sa))



Gender Balance Center was established under the Institute of Public Administration to coordinate the efforts of public agencies to achieve gender balance in the Kingdom by presenting initiatives and projects that contribute to bridging the gender gaps, holding training programs, and providing consultations.<sup>1</sup>

Workforce diversification is being pursued as a central tenet of the Saudi Vision 2030 strategy, seeking to build an inclusive and dynamic labor market. This is leading up to acknowledgement of more inclusive corporate policies and working culture.<sup>2</sup>

EFund aims to mirror the Kingdom’s diversity within its own organization, ensuring equal opportunity, fostering an inclusive environment, and reinforcing its resolve to practice equity at all levels. EFund has identified the following themes to support and implement DE&I.

### 1. Diverse Representation

EFund plans to assess gender diversity at all organizational levels, identifying and addressing pay gaps based on gender and age.

Additionally, the organization will explore the possibility of conducting inclusion surveys to identify cultural gaps and will set measurable goals to enhance the representation of women in leadership roles.

EFund aims to introduce mentorship and sponsorship programs specifically designed for women in the environmental sector, and it will integrate diversity targets into hiring goals.

### 2. Access to Opportunities

EFund aims to foster a supportive environment for flexible work arrangements and promote inclusivity within office spaces. This involves creating structures and policies that support diverse working styles. EFund endeavors to cultivate a culture where individuals feel valued and empowered, ultimately enhancing productivity, satisfaction, and collaboration among team members.

### 3. Equity and Inclusion

EFund remains committed to ensuring a minimum amount of training hours for all employees, dedicated to gender inclusion, addressing unconscious bias, and promoting a supportive work environment for women. Additionally, it will look to develop and implement a standalone Diversity, Equity & Inclusion Policy Manual.

<sup>1</sup> Gender Balance Center ([jpa.edu.sa](http://jpa.edu.sa))  
<sup>2</sup> Saudi Arabia's Vision 2030 ([expatarrivals.com](http://expatarrivals.com))

## Notable Achievements

- EFund advocates for diversity by having 35% women in our work force.



# S2: People and Culture



79% of employees believed their company’s wellbeing programs helped them be as productive as possible.<sup>1</sup>

## Safeguarding the Workspace

People are central to any organization’s success. Ethical employment practices ensure that all employees are treated fairly and ethically. Moreover, they are provided with adequate working conditions and environment that does not cause any physical or psychological harm to them. This is regardless of job role, gender, race, religion, background, or economic status.

A work environment that possesses organizational culture is driven by purpose and clear expectations. This motivates and inspires employees to be more engaged in their work duties and interactions with others.

Fair, equal treatment involves catering to the unique needs, motivations, and goals of each employee.

## Advancements in Saudi Employment and Social Policies

The National Strategy for Employment aims at increasing labor force participation, improving job quality, and productivity.<sup>2</sup> The labor market strategy aims to introduce reforms in the public and private sectors and aims at raising skills and productivity.<sup>3</sup>

The National Policy to Prevent Child Labor aims to provide a safe environment that supports childhood and a society where children enjoy all their rights.<sup>4</sup> Saudi Arabia has invested in upskilling initiatives to boost domestic talent with a focus on enhancing digital skills and future competencies.

Under Vision 2030 and the National Transformation Program, the government has taken steps to reduce income inequality, particularly through social safety nets and poverty reduction programs.<sup>5</sup> The Saudi Human Rights Commission is tasked with protecting and promoting human rights in accordance with international human rights standards and aligned with provisions of Islamic Law.<sup>6</sup>

The National Strategic Program for Occupational Safety has been launched, focusing on legislation and regulations related to occupational safety and health, and fostering cooperation among employers, workers, and their representatives to enhance workplace conditions.<sup>7</sup>

1 Employee wellbeing programs ([trinet.com](https://trinet.com))  
 2 KSA Voluntary National Review 2023 - Pg 104 ([nlpf.un.org](https://nlpf.un.org))  
 3 KSA Voluntary National Review 2023 - Pg 104 ([nlpf.un.org](https://nlpf.un.org))  
 4 KSA Voluntary National Review 2023 - Pg 104 ([nlpf.un.org](https://nlpf.un.org))  
 5 KSA Voluntary National Review 2023 - Pg 123 ([nlpf.un.org](https://nlpf.un.org))  
 6 KSA Voluntary National Review 2023 - Pg 124 ([nlpf.un.org](https://nlpf.un.org))  
 7 KSA Voluntary National Review 2023 - Pg 105 ([nlpf.un.org](https://nlpf.un.org))



In resonance with the Kingdom’s labor policies, EFund anticipates enriching its employment practices, enhancing worker engagement and well-being, and prioritizing skill development. EFund has identified the following themes to promote People and Culture.

**1. Fair Employment and Social Benefits**

EFund envisions forging partnerships with organizations that promote fair employment to stay abreast of best practices and demonstrate a commitment to fair employment.

We created a system for employees to submit feedback and improvement suggestions, affirming the value of their input on satisfaction levels.

**2. Employee Engagement and Workplace Well-being**

EFund plans to launch a program for nominating and celebrating employees for exceptional work, offering tangible rewards and organizational recognition.

EFund would also plan to develop a health and wellness program featuring regular health screenings, fitness classes, and nutrition counselling for the employees.

**3. Skills and Development**

EFund aims to offer targeted training for current and potential leaders, focusing on enhancing skills in team management, strategic thinking, and emotional intelligence.

We also conduct regular employee skills gap analysis and appraisals to identify areas of improvement, followed by a plan to enhance proficiency in those areas.

## Notable Achievements

- Finalised the Green Finance in house training program with respective stakeholders.
- The Fund sponsored the training of MAWHIBAH team in Hungary (12 Talented students). Four team members participated in the international Biology Olympiad in UAE and won four medals.
- EFund has onboarded 42 new hires in 2023.





# S3: Community Engagement



The Kingdom has witnessed a 120% growth of Non-Profit organizations since launch of Vision 2030.<sup>1</sup>

## Building Trust and Making a Positive Impact

Community Engagement Fortune Global 500 firms spend roughly \$20 billion on corporate social responsibility per year.<sup>2</sup> Ninety-five percent of employees believe businesses should benefit all stakeholders—not just shareholders— including employees, customers, suppliers, and communities they operate within.<sup>3</sup> By engaging with the community, companies can build trust and demonstrate their commitment to the well-being of those who live and work in the area.

Companies that are committed to being responsible corporate citizens should also consider their impact on the environment, their relationships with suppliers and customers, and their impact on society more broadly.

However, by setting goals in these areas, companies can make a real difference in the communities where they operate and demonstrate their commitment to making a positive impact beyond their bottom line.

## Social Development Initiatives in Saudi Arabia

Saudi Arabia's Vision 2030 emphasizes the importance of being responsible in business and being responsible to society. The government actively promotes public-private partnerships to address national challenges.<sup>4</sup>

In fostering community engagement, the government encourages volunteering, private sector involvement, and corporate adoption of social responsibility programs.

Zakat funds support charitable endeavors like education and job training,<sup>5</sup> while the Waqfy Platform facilitates community contributions for sustainable development.<sup>6</sup>

The National Program for Community Development, 'Tanmia,' funds initiatives by local communities, promoting community engagement and self-sufficiency while addressing challenges like unemployment and limited access to basic services.<sup>7</sup>

1 NTP Annual Report - Pg 44 ([vision2030.gov.sa](https://www.vision2030.gov.sa))

2 Harvard Business Review ([hbr.org](https://hbr.org))

3 Eye-Opening Corporate Social Responsibility Statistics ([hbs.edu](https://hbs.edu))

4 Saudi Arabia's Vision 2030 - Pg 73 ([vision2030.gov.sa](https://www.vision2030.gov.sa))

5 KSA Voluntary National Review 2023 - Pg 36 ([hlpf.un.org](https://hlpf.un.org))

6 KSA Voluntary National Review 2023 - Pg 36 ([hlpf.un.org](https://hlpf.un.org))

7 KSA Voluntary National Review 2023 - Pg 36 ([hlpf.un.org](https://hlpf.un.org))





EFund is well prepared to enhance its workforce capacity with focused training programs, to create economic opportunities, and to maintain a robust social engagement structure to support aspiration and welfare of stakeholders. The organization has identified specific sub-themes to amplify community engagement.

### 1. Training and Capacity Development

EFund is looking into developing, in line with Ministry of Human Resource guidelines, internship & apprenticeship programs targeting underserved communities to provide practical work experience.

EFund envisions forging partnerships with educational institutions and vocational training centers to provide advanced training and development opportunities for community members.

### 2. Increased Economic Opportunities

EFund would also explore opportunities to fund community-based economic development projects such as infrastructure improvements.

### 3. Social Engagement and Grievance Redressal

EFund plans to develop clear guidelines and ensure common standards for managing community grievances across all funded projects.

We would consider implementing organized volunteer programs for employees to participate in community service activities. Additionally, we will contemplate adopting a system of regular reporting on grievance statistics and outcomes, maintaining transparency in the process.

## Notable Achievements

- The Fund launched the Fingertips Plant Initiative in Wadi Hanifa, educating children on environmental protection by planting 200 trees with 20+ volunteers. The initiative was funded and co-led by the Environment Fund in partnership with the Saudi Plant Association.



# G1: Risk and Impact Management



Impact investing projected to leap from \$2.5 trillion to \$6 trillion by 2031 — highlighting an opportunity in proactive risk impact management.<sup>1</sup>

## Managing Risks and Seizing Opportunities

Economic shifts, technological advancements, and environmental changes dictate today's business environment, making Risk and Impact Management a critical corporate priority.

This approach goes beyond navigating challenges; it's about capitalizing on opportunities in an era shaped by sustainable mandates like Saudi's Vision 2030.

Effective Risk and Impact Management is key to embedding sustainability in business models and value chains, utilizing ESG metrics to craft solutions and enhance performance continually.

## Navigating ESG Risks and Opportunities

ESG risks intersect with a potent mix of strengths and challenges in Saudi Arabia. The Kingdom, known as a key oil producer with robust financial buffers and initiatives like Vision 2030, underscores its strategic ESG potential, supported by a young and increasingly diverse workforce. In line with diversification endeavors, continuous strides are taken towards reforms and harnessing opportunities to develop Kingdom's domestic labor force. ESG principles are now being integrated into this context, notably through the Saudi Stock Exchange, as the nation charts a sustainable future.<sup>2</sup>

In alignment with EFund's vision, proactive ESG risk management is essential for Saudi Arabia's environmental and financial sustainability. With a growing focus on climate change and GHG emissions, the Kingdom's strategic response to environmental risks becomes crucial for sustainable growth and economic resilience.

EFund considers impact measurement and management as a vital tool to meet stakeholders expectations and to fulfill national objectives. Understanding impact is essential for quantifying the actual benefits of our investments, grants, and incentives, as well as the projects and programs carried out by the environmental and meteorological centers, ensuring alignment with the National Environment Strategy (NES).

<sup>1</sup> Allied market research ([alliedmarketresearch.com](http://alliedmarketresearch.com))

<sup>2</sup> Tadawul ([saudixchange.sa](http://saudixchange.sa))



Efund’s commitment is firm towards improving its ability to identify and mitigate ESG-related risks and conduct impact measurements, aligning its business practices more closely with Kingdom’s guidelines. EFund has identified following sub-themes to incorporate risk and impact management policies.

### 1. ESG Risk Identification and Mitigation

EFund plans to conduct periodic ESG risk training for all employees, updating the risk register accordingly.

EFund aims towards developing and sharing a supplier code of conduct, integrating ESG considerations into supplier assessments at all stages. Additionally, it intends to refresh and review the enterprise risk management policy and risk register annually.

EFund aims to develop and implement detailed mitigation plans for identified major ESG risks. We also plan to create and formalize a crisis management plan and incident management framework for monitoring and reporting breaches.

### 2. Impact Measurement and Management

EFund will explore establishing a formal ESG impact reporting framework and publish the first impact report from the fund’s own operations, aligning with global ESG standards.

EFund will actively examine the formal engagement of key stakeholders to discuss impact assessment findings and seek feedback for potential continuous improvement. Additionally, there is consideration of leveraging technology to enhance the collection, organization, and analysis of broader impact data.

## Notable Achievements

- Actively screening investment pipelines and deploying EFund capital in line with Strategic Asset Allocation Targets (SAA) while engaging top-tier fund managers to craft innovative impact investing ideas.



# G2: Business Ethics & Compliance



In 2023, The Kingdom has improved its anti-corruption score to 52/100. Transparency International's Corruption Perception Index is the leading global indicator of public sector corruption, which scores 190 countries out of 100 points, with 100 = no corruption.<sup>1</sup>

## Business Ethics are a Blueprint for Sustainable Success

Business ethics entail a guiding standard for values, behaviors, and decision-making. They represent a set of admired values, trustworthy methods of operation, and respect for customers that a company incorporates. This standard insists that all employees adhere to it as the company functions from day to day.

In an ever-evolving business world, ethics and compliance serve as the foundation upon which sustainable and successful businesses are built. Consistent ethical behavior contributes to an increasingly positive public image.

Few considerations are as important to potential investors and current shareholders.

## The Anti-Corruption and Compliance Landscape in Saudi Arabia

Bribery and corruption are serious offenses in Saudi Arabia addressed by the Kingdom's Anti-Bribery Law and enforced by the National Anti-Corruption Authority (Nazaha).<sup>2</sup>

In 2019, Saudi Arabia underscored its dedication to international Anti-Money Laundering (AML) standards by joining the Financial Action Task Force (FATF).<sup>3</sup> The 2018 Mutual Evaluation Report acknowledged Saudi Arabia's adherence to all 40 of the FATF's recommendations.<sup>4</sup>

The Kingdom is undergoing multiple reforms around ESG regulations and compliance on these matters is only going to increase. At the same time, the international financial accounting world has also mandated its global standards on ESG and climate risk, and these could become a national mandate very soon.

The combat against corruption has been a cornerstone of Saudi Arabia's efforts to modernize and create a thriving economy that is attractive to investors. The approach, which the Kingdom has taken towards combatting corruption, is best described as "zero tolerance".

The provisions around whistleblowing are gradually being formalized in the Kingdom. These include coverage across sectors, protection and incentive to the whistle-blower and requirements from companies to implement policies promoting the culture of anti-corruption and whistleblowing.

<sup>1</sup> Transparency International ([transparency.org](https://www.transparency.org))  
<sup>2</sup> KSA Voluntary National Review 2023 - Pg 178 ([hlpf.un.org](https://hlpf.un.org))  
<sup>3</sup> KSA joins FATF ([moi.gov.sa](https://moi.gov.sa))  
<sup>4</sup> Anti Money Laundering FATF ([fatf-gafi.org](https://fatf-gafi.org))



EFund’s quest for corporate integrity will see it fortify its compliance systems, anti-bribery, and corruption measures, along with the whistleblowing mechanism, broadening its adherence to the Kingdom’s regulatory framework. EFund has identified the following sub-themes to enhance the provision of business ethics and compliance.

**1. Regulatory Compliance**

EFund seeks to incorporate compliance audits and reviews to ensure ongoing compliance.

**2. Anti-bribery and Corruption**

EFund aims to conduct periodic training for all employees on business ethics and compliance.

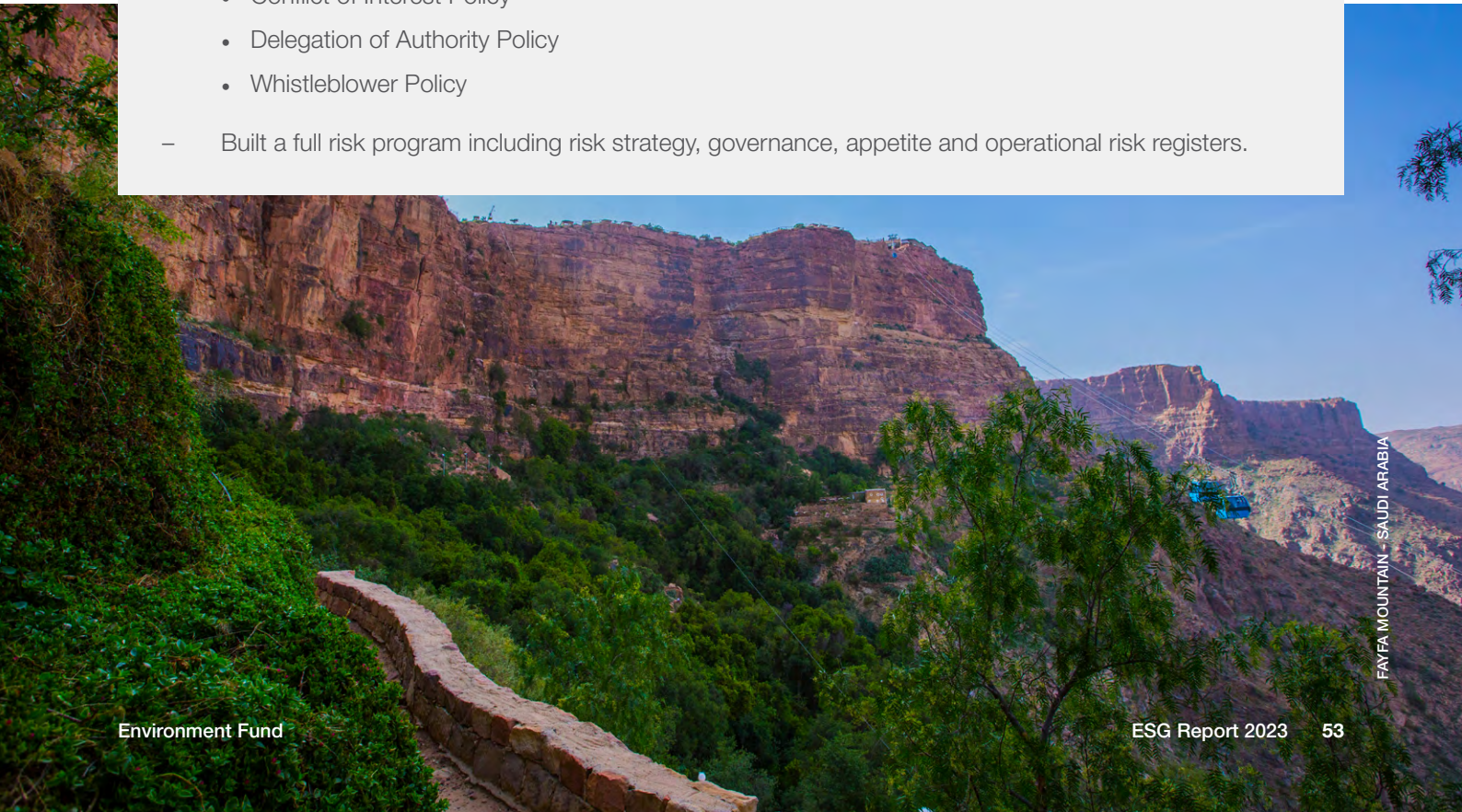
EFund seeks to ensure the anti-bribery policy and code of conduct and ethics are updated and communicated to all employees and relevant stakeholders.

**3. Whistleblowing**

EFund to assess implementing and promoting a secure, anonymous whistleblowing mechanism, ensuring ease of access and confidentiality for all users.

## Notable Achievements

- Editing & Reviewing 3 policies for the Fund:
  - Conflict of Interest Policy
  - Delegation of Authority Policy
  - Whistleblower Policy
- Built a full risk program including risk strategy, governance, appetite and operational risk registers.



FAYFA MOUNTAIN - SAUDI ARABIA



# G3: Data Security and Privacy



97% of the Kingdom’s government services are provided electronically.<sup>1</sup> KSA is the 1st Regionally & 3rd Globally In GovTech Maturity Index for 2022 issued by World Bank.<sup>1</sup>

## Data Security’s Main Challenges

The increased focus on privacy concerns is driven by numerous cybersecurity attacks that have resulted in massive breaches of personal data. Data breaches cost organizations time, money, and, more importantly, their reputation.

This loss occurs in the form of data loss, which can be compensated to some extent, and through irreversible damage to their reputation, eventually leading to the loss of customers.

Customer loyalty is almost impossible to regain. The ever-evolving global data privacy laws will only become more stringent with time.

The ideal step for any business to take would be to voluntarily comply with all privacy laws in the locations where their businesses operate.

## Saudi Arabia’s Digital Transformation in Safeguarding Data Privacy

Digital Government Authority aims to position the Kingdom as one of the top 5 countries in e-government globally by 2030. The authority has launched several programs and platforms, including the Saudi Digital Investment Frontier (SDIF),<sup>2</sup> GovTech Program,<sup>3</sup> E-Participation (Tafaul) Program,<sup>4</sup> and Raqmi portal.<sup>5</sup>

The Personal Data Protection Law, to be enforced from September 14, 2024, is the first privacy law in KSA that aligns the Kingdom with international privacy standards. Organizations must design their privacy programs carefully to ensure compliance within the first year, while planning for advanced maturity levels in the following years.<sup>6</sup>

In line with Vision 2030, the Digital Transformation of the Saudi government is an integral, conclusive, and pragmatic strategy that aims to enable and accelerate government transformation efficiently and effectively. It ranges from having all government services available digitally, easily accessed, with a consistent look and feel centered around life events.

1 NTP annual report - Pg 66 & 69 ([vision2030.gov.sa](https://www.vision2030.gov.sa))  
 2 NTP annual report - Pg 71 ([vision2030.gov.sa](https://www.vision2030.gov.sa))  
 3 NTP annual report - Pg 71 ([vision2030.gov.sa](https://www.vision2030.gov.sa))  
 4 NTP annual report - Pg 71 ([vision2030.gov.sa](https://www.vision2030.gov.sa))  
 5 NTP annual report - Pg 71 ([vision2030.gov.sa](https://www.vision2030.gov.sa))  
 6 Personal data protection law ([app.org](https://app.org))



The E-Commerce Law specifies that service providers will be responsible for protecting the personal data of customers in their possession or ‘under their control’.<sup>1</sup> The KSA Cloud Computing Regulatory Framework (CCRF), based on international best practices, governs the rights and obligations of Cloud Service Providers (CSPs), individual customers, government entities, and businesses.<sup>2</sup> To ensure information security, protection of public interest and the national economy, the Anti-Cyber Crime Law aims at preventing cybercrimes by identifying such crimes and defining their punishments.<sup>3</sup>

EFund’s ambition in this digital era is centered around redefining its operational models through digital transformation while ensuring data privacy and fortifying cybersecurity, showcasing its readiness. EFund has identified the following sub-themes to enhance data security and privacy.

### 1. Digital Transformation

EFund plans to conduct an evaluation of current technology infrastructure to identify areas for improvement.

### 2. Data Privacy and Cybersecurity

EFund plans to initiate regular training programs for employees on data security, privacy laws, and regulatory requirements.

We will also explore the possibility of performing an audit to assess current compliance levels with relevant data protection mandates.

1 Ecommerce Law ([my.gov.sa](http://my.gov.sa))  
 2 CCRF ([cloud.stc.com.sa](http://cloud.stc.com.sa))  
 3 Anti cyber crime law ([laws.boe.gov.sa](http://laws.boe.gov.sa))

## Notable Achievements

- Initiated IT and digital transformation strategy under the Government Engagement Program (Yesser).
- Attained 100% in the Ministry of Human Resources and Social Development (HRSD) job data quality criteria.
- Considered National Cybersecurity Authority standards for technical progress and cybersecurity in initiatives and projects and built a cybersecurity strategy, governance model and assessments.



ARABIAN GRAY WOLF

# Glossary

ESG	Environment, Social, Governance
AML	Anti Money Laundering
CCE	Circular Carbon Economy
CCRF	Cloud Computing Regulatory Framework
CO <sub>2</sub>	Carbon Dioxide
CO <sub>2</sub> e	Carbon Dioxide Equivalent
COP	Conference of Parties
CSP	Cloud Service Provider
CSR	Corporate Social Responsibility
DE&I	Diversity, Equity & Inclusion
EFund	Environment Fund
FATF	Financial Action Task Force
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GHG	Green House Gas
HRSD	Ministry of Human Resources and Social Development
KSA	Kingdom of Saudi Arabia
MEWA	Ministry of Environment, Water & Agriculture
MGI	Middle East Green Initiative
MOU	Memorandum of Understanding
MWAN	National Center for Waste Management
NCW	National Center of Wildlife
NES	National Environment Strategy
PDPL	Personal Data Protection Law
PIF	Public Investment Fund
SAR	Saudi Arabian Riyals
SGI	Saudi Green Initiative
UN	United Nations
UN SDGs	United Nations Sustainable Development Goals





Environment Fund

# ESG Report

## 2023

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