



شركة الزاهد للتراكتورات

**ZAHID TRACTOR**

# 2023 Sustainability Report

# CONTENTS

## **04 The Foundation For Sustainability**

- 05 Our Market Value
- 07 Aligning with Saudi Vision 2030
- 11 Commitment Towards SDGs
- 13 Zahid Tractor's Achievement Timeline
- 15 Key Sustainability Highlights 2023

## **17 Sustainable Governance**

- 18 Governance Structure
- 20 Corporate Governance
- 22 Embracing Sustainability
- 25 Empowering Quality Management System
- 31 Binding to Ethics and Integrity
- 32 Business Continuity
- 36 Risk Assessment

## **38 Environmental Responsibility**

- 39 Managing Our Carbon Footprint
- 43 Water Consumption and Management
- 44 Sustainable Waste Management
- 46 SUPLess
- 48 Sustainable Procurement

## **49 Investing in Our People**

- 50 Building Our Workforce
- 56 Thriving at Work
- 59 Embracing a Safe and Healthy Workplace
- 61 Empowering Rights Through Zahid
- 62 Binding to Corporate Social Responsibility
- 64 Elevating Sustainability Efforts

## **65 GRI Content Index**



# ABOUT **THIS REPORT**

We are pleased to share our Sustainability Report with you for the fiscal year 2023 (January 1, 2023 – December 31, 2023). This report describes our Environmental, Social, and Governance (ESG) initiatives, material topics, along with supporting metrics. The report incorporates Zahid Tractors' sustainability performance as part

of the larger Zahid Group across the Kingdom of Saudi Arabia (KSA). To give context to this report, we have included historical data from previous year's reports. Our documentation is aligned with the Global Reporting Initiative (GRI) Standards, Saudi Vision 2030 and the United Nations Sustainable Development Goals (SDGs).

To ensure transparency and accuracy, the report has undergone internal review by our executive team and additional review by an external consultant. We are committed to continuous improvement, and in future reports, we aim to have our data validated by our executive team and eventually external independent assurance.



## Feedback

We welcome your feedback. For any questions or comments regarding this report, please don't hesitate to contact [EHS@zahid.com](mailto:EHS@zahid.com)



# THE FOUNDATION FOR **SUSTAINABILITY**



## OUR MARKET VALUE

*Zahid Tractor has been the Kingdom of Saudi Arabia's leading provider of construction machinery and commercial vehicles since 1967.*

We have proudly served in the nation's infrastructure and industrial development, offering equipment, rentals, parts, and services across diverse industries. Our core business divisions, the Construction Machinery Division (CMD) and the Commercial Vehicles Division (CVD), are the main distributors of renowned brands such as Caterpillar, Volvo Trucks, UD Trucks, and Renault Trucks.

### Our Mission

To provide excellence in customer solutions through a highly motivated workforce in partnership with leading global quality suppliers.

### Our Vision

To sustain our leadership through diversified growth and accelerated improvements in customer care and workforce competence.

### Our Shared Values



Integrity



Professionalism



Competence



Respect and  
Tolerance



Pride



Excellence



Trust

### Industries We Serve



Construction



Industrial



Agriculture



Transportation



Logistics & Warehousing



Petroleum



Mining



Quarry & Aggregates





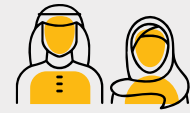
2,150

Employees



26

Branches



Platinum

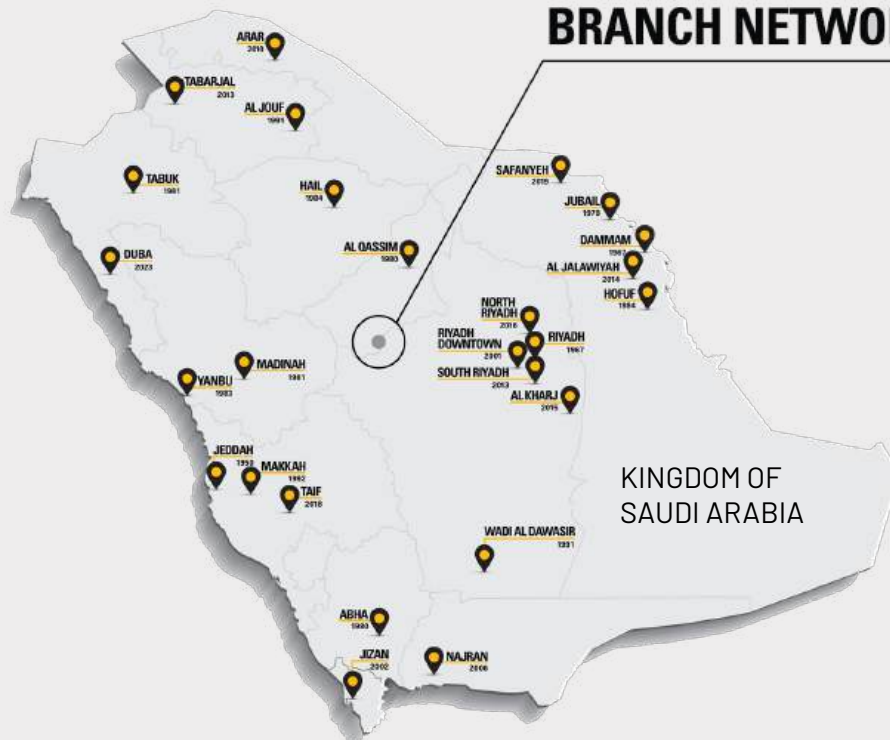
Nitaqat Status

## Brands We Distribute



## Our Locations

### BRANCH NETWORK



Headquartered in the city of Jeddah, we boast an extensive network of 26 branches throughout the Kingdom of Saudi Arabia (KSA). We are committed to delivering excellence in all our business relationship. Our dedication to creating long-term partnerships is at the heart of our operations. We have a highly skilled team of technicians and site support specialists, and we provide support for major projects and operations across KSA. This showcases our service capabilities and exemplifies maximum productivity at a reasonable cost for our client base.

# ALIGNING WITH **SAUDI VISION 2030**

Kingdom of Saudi Arabia set ambitious goals in the Saudi Vision 2030, which we are striving toward. Zahid Tractor contributes by creating equal opportunities in the country's most vital resource and ensures that our operations follow high standards. This in turn will boost our country's economic growth. We have also established initiatives to minimize our environmental impact. We have committed to creating a vibrant society that operates in harmony with KSA's priorities.





## A Vibrant Society

The pillar emphasizes creating a strong, fulfilling society as the foundation for economic prosperity. It aims to blend modern Islamic values with national pride and cultural heritage while providing world-class entertainment, sustainable living, and efficient health care. This pillar recognizes Saudi Arabia's unique cultural abundance, Islamic faith, and national unity, committing to serve pilgrims and promote a rich national identity. It prioritizes holistic well-being — physical, psychological, and social — for all citizens and residents, striving to ensure a high quality of life, a healthy lifestyle, and attractive living environments. The vision focuses on strengthening families, offering character-building education, and establishing empowering social systems.



### Focusing Our Efforts To Serve Hajj and Umrah Visitors

We provide buses and comprehensive on-site support during Hajj and Umrah for smooth and efficient transportation of millions of pilgrims. Our commitment includes supplying high-quality, safe buses and maintaining round-the-clock service teams to support the uptime and operational efficiency of our vehicles. This dedication enhances the overall pilgrimage experience and underscores Saudi Arabia's commitment to offering world-class hospitality and service to Umrah and Hajj visitors. The Kingdom of Saudi Arabia's pride in its role as the heart of the Arab and Islamic worlds.



### Living Healthy, Being Healthy

To promote a well-rounded lifestyle for our employees, we have implemented several initiatives. Discounted sports club memberships get employees moving, while nutritious meal programs and wellness product discounts through the Mazaya Card support healthy choices. Additionally, our Work-Life Harmony Initiative offers flexible work options, allowing employees to manage personal and family commitments. We aim to reduce stress and boost mental well-being. These programs directly contribute to Vision 2030's goals of encouraging sports participation and improving overall quality of life.



### Achieving Environmental Sustainability

Zahid Tractor enhances environmental resilience through key initiatives. We have implemented comprehensive recycling programs for oil, wastewater, batteries, and electronic waste. Our SUPLess initiative drastically cuts single-use plastics (SUP) by replacing them with eco-friendly alternatives. We are advancing towards renewable energy use by developing infrastructure for electric and hydrogen-fueled vehicles, notably for the NEOM project. We have ordered fuel-efficient Euro 5 trucks to lower emissions. All hazardous and general waste is managed by certified third-party services. These efforts align with Vision 2030's goals of environmental preservation and sustainable practices.



## A Thriving Economy

This pillar focuses on creating a dynamic and diversified economic environment that fosters growth and job creation. It emphasizes leveraging the KSA's strategic location potential to attract global investments and top talent. The vision prioritizes youth empowerment and skill development, cultivating a culture of determination and providing rewarding opportunities. We aim to create diverse job prospects for Saudis while also attracting international expertise. We plan to improve the business climate, restructure economic cities, establish special zones, and deregulate the energy market to enhance competitiveness.



### Providing Equal Opportunities

Zahid Tractor is committed to equal opportunities as part of our Diversity, Equity, and Inclusion policy. Our workforce of 2,150 includes 1,892 males and 258 females, showcasing our gender diversity. We offer programs like the Future Leadership Trainee Program (FLTP), Administrative Professionals Development Program (APDP), and Life Skills for Youth Program (LSYP) to nurture diverse talent. Our Mowa'amah Certificate for hiring employees with disabilities highlights our inclusivity. By developing local female hiring initiatives, integrating people with disabilities, and maintaining high HR standards, we support the Kingdom's socio-economic development.



### Boosting Our Small Businesses

Zahid Tractor is committed to boosting local economies and supporting small businesses through its procurement strategy. The company allocates 84% of its procurement budget to local suppliers, significantly contributing to the growth of small and medium-sized enterprises (SMEs) in the Kingdom. This strategic focus not only creates job opportunities but also fosters economic resilience by boosting local industries. By prioritizing local procurement, Zahid Tractor aids in expanding the role of SMEs in the national economy, promoting sustainable development, and ensuring that economic benefits are shared more broadly within the greater community.



### Attracting the Talents We Need

Our comprehensive Talent Acquisition strategy prioritizes diversity and inclusion. We employ a balanced mix of Saudi Arabians and expatriates. We focus on aligning talent acquisition objectives with business goals, conducting workforce planning, and leveraging effective recruitment channels. Our thorough onboarding and orientation programs ensure new employees are well-integrated and productive. Recognized as a Top Employer for 2023, Zahid Tractor is committed to creating a supportive work environment that attracts and retains high-caliber talent. By enhancing living and working conditions, we contribute significantly to KSA's economic development and attract additional foreign investment.

## An Ambitious Nation

This pillar addresses how we contribute to creating a country with effective governance, transparency, and accountability. We aim to empower all sectors of society – citizens, businesses, and non-profit organizations – to actively participate in shaping the nation’s future. We recognize the need for government adaptability in the face of new challenges and commit to efficient financial management and performance tracking. We underscore the importance of collective responsibility, encouraging everyone to contribute to national development. The non-profit sector is highlighted in this section as a crucial element in addressing community needs and driving social progress.



### Embracing Transparency

Our dedication to openness is reflected in our daily operations and interactions with regulatory bodies. We maintain regular communication with the Saudi Standards, Metrology and Quality Organization (SASO), submitting detailed inspection reports and actively participating in quarterly meetings to discuss new initiatives like the introduction of Euro 5 Trucks. Our Pre-Delivery Inspections secure compliance with the highest safety standards, and we’re always ready to share information about our projects and community impacts.



### Responsible Business

We contribute to this objective by providing valuable opportunities within our core business functions. These opportunities provide chances for young Saudi men and women to gain practical experience, build their professional careers, and develop skills relevant to the job market. We reach out to universities and vocational schools to attract local talent. In parallel with our aim to promote diversity, we also reach out to schools specifically to engage high achieving individuals with autism. We promote and encourage females in non-traditional roles within the workplace such as the construction machinery field. This shows our commitment to developing society and addressing national challenges such as youth employment and skills growth.



### Responsible Society

At Zahid Tractor, we contribute to society responsibly, as envisioned in Saudi Arabia’s Vision 2030. Our dedication to social responsibility is exemplified through our participation in “Youm tiful al 3alami (Aytamuna),” an initiative in supporting orphans and underprivileged youth.



# COMMITMENT TOWARDS SDGs

As of this reporting cycle, we have conducted our material activity to identify topics epitomal to our business functions. With regards to our business functions and its activities, we maintain that all practices are in alignment with our commitment to sustainability. This is showcase of how our current practices, reflected through our material topics, are synchronized with the United Nation's Sustainable Development Goals (SDGs).

Material Topic and How We Contribute	Relevant SDGs
<b>Managing Carbon Emissions</b> Our Business Functions integrate fuel and energy efficient products with a lower carbon footprint compared to the conventional products.	
<b>Managing Environmental Impact</b> We as a company conduct recycling activities in our facilities and for used batteries. This minimizes our impact on the natural environment.	  
<b>Alternative Energy Soutions</b> Zahid Tractors signed a memorandum of agreement with NEOM to lay out the infrastructure needed for electric trucks.	
<b>Employee Well-being, Diversity and Inclusion</b> Our policies reflect our core values and ethics, which focus on the empowerment of women, building a diverse workforce, and the promotion of an active and healthy lifestyle.	   
<b>Occupational Health and Safety</b> All our employees undergo safety training, and all our products are vetted to ensure they comply with corporate or international standards of safety.	  
<b>Employee Development and Leadership</b> We have programs and training sessions tailored toward our employee's growth and professional development.	
<b>Sustainable Procurement</b> Our business function conducts due diligence on all suppliers to ensure compliance with all legal regulation present in Saudi Arabia.	

## Material Topic and How We Contribute

## Relevant SDGs

### Human Rights Across our Internal Operations

All our business functions comply with labor laws and regulations within the Kingdom of Saudi Arabia. In addition, our policies ensure that all operations within Zahid Tractor follow legal labor requirements and regulations.



### Business Continuity

Our Business Continuity Management System provides a framework to ensure that operations are maintained in a sustainable manner in the event of an adverse situation.



### Risk Management

Our risk management framework provides an established methodology to address, evaluate and remediate risk that may appear during the workflow.



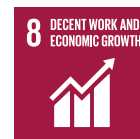
### Governance, Ethics, and Integrity

Our policies and procedures established within Zahid Tractors are in line with Zahid Group and establish best practices.



### Economic Performance

Our Business functions have collaborated and serviced major projects within the Kingdom of Saudi Arabia such as NEOM.



### Supplier Code of Conduct

Our policies ensure that our suppliers follow ethical, legal, and professional standards, and are compliant with environmental laws and labor practices. We maintain transparency and integrity in all business dealings.



### Digital Solutions and Innovation

Our Electronic Quality System (EQS) function provides support on the Electronic Quality Management System (EQMS) which removes the need to create hard copy policies.





# ZAHID TRACTOR'S **ACHIEVEMENT TIMELINE**



**1950**  
M.M. Zahid & Brothers is appointed the Caterpillar dealer in Saudi Arabia, focusing on covering the Western and Central Regions of the Kingdom.



**1955**  
M.M. Zahid & Brothers expanded its Caterpillar dealership in Saudi Arabia, securing the Eastern Region territory rights previously held by John Birch & Co.



**1967**  
Zahid Tractor & Heavy Machinery Limited is formed focusing primarily on the distribution and servicing of Caterpillar equipment in Saudi Arabia.



**1976**  
Zahid Tractor opens its new purpose-built facilities in Riyadh and Dammam, both encompassing a combined 120,000 sq. meters of offices, warehouses, and workshops.



**1983**  
Saudi Techint and Saipem work jointly using CAT pipelayers on the 1,200-kilometer East-West crude oil and natural gas twin pipelines connecting the eastern oil fields to Yanbu.



**1986**  
Abha inaugurates its new expanded branch, which provides the springboard for Zahid Tractor's customer support in the growing Southern Region.



**1993**  
Zahid Tractor opens its first SOS lab in Jeddah, propelling its customer service to a new level and providing end users with a longer equipment life cycle and lower downtime.



**1997**  
The Shaybah project gets underway, with CAT machines in action moving dunes to make way for Saudi Aramco's new processing plant in the midst of the Empty Quarter.



**2007**  
Saudi Arabia Railways (SAR) awards the first of the CTW sections to build its new 2,400 kilometer railway line linking the Northern Borders with Maaden's processing and export plant in Ras Al Khair.



**2009**  
Work commences on the 453 kilometer Haramain High Speed Railway between Makkah and Madinah, linking the two Holy Sites with Jeddah and King Abdullah Economic City.



**2013**  
To support the increase of active engines and generators in the Western Region, Jeddah branch opens its new Engine Rebuild Center complete with a 2,000hp engine dynamometer.



**2016**  
Saudi Aramco awards a SAR 4 billion 3-year 1,100-kilometer pipeline project from its Fadhili gas plant to Yanbu. Zahid Tractor wins its biggest side-boom deal in its history.



**2020**  
Zahid Tractor inaugurates its recently expanded Dammam facility, which includes a 4,500 square meter Engine Rebuild Center and our Eastern Region Zahid Learning Institute's state of the art training center.



**2021**  
Over 100 CAT machines are supplied by Zahid Tractor to work at the Qiddyah project in Riyadh. When completed, it will comprise of several hotels and golf courses, a theme park, and an F1 racetrack.



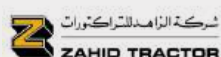
**2022**  
Zahid Tractor delivers a 6030 hydraulic mining shovel, the largest CAT machine in the Kingdom, to a customer working at one of Maaden's gold mines, helping them produce 250,000 ounces of gold a year.



**2023**  
Zahid Tractor launches Parts.Cat.Com which enables all customers to order their CAT parts online. Zahid Tractor on-boards 1,000 customers in 6 months and continues to showcase its benefits.

# ZAHID GROUP COMPANIES

## COMMERCIAL VEHICLES



## CONSTRUCTION & HEAVY MACHINERY



## ENERGY



## OIL & GAS



## WATER



## FACILITY MANAGEMENT



## REAL ESTATE



## FINANCIAL SERVICES



## HOSPITALITY



## TRANSPORTATION & LOGISTICS



## MANUFACTURING



## INVESTMENT



## MARKETING COMMUNICATIONS





# KEY SUSTAINABILITY HIGHLIGHTS & CERTIFICATIONS

EHS objectives achieved

94%

Contamination and  
Control Audit score

98.9%

RIF reduction from 2011

85%

Quality and Safety  
Audit score

94%

Reduction in single  
use plastics

64%

EHS score for CMD  
Jubail branch

98%

Occupational Health and  
Safety Management System

ISO 45001

Environmental  
Management System

ISO 14001

Business Continuity  
Management System

ISO 22301

Quality  
Management System

ISO 9001

### Gold Certificate for Rental Excellence

Zahid Tractor Heavy Rental Department received Caterpillar's Gold Certificate for the Rental Excellence Program for the 5th consecutive year.

### Memorandum of Agreement with NEOM

Our Commercial Vehicles Department has collaborated with NEOM to develop the infrastructure for Electric Buses.

### Reduction in Single Use Plastics

The majority of our branches and departments across the Western, Central, And Eastern regions have achieved a SUPLess Green rating.

### Top Employer Certification



### Mowa'amah Certification





# SUSTAINABLE **GOVERNANCE**



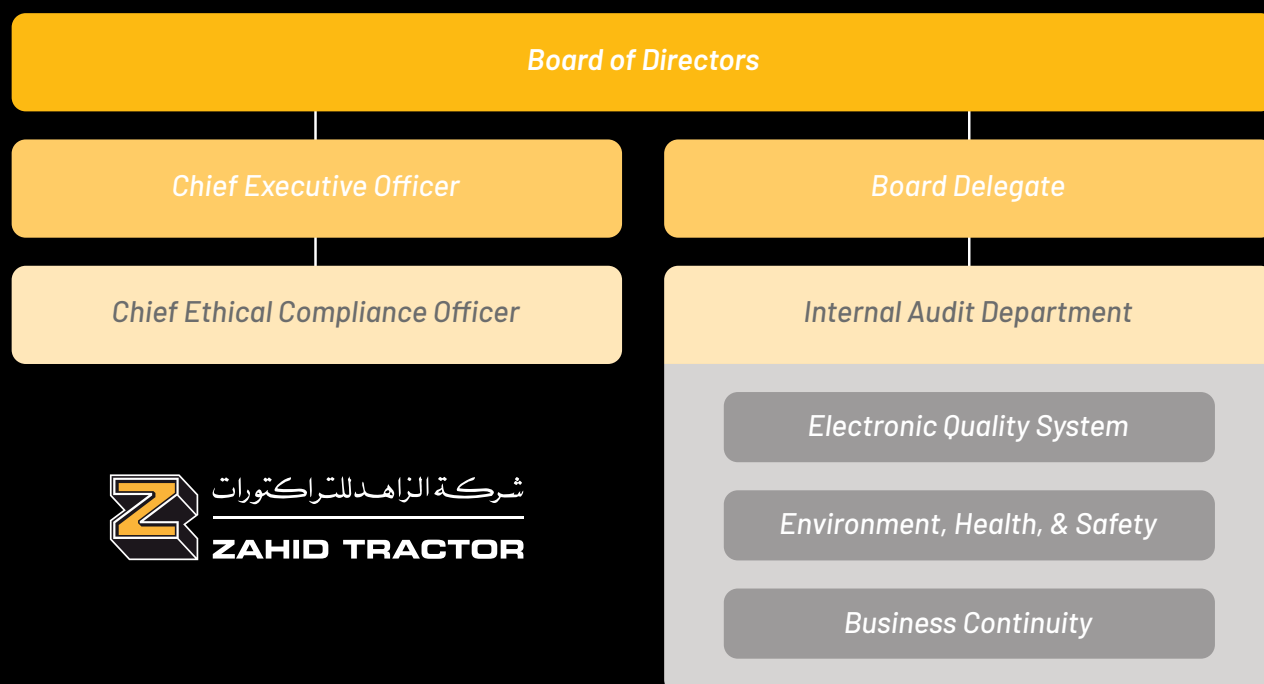
# GOVERNANCE STRUCTURE

At Zahid Tractor, we strongly believe that effective governance structures are a foundation for our impact on the economy, environment, and people, including human rights. In the current reporting cycle, we do not have an independent Environmental, Social, and Governance (ESG) department that handles such matters. However, we have strategically integrated ESG responsibilities across our organization. Sustainability is embedded in our daily operations and decision making.

Our Environment, Health & Safety (EHS) department works meticulously to minimize our ecological footprint and promote sustainable practices within our operations. The social aspect of ESG, is collaboratively managed by our Human Resources (HR), EHS, Group Affairs, and Electronic Quality System (EQS) Departments. This multi-departmental approach allows us to consider and address the diverse needs and expectations of our employees, customers, and communities. The EQS Department is important in the overall maintenance and management of relevant policies and procedures. It also provides our employees with access to guidelines which enables them to carry out their duties safely, responsibly and in alignment with our Ethical Conduct Policy. Governance-related matters are overseen by our Chief Ethical Compliance Officer, whose mission is to maintain our organization's integrity. The Chief Ethical Compliance

Officer, who reports to our Chief Executive Officer, streamlines our processes, procedures, practices, and policies, with a view to adhering to the highest standards of corporate governance.

The governance body responsible for establishing the strategic leadership and oversight of the management and handling of ESG topics is our Board of Directors. The Board's stewardship of ESG matters is exercised through the Board Delegate, a non-executive Board member, supported by the Internal Audit Department (IAD) comprising the EHS, EQS, and Business Continuity (BC) functions. Our IAD is responsible for conducting timely audits to identify the potential risks and opportunities related to our ESG material issues. Identified risks and opportunities relating to our ESG material issues, are reported by IAD to the Board so that the optimal decision can be taken to allow a matter to be dealt with promptly. Through our Shared Service Policy, we have established a centralized approach to ensure an organized and standardized framework for addressing ESG matters while disseminating our policies and procedures throughout our organization. Under this policy, our business functions, such as HR, Finance, and EHS, are managed by their respective heads of tasks at the parent company level thereby maintaining complete compliance.





## Nomination and Selection of the Highest Governance Body

We believe that a diverse and competent Board of Directors is essential for effective corporate governance. The nomination and selection processes for our Board of Directors are determined by our shareholders and the Board itself. We have established a rigorous and transparent process that considers the skills, experience, and expertise required to oversee and guide our organization's strategic direction. When nominating and selecting Board members, we ensure that candidates possess the knowledge and competencies to effectively discharge their duties.

## Conflict of Interest

We have developed a comprehensive approach to prevent and mitigate conflicts of interest within our governance structure. Under Board's direction, our Human Resources (HR) Department, IAD, and Legal Department have collaborated to create a Code of Ethics, as well as a training course to manage conflicts of interest. A self-reporting form is available for use. Our policy manages cross-board membership and cross-shareholding with suppliers and other stakeholders. Further, related party transactions and outstanding balances are transparently reported in the notes of our audited financial statements.

## Overseeing the Management of Impacts

Our Board of Directors plays an important role in overseeing the integration of ESG matters into Zahid Tractor's corporate strategy, risk management, and policies. Regular reviews of policies and procedures in relation to ESG matters are undertaken.

## Delegation of Responsibility for Managing Impacts

While the Board of Directors sets the overall strategic direction and oversees the management of ESG matters, day-to-day responsibilities are delegated to the relevant heads of business units. These individuals are accountable for implementing the policies and procedures approved by the Board, as well as for monitoring, and reporting in relation to the same. To support the heads of business units in their roles, our Finance & Accounts, and Group Affairs departments provide additional reporting and monitoring controls. ESG matters are effectively integrated into our financial and operational management processes, and relevant data and information are accurately captured and reported.





# CORPORATE GOVERNANCE

## Ethical Conduct Policy

Zahid Tractor is committed to uphold the highest standards of ethical behavior across all business functions. We ensure compliance with the laws and regulations of the country, prohibit bribery and corruption, and ensure accurate and transparent record-keeping. We also maintain a safe working environment. Employees are actively encouraged to report any breaches without fear of retaliation. The Chief Ethics Compliance Officer oversees the compliance with these principles, ensuring continuous ethical conduct and accountability.

## Grievance Reporting Policy

We provide a structured platform for employees to voice concerns regarding work-related issues without fear of retaliation. This policy covers grievances related to employment conditions, workload, communication, and interpersonal relationships. The Human Resources Division is responsible for addressing and resolving these grievances promptly and appropriately.

## User Support and Incident Reporting Policy

The User Support and Incident Reporting Policy establishes a robust framework for managing technical support and incident resolution within Zahid. All support requests are processed through the Help Desk Management System for efficient workflow management from initial submission to final resolution. This policy guarantees timely and effective handling of technical issues, maintains detailed records, and prioritizes accountability.

## Acceptable Use Policy

The Acceptable Use Policy outlines standards for the responsible use of our digital systems. It sets clear guidelines to protect against cybersecurity risks and ensure legal compliance. We mandate the secure handling of proprietary information, proper use of company resources, and adherence to security protocols such as password management and antivirus protection. We enforce strict prohibition of unauthorized access and inappropriate use of digital systems, upholding the integrity and security of the organization.







### Confidential Reporting Policy

Employees are empowered to report concerns such as theft, fraud, harassment, or any other unethical behavior without fear of retribution. The Chief Ethics Compliance Officer oversees the reporting mechanism, ensuring confidentiality and the thorough investigation of all reports. Employees are encouraged to disclose their identity for more effective processing but can remain anonymous if necessary. This underscores Zahid Tractor's dedication to maintaining a transparent and ethical work environment in alignment to Zahid's values.

### Emergency Response & Crises Policy

Our Emergency Response and Crisis procedures at Zahid Tractor are designed to protect our people, assets, and the public. By defining clear protocols for hazard identification and risk assessment, we ensure a systematic response to emergencies such as fires and chemical spills. Regular drills, training, and well-maintained emergency equipment are integral to our preparedness. We have an inclusive approach to safety as well as specific measures to assist employees with disabilities.

### Artificial Intelligence Policy

The Artificial Intelligence (AI) Policy ensures AI initiatives are conducted ethically and responsibly. We emphasize transparency, requiring AI systems to be enhance human-driven initiatives. The policy mandates adherence to ethical guidelines to prevent biases, protect privacy, and ensure security.

### Systems Access Policy

The Systems Access Policy is pivotal in maintaining the security information systems. It governs access control restricting access to authorized individuals based on specific, documented approvals. This policy includes stringent authentication methods, regular audits, and immediate revocation of access for departing employees.

# EMBRACING **SUSTAINABILITY**

Our commitment to Environmental, Social, and Governance (ESG) principles is highlighted by the 2023 ESG Materiality Assessment, which is aligned with the Global Reporting Initiative (GRI) Standards. The assessment represents our dedication to transparency and accountability. Stakeholder demand for evidence of sustainable practices and mitigation of adverse impacts is increasing, matching our advancing operations. Proactively managing ESG risks meets market expectations and adopts growth in the sector.

The Materiality Methodology includes a three-phase approach to help understand challenges and devise appropriate strategies. We identified 14 material topics pertaining to its operations through peer benchmark analysis and stakeholder engagement.

## Identification



## Stakeholder Engagement



## Prioritization and Analysis





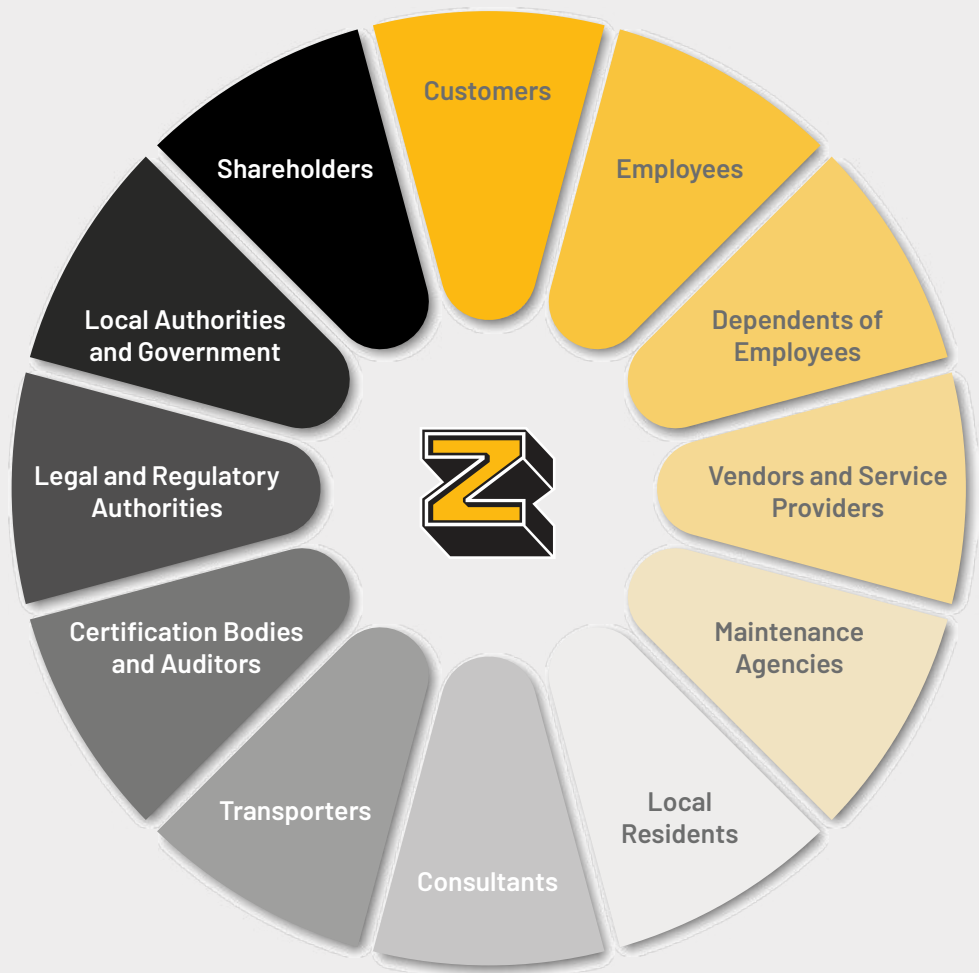
## STAKEHOLDER ENGAGEMENT

Leveraging internal surveys and interviews, we gathered insights into stakeholders' perceptions and expectations to prioritize key Environmental, Social, and Governance (ESG) topics. The process involved collecting feedback to understand the importance of the fourteen key topics and observations on our current performance. We organized meetings and educational sessions throughout our stakeholder engagement to better understand the process. The outcomes inform our sustainability priorities and future reporting.

Part of this process included grouping material topics into primary, secondary, and tertiary categories, each informing our short and mid-term sustainability plans. Notably, stakeholders acknowledged our commitment to ESG, particularly in social and governance initiatives, while highlighting enhanced communication and transparency opportunities.

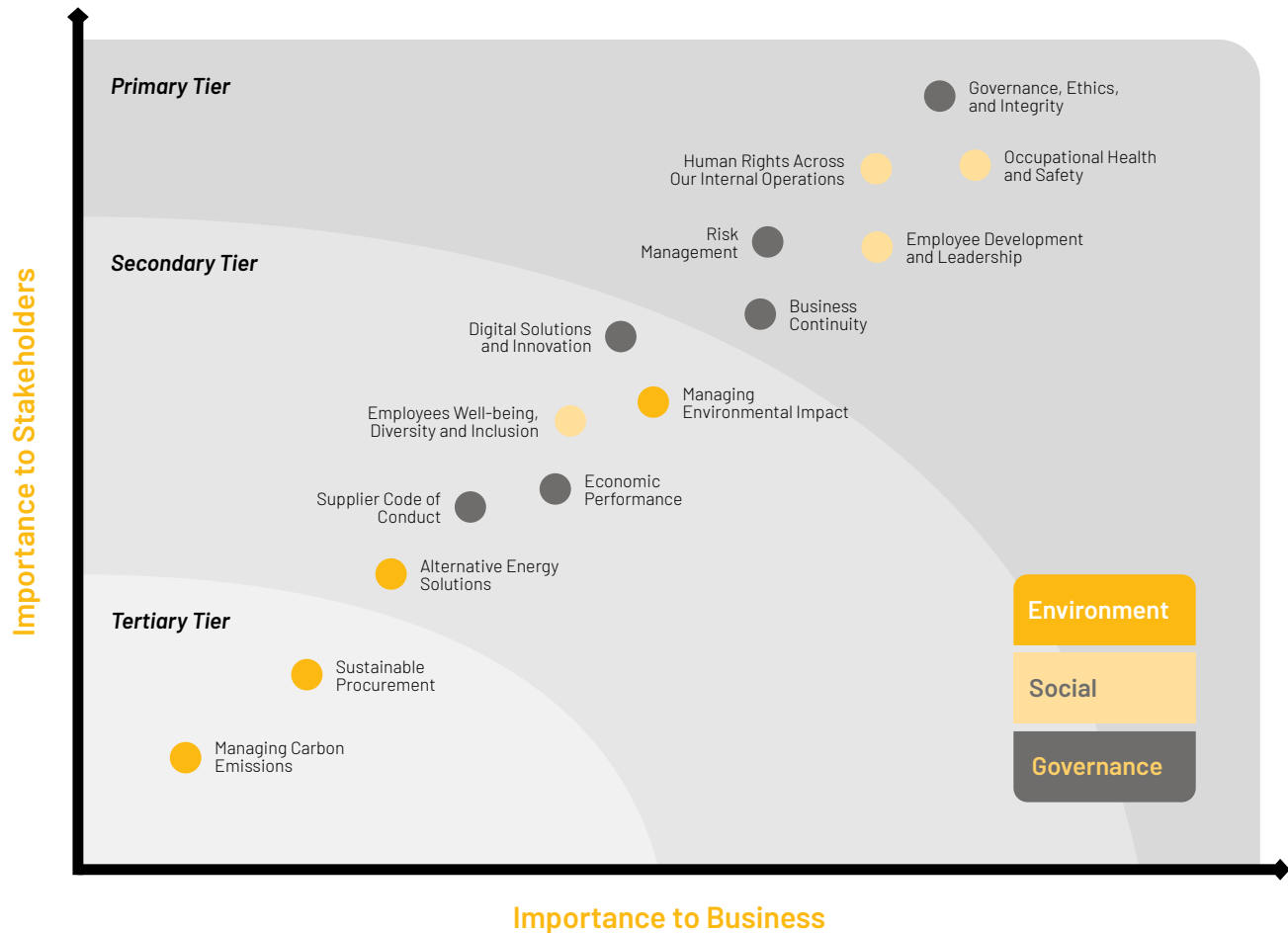
Interacting with diverse stakeholders for collaboration, transparency, and growth has impacted our sustainable decision making. We value our employees, and we prioritize their professional development through regular meetings, workshops, and training sessions. Senior executives are kept abreast of operations through detailed reporting. We maintain strong relationships with our suppliers to guarantee smooth operations. Additionally, we provide high quality services to our customers by monitoring their needs through website interactions. We actively support the local community, through transportation services during the Al Hajj season and other charitable initiatives. Operating in compliance with government regulations is a top priority, and we strive for open communication with government entities through reports and adherence to compliance standards. We collaborate with public companies to explore mutual interests and shared objectives.

# STAKEHOLDER ECOSYSTEM



## MATERIALITY ASSESSMENT

The Materiality Matrix represents our ESG priorities, with each tier reflecting the connection between topics impacting our operations and stakeholders' insights. Our proactive approach to ESG underscores our commitment to sustainable practices and positions the company as a leader in the heavy equipment sector. We exemplify resilience and the ability to drive positive change in evolving challenges.



Tier	Material Topic	ESG Pillar
Primary Topic	Governance, Ethics, and Integrity	Governance
	Occupational Health and Safety Across our Operations	Social
	Human Rights Across our Internal Operations	Social
	Employee Development and Leadership	Social
	Risk Management	Governance
	Business Continuity	Governance
Secondary Topic	Digital Solutions and Innovation	Governance
	Managing Environmental Impact	Environmental
	Employees, Well-being, Diversity, Equity and Inclusion	Social
	Economic Performance	Governance
	Supplier Code of Conduct	Governance
	Alternative Energy Solutions	Environmental
Tertiary Topic	Sustainable Procurement	Environmental
	Managing Carbon Emissions	Environmental

# EMPOWERING QUALITY MANAGEMENT SYSTEM

*We are proud to be certified to the ISO 9001:2015 standard, demonstrating our commitment to maintaining high quality and meeting customer expectations.*

We have established an Electronic Quality Management System (EQS) for sustainable operations and control of our processes, products, and services. Our EQS aligns with our sustainability goals and objectives, promoting continuous improvement, customer satisfaction, and environmental responsibility. Our EQS provides benefits as it facilitates the creation, control, and distribution of documents. All of our employees have access to up-to-date policies, procedures, and work instructions. Through the system, we conduct regular evaluations and internal audits, identify non-conformities, and implement corrective actions. Through this system we are able to maintain our policies in compliance with legal and international requirements, as well as reduce our carbon footprint by removing the need for paper.

## Zahid Group Strategy

As part of the Zahid Group, we align our strategy with the Group's overall direction. This strategy focuses on maintaining leadership positions, addressing new opportunities, redefining industries, expanding in sectors, and achieving geographic diversification. By identifying new products and services, developing sustainable business models, and maintaining a balanced portfolio, we contribute to the Group's long-term success.

## Improvement

Continuous improvement is at the core of our QMS. We identify and manage nonconformities, take corrective actions, and facilitate ongoing enhancements to our processes, products, and services. By adhering to international quality standards and incorporating feedback from our stakeholders, we strive to continuously elevate and improve our performance.

## Compliance with QMS Process

Our process owners maintain comprehensive policies and procedures for their respective processes and the responsibility of implementing these policies.





## OUR QUALITY POLICY

At Zahid Tractor, our Quality Policy affirms our commitment to:

- To consistently provide product and services of outstanding quality consistent with customer requirements and applicable codes/ standards with the aim of maximizing customer satisfaction.
- To accomplish through constant upgrade of processes and application of innovative techniques and methods and motivated and dedicated workforce.
- To implement and maintain a quality system as per the requirements of the International Standard ISO 9001.
- To work towards continuous improvement in every functional area.
- To ensure full commitment of all employees to the implementation of the documented Quality Management System.
- To review periodically the policy for its adequacy and suitability.

Our Quality Policy aligns with our overall sustainability goals and objectives through continuous improvement, compliance with international standards and employee engagement. Our policy is communicated and understood by all our employees, such that it will be the foundation for setting measurable quality objectives, reviewed annually in the beginning of the year by the employees' respective executive for achievement. Our Quality Policy undergoes regular review to ensure effectiveness and continual suitability.



## QUALITY MANAGEMENT RESPONSIBILITY, LEADERSHIP COMPETENCY, AND EVALUATION MEASUREMENT

At Zahid Tractor, the roles and responsibilities of key personnel are clearly defined. Our Group CEO appointed a Management Representative with the capacity to control all Quality Documents and the EQS. The Management Representative, along with our Divisional Directors, Quality Controllers, and Regional Managers, monitor the understanding and implementation of our Quality Policy. Process Owners implement and policies and procedures for their respective processes. Additionally, to enhance quality we have identified essential

leadership competencies. These include vision and values, transparent communication, collaboration and teamwork, continuous learning, change agility, customer focus and ethics. Our leadership's effectiveness is measured through metrics including Key Performance Indicators (KPIs), process performance, and product conformity. We rely on regular feedback from employees, managers, and stakeholders to help determine leadership effectiveness and identify areas for improvement.

### INTERNAL AUDITS

We conduct intermittent internal audits to determine whether our Quality Management System is effectively regulated and meets the requirements of the ISO 9001 standard. Documented audits are carried out by independently trained personnel, and are disseminated to relevant departments and management. Corrective action is conducted in the event of a non-conformity.

We arrange monthly reviews, attended by our Board Delegate, Management Representative, and Senior Quality Auditor. The purpose of these meetings is to address corrective actions, quality objectives, and continuous improvement initiatives. Annual meetings are conducted on the review of process performance, product conformity, KPIs, customer feedback, and resource needs. The findings from these reviews are thoroughly analyzed, and corrective actions are implemented as necessary.

#### Leadership

Our top management demonstrates strong leadership and commitment to developing and improving an effective QMS. We focus on customer needs, establish, and communicate the quality policies, define organizational roles and responsibilities, and adhere to a leadership framework with competencies and attributes.

#### Performance Evaluation

We monitor, measure, analyze, and evaluate the performance of our QMS through customer satisfaction surveys, data analysis, internal audits, and management reviews. We assess the effectiveness of our system and identify areas for improvement.

#### Management Review

We conduct regular Management Review Meetings to discuss the status of our QMS for continuous improvement, and review quality objectives. These meetings involve key personnel and cover a wide range of topics to assess the effectiveness of our system and make informed decisions.

## CUSTOMER SATISFACTION AND IMPROVEMENT

A crucial aspect of our EQS is customer satisfaction. We seek out and value customer feedback. We monitor customer satisfaction through various channels, such as surveys, continuous communication, and complaint resolution. The collected data is assessed and analyzed to understand the gaps and opportunities for improvement.

Our customer satisfaction process ensures that customer requirements are met and exceeded. Our goal is to build long-lasting relationships, reduce customer complaints, and minimize the environmental impact associated with product returns or rework.





## DOCUMENT STRUCTURE

Upholding clear and accessible documentation is important in the Quality Maintenance process of our EQS. We organize the generation, management, and distribution of up-to-date work procedures, quality reports, and process documents. We follow a four-level structure detailed below.

**Level 1. The Quality Management Manual**

**Level 2. The Quality Procedures**

**Level 3. The Quality Work Instruction**

**Level 4. The Quality Documents & Forms**

Our structured approach gives all employees access to the necessary information to perform their tasks effectively and consistently. In addition, the system provides convenience, including key codes on the documents allowing the system to filter obsolete documents and prevent use by the general staff. The format is user friendly, as it provides ease in access, search, and distribution of documents. Our electronic format aligns with our sustainability initiative to minimize resource consumption.

*Through this system, we have less paper consumption and we actively promote environmental sustainability.*

Our EQS is maintained electronically, which reduces paper consumption. Documents are coordinated through issue dates and edition letters, and irrelevant documents are identified and/or removed to avoid unintended use. Our electronic format provides easy access, search within, and distribution of documents. This minimizes the need for printed copies and reducing our carbon footprint.

## NON-CONFORMITY AND CORRECTIVE ACTIONS

We have established a comprehensive process for identifying, documenting, and managing nonconformities within our Quality Management System (QMS) at Zahid Tractor. Our employees are encouraged to raise a Non-Conformity Requests (NCR) through three main channels: our non-conformity database, quality/internal/safety audits, and external audits.

In addition to NCRs, our employees can also initiate a Document Change Request (DCR) to suggest improvements or propose the creation of new policies. DCRs are not necessarily related to non-compliance issues but rather serve as a tool for continuous improvement. For those DCRs that have IAD report reference, once the policy is approved, it is sent to IAD for confirmation whether the IAD recommendations have been added to the policy then it is distributed to all employees.

NCRs are raised under two main circumstances. The first is when a gap is identified between the QMS and our existing policies or procedures. The second is when the policies and procedures are in place but are improperly implemented by a certain department. Once an NCR is raised, it is recorded in our system, reviewed by the Quality Department, and assigned to the relevant Department Head for cause analysis and the corresponding development of a corrective action plan.

Each Department Head is responsible for identifying necessary corrective actions and analyzing the non-conformity to determine the root cause. Department Heads also propose appropriate and time-sensitive solutions. Our Quality Department implements corrective action diligently and documents the review details. If the corrective action is ineffective, the process is modified and repeated. Completed non-conformance reports are archived by the Quality Department, and summary reports are presented during management reviews.

It is important to note that in nearly all cases, NCRs are raised by our auditors when they identify instances of non-compliance. However, our employees can also raise NCRs against suppliers when they receive products or materials that do not meet the specified requirements. In such cases, our Procurement Department investigates the issue, takes necessary actions, and may even block the supplier if warranted.

Over the past 10 years, our external audits have not reported any cases of non-conformity, demonstrating the effectiveness of our QMS and our commitment to continuous improvement. By maintaining a robust system for identifying, reporting, and addressing nonconformities and encouraging employee participation through NCRs and DCRs, our products, services, and processes consistently meet the highest standards of quality and customer satisfaction.

### *Number of NCRs/DCRs raised for each department in 2023:*

#### Shared Services Departments

**NCR - 86**  
**DCR - 32**

#### CMD

**NCR - 2**  
**DCR - 39**

#### CVD

**NCR - 2**  
**DCR - 22**

# BINDING TO ETHICS AND INTEGRITY

At Zahid Tractor, we commit to conducting our business ethically and with integrity. Our detailed Code of Ethics and Supplier Code of Ethics are the foundation of our ethical framework. It guides all our actions, and influences our decision making, across all our business operations. We firmly believe that our dedication to ethical practices and responsible business conduct reflects our commitment to a better working environment and its influence on success.

## CODE OF ETHICS

Our Code of Ethics is the cornerstone of our ethical culture and is spread across all our employees, customers, communities, shareholders, and partners. It guarantees a work environment of integrity, professionalism, respect, trust, pride, and excellence. We have developed clear roles and responsibilities for ethical compliance of our members and to investigate any issues. We provide training to all employees, with regular refresher sessions, reflecting our commitment to continuous improvement.

*Strict adherence to applicable laws and regulations*

*Maintaining accurate and complete records*

*Zero tolerance for bribery and corruption*

*Protecting proprietary and confidential information*

*Avoiding conflicts of interest*

*Promoting a positive and safe work environment*

*Safeguarding company assets and resources*

## PARTNERS AND SUPPLIER CODE OF CONDUCT

Our commitment toward ethical business is extended to include our partners and suppliers. We have documented principles and behavioral rules that all partners and suppliers must adhere to. We expect all our business partners to equally value ethical business practices, to ensure fair labor practices, and to prioritize the environment, health, and safety.

*Compliance with EHS guidelines*

*Forced Labor, Child Labor, and Discrimination*

*Fair trade practices and ethical sourcing*

*Protecting proprietary and confidential information*

*Confidentiality and data privacy*

*Transparency in business records and transactions*

*Bribery, Corruption, and Conflicts of Interest*



# BUSINESS CONTINUITY

We recognize the importance of maintaining essential business functions during unusual working conditions. Our Business Continuity Procedure (BCP) prevents business operations from being impacted by any incidents and maintains their core work process and operations until the incident has been completely resolved. The procedure encompasses many aspects involving the identification and assessment of the incident, the resource and management strategy to tackle the incident, and recording the incident to establish future continuity plans to resolve any similar cases. Our Business Continuity Procedure, part of the Internal Audit Department, established a rigorous Business Continuity Management System (BCMS) which prepares us to respond to and recover from any disruptive incidents. This minimizes the impact on our operations, customers, and stakeholders. Our well-structured, and detailed, Business Continuity Procedure provides a comprehensive approach to identify, evaluate, and tackle any potential threats during the work lifecycle.

## Business Continuity and Crisis Management

Resilience and Sustainability within our business functions presents our main priority. Our Business Continuity & Crisis Management strategy focuses on identifying critical processes, assessing risks, and analyzing potential business impacts. We are prepared with robust resource allocation, alternative site usage, and recovery plans to maintain essential services during disruptions. Communication protocol, trainings and regular drills prepare employees to respond effectively, minimize downtime, and safeguard operations.

## BUSINESS CONTINUITY PROCEDURE

### Business Impact Analysis

We conduct a thorough assessment of our critical business process, activities, and assets to determine the potential impact of a disruptive incident.

### Risk Assessment

While abiding to a set of predefined conditions, we identify and evaluate the risks that could lead to a disruption of critical business functions. We have developed appropriate risk mitigation strategies to be implemented as necessary.

### Strategy Development

Based on the BIA and risk assessment, we develop business continuity strategies including availability of key resources, people, facilities, telecommunications, information systems, supply chain, and business processes.

### Plan Development and Implementation

We create detailed business continuity plans that outline the roles, responsibilities, and procedures for responding to and recovering from a disruptive incident. Plans are regularly reviewed and updated to maintain effectiveness.

Our BCP gives all employees the best working environment conditions and prevents external influences that might impact their workflow. Our process is designed to meet the necessary requirements to continue and recover prioritized activities within the identified time frames and agreed capacity. Prioritized activities are protected, reduces the likelihood or

shortening the period of a potential disruption. This also limits the impact of disruptions on our products and services. Regular testing of our business continuity plans helps us prepare to maintain uninterrupted quality service to our customers and stakeholders, even in the event of disruptions.

## EMERGENCY PREPAREDNESS AND RESPONSE

We prioritize the safety and well-being of our employees, visitors, and the communities in which we operate at Zahid Tractor. While we maintain the best standards and practices to ensure that little to no incidents occur, we conduct our due diligence and established necessary procedure to mitigate any potential adverse impacts that occur to our employees or external stakeholders. This not only reflect our ethical responsibility, but also our compliance towards local rules and regulations that consider of the aforementioned matter. Our comprehensive Emergency Preparedness and Response procedure ensures that we are well-equipped to handle emergency situations effectively and efficiently.

Our Emergency Response Procedure involves assessing the hazards and risks of potential unplanned incidents and strives for a systematic response to manage an emergency, should it occur. The procedure should include:



### Clearly Defined Roles and Responsibilities

Assigning the personnel designated as emergency coordinators or deputies

**01**


### Defined Resources and Materials

Provision of adequate resources, such as medical facilities and equipment

**02**


### Versatile Procedures

Procedures for responding to various types of emergencies, such as fires or oil spills

**03**

As a foundational aspect, we have established a clear fire prevention strategy, which includes:



### Electric Equipment Safety

Proper use and maintenance of electrical equipment and extensions

**01**


### Fire Detection

Installation and regular testing of fire detection systems

**02**


### Evacuation Communication

Communication of evacuation plans and clearly-marked assembly points

**03**

In addition, we have written specific guidelines for the safe evacuation of employees with disabilities. Our regular conducted drills allow us to amend and update emergency preparedness and response procedures.

## INCIDENT INVESTIGATION

We strive to maintain a safe and healthy work environment for all our employees, contractors, and visitors. Despite our efforts to prevent accidents and incidents, we recognize that accidents and unforeseen incidents might occur, and might impact our employees and external stakeholders. Our incident investigation process is implemented as needed and identifies root causes, implements corrective actions, and works to

prevent recurrences. Our process is designed to be adaptive, comprehensive, and transparent.

Corrective actions are implemented according to the hierarchy of hazard control, with elimination of the hazard as the preferred measure. This is followed by engineering controls, administrative controls, and Personal Protective Equipment (PPE) as a last resort.

### Investigation & Corrective Action

- ✓ Ensure that the established reporting process is up-to-date in the EHS database.
- ✓ Incident investigation is conducted by the specialized stakeholders with critical skill set.
- ✓ Development and implementation of corrective and preventive actions to address identified causes.
- ✓ Transferring the insights attained from the investigation findings throughout the organization.
- ✓ Monitoring the effectiveness of corrective and preventive actions for continuous improvement.

01

Identify root causes of incidents and near misses

02

Propose practical solutions to eliminate or control the circumstances leading to the incident

03

Apply to all Zahid Tractor premises and locations where employees conduct business

### Incident Reporting and Investigation Policy

When it comes to our investigation procedure, we have a structured approach to managing and investigating incidents and near-misses. Immediate reporting followed by thorough investigation helps us determine root causes and implement effective corrective actions. Responsibilities are outlined to ensure accountability and compliance, fostering a culture of continuous improvement and safety awareness.



## SAFETY STATISTICS

Criteria	2023
Total Man Hours Worked	4,254,076
First Aid Injuries	29
Environmental Incidents	4
EHS Inspections (Zahid Group)	1,327
Recordable Injuries	10
Lost Time Injuries (LTIs)	9
Medical Treatment Cases	1
Near Misses	89
Fatalities	0
Unsafe Acts (Zahid Group)	4
Fire Incidents	6
Recordable Incident Frequency	0.47

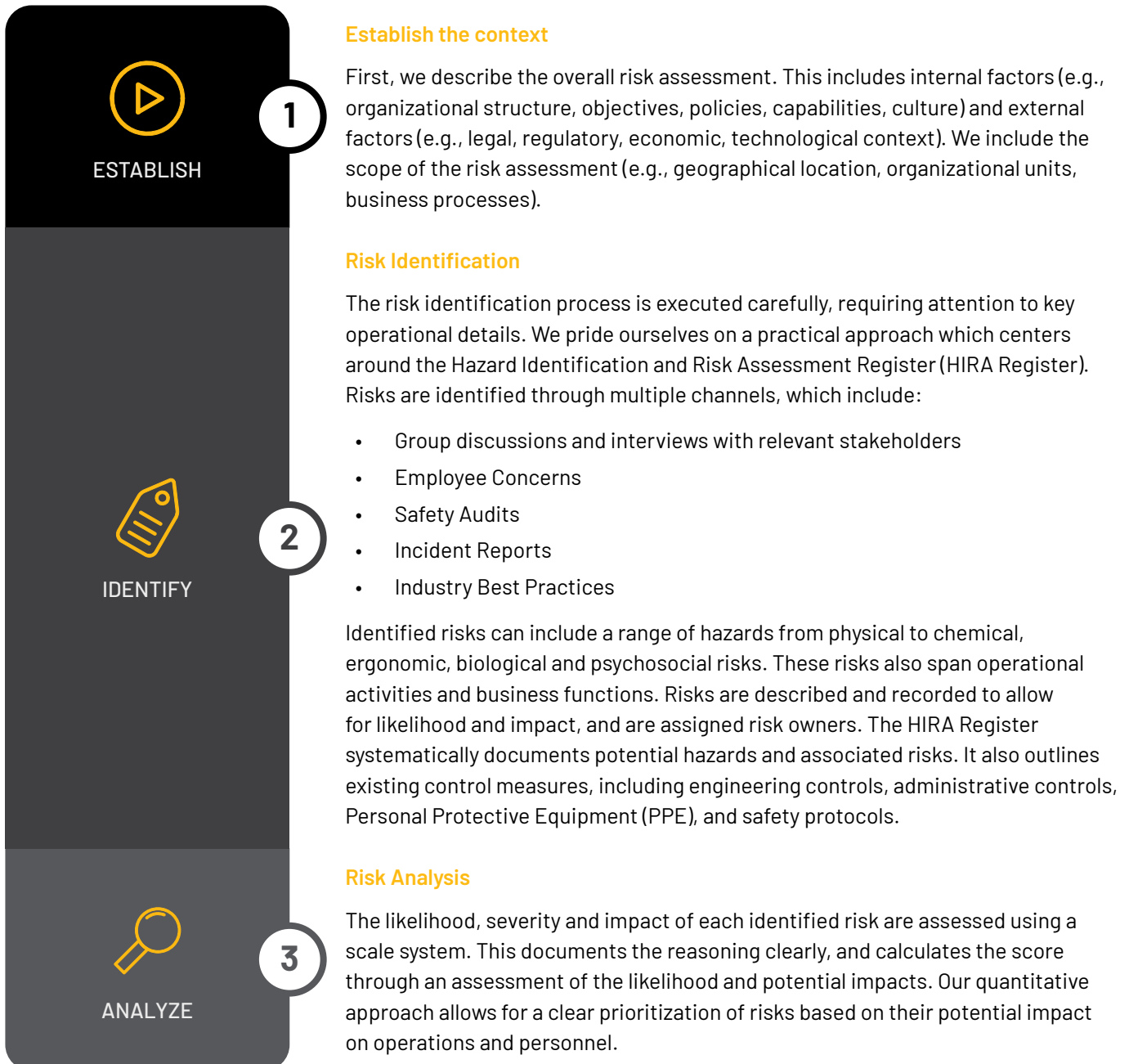
86%

REDUCTION IN OVERALL  
RECORDABLE INCIDENT  
FREQUENCY (RIF) RATE FROM  
OUR 2011 BASELINE

# RISK ASSESSMENT

## RISK ASSESSMENT PROCESS

Zahid Tractor has implemented a comprehensive risk assessment and treatment process aligned with ISO 22301 Business Continuity Management Systems and ISO 31000 Risk Management Principles and Guidelines. Through this process, we identify potential impacts and develop evaluation and management plans.





4

#### Risk Evaluation

Risks are prioritized for treatment based on their scores and classifications. The risk treatment considers organizational risk appetite and acceptance criteria.



5

#### Risk Treatment

For risks that exceed acceptable thresholds, treatment options are evaluated, which include modifying the risk (applying controls to reduce likelihood and/or impact), avoiding the risk, or sharing the risk (e.g., through insurance). Treatment plans are developed, specifying actions to be taken, responsibilities, timescales, and residual risk levels after implementation. A residual risk assessment is usually conducted to determine the effectiveness of the control measures and evaluate the remaining risk.



6

#### Monitor & Report

Key risk indicators measure the effectiveness of controls in addressing treated risks. Indicator reports identify exceptions and trends that may require additional attention as part of the management review process.



7

#### Regular Review

Risk assessments are reviewed annually and upon major organizational changes (e.g., mergers, acquisitions, new products/services) to maintain validity. The risk assessment process is closely linked to our Business Continuity Management System (BCMS). Identifying and mitigating risks that could disrupt critical business activity maintains operations during adverse events.

### Risk Assessment and Management Policy

We have established a proactive approach to identifying, evaluating, and mitigating risks. Our strategy includes detailed risk assessments and tailored treatment plans to address threats to our key business processes, assets, and personnel. Through continuous monitoring and reviewing, we manage all potential risks effectively.



A close-up photograph of several long, green plant leaves, possibly from a corn plant, showing prominent parallel veins. The leaves are arranged diagonally across the frame, with some in sharp focus and others blurred in the background, creating a sense of depth. The lighting is bright, highlighting the texture and color of the foliage.

# ENVIRONMENTAL **RESPONSIBILITY**

# MANAGING OUR **CARBON FOOTPRINT**

*By investing in cutting-edge technologies, we aim to reduce our carbon footprint and optimize fuel use.*

We understand that energy consumption and the inefficient management of energy-related aspects can result in adverse environmental and social impacts. These may include an increase of emissions which contribute further to climate change, which in turn increases the dependency of the use of and ultimate depletion of fossil fuel resources. In addition, the emission generated from inefficient combustion process in the use of fossil fuel-based resources can result in health impacts. Managing and diverting the use of purchased electricity to utilize alternate energy solutions would allow us to address our emission and optimize our resource consumption. We would reduce our environmental footprint and commit to our alignment with the national agenda in contribution to vibrant society and achieving environmental sustainability.





## Our Business Units' Contribution

The Commercial Vehicle Department (CVD) is the main distributor of prestigious Trucks and Buses, ranging from brands such as Volvo, Renault, UD Trucks, and Higer Trucks. Their contribution towards reducing Zahid Tractor's overall carbon footprint include different strategies focusing on increasing awareness and bringing more efficient products into the market. During the reporting period, the CVD has already taken the initiative to integrate a fleet of highly efficient trucks and vehicles. The first type is the Euro 5 emissions standard for Diesel Particulate Filters (DPF). Euro 5 Truck filters capture 99% of harmful particles, making trucks cleaner. The Other type includes Trucks with a Cab Parking Cooler system, maintaining the internal temperature of the vehicles at a lower energy cost.

In addition to the integration of high efficiency vehicles to reduce our carbon footprint, we optimize business throughout the Hajj and Umrah period in the holy city of Mekkah. Our response time with technicians present on site is reflected in the reduced downtime and underscores optimization and a sustainable workflow.

Regarding the future, Zahid Tractor signed a Memorandum of Agreement with Neom to lay out the infrastructure for the establishment of electric trucks in NEOM in 2023. This shows our commitment to a more electric future.

Our Construction Machine Department (CMD) has taken the initiative to reduce the overall carbon footprint and promote sustainable practice by transitioning to products that are environmentally friendly alternatives. As part of this initiative, we have placed orders for many High Fuel Efficiency Caterpillar products for 2023. The products are equipped with advanced Tier 4 engines, compliant with the latest regulations on emissions and fuel. By investing in these cutting-edge technologies, we aim to reduce our carbon footprint and optimize overall fuel use.



# 250 units

Euro 5 Trucks  
Purchased

# 315 units

Trucks with Park Cab  
Cooler Sytems Ordered



# 6 hours

Awareness Campaign  
on Euro 5

# 16 hours

Training Campaign on  
Fuel Efficiency: OptiFuel

# 6 hours

Training Campaign on  
Fuel Efficiency: TCO





## ENERGY CONSUMPTION & EMISSIONS GENERATED

Our energy consumption is derived within our office operations. We make all electricity consumption data available and base purchase orders and invoices from the Saudi Electricity Company (SEC) data on the archives. As per this reporting cycle, assumptions were made to convert energy consumption from SAR to kWh or other units. All energy consumption is derived from within the organization and none from outside our organizational boundaries.

While we understand that the information present within this reporting cycle is early, we are committed to actively work on improving our data collection processes to enable more comprehensive and transparent reporting of our fuel and energy consumption. This improvement in the data collection process is in line with our commitment to setting and achieving energy reduction targets, investing in clean technologies, and engaging stakeholders to drive sustainable energy management throughout the value chain. We consider this reporting cycle as our baseline for further improvements in future reporting cycles.

### Greenhouse Gas Emissions Management & Solutions

Zahid Tractors understand the impact our operations have towards climate change. In this reporting cycle, a small collection of our activities has been addressed due to the availability of data and information that is readily available. As part of our organizational commitment to sustainability, transparency, and continuous improvement, we aim to provide a comprehensive and reliable emissions data, set ambitious reduction targets, and disclose its progress and performance in line with the GRI Standards and industry best practices. Our organizational boundary has been established within our Headquarters in Jeddah, Kingdom of Saudi Arabia. The emissions that will be addressed in this reporting cycle will pertain to the Scope 1 emissions and location-based Scope 2 emissions, reflecting consumption of fuel and the purchase of non-renewable electricity.

We are committed to managing our emissions and related impacts by implementing strategies that optimize our fuel consumption. Innovative technologies enhance our electricity consumption, and we seek out solutions to substitute our current dependence on fossil fuel derived electricity. We pledge to monitor our consumptions and emissions generation post implementation of our strategies, with a timeline of established KPI and measurable targets.

### Energy and Emissions

While there is no data on the conversion used to calculate the energy consumption, based on the invoices, assumptions were made to calculate the energy consumption for each category present. The average cost of electricity and fuel used within the reporting period was used to convert the electricity and fuel consumption to result in values in kWh and Liters, respectively. The emission factors used for electricity and fuel consumption were derived from values present from the Saudi Electric Company (SEC) and the emission factors published from the UK Department for Environment, Food & Rural Affairs.



## EMISSIONS

Item	Activity Type	Category	Consumption	Consumption Units	Emissions Generated	Emissions Units	Emissions Category
1	Electricity Consumption	Non-Renewable Electricity	1,837,611	kWh	1,047.44	Tons CO <sub>2</sub> eq	Scope 2
2	Fuel Consumption	Gasoline	304,708.5	Liters	714.55	Tons CO <sub>2</sub> eq	Scope 1
3	Fuel Consumption	Diesel	547,189.5	Liters	1,455.18	Tons CO <sub>2</sub> eq	Scope 1

3217.17 tCO<sub>2</sub>eq  
Total Emissions

Scope 1 2169.73 tCO<sub>2</sub>eq  
Scope 2 1047.44 tCO<sub>2</sub>eq

## AMOUNT

Item	Activity Type	Purchased Amount	Unit
1	Electricity Consumption	6,125,370	SAR
2	Gasoline Fuel Consumption	130,608	SAR
3	Diesel Fuel Consumption	729,586	SAR



# WATER CONSUMPTION AND MANAGEMENT

## WATER USE AT ZAHID

We recognize the critical importance of water at Zahid Tractor, and are committed to responsible water administration throughout our operations. Water is essential for our business activities, especially in sanitation and wash bays, which are part of our service offerings for machinery and trucks. We have identified our significant water-related impacts to be the consumption of freshwater from municipal sources and the discharge of wastewater into sewage systems or through on-site treatment. Our water is primarily sourced from municipal supplies provided by the National Water Company (NWC) and, in certain instances, from third-party tankers approved by the municipality.



### Our Water Consumption

Water consumption readings were based on invoices and purchase orders. Most of our water consumption is comprised of Eastern and Central Regions, with the Central Region being slightly higher (less than one percent). Data transparency keeps us better informed of current practices and helps us set proper targets and goals for water consumption. However, due to the availability of data being in the form of invoices and purchase orders, the quantitative consumption value was derived through the conversion of the water consumption rate within the reporting period for commercial buildings with a monthly consumption of more than 60 m<sup>3</sup>. This conversion also covers not only water consumption, but also sanitary water services.

### Our Water Management

Wastewater from our operations is either discharged into municipal sewage systems or treated on-site before being released, such as in our wash bays and laboratory facilities. In our current reporting cycle, we have had no incidents or water-related impacts caused by, attributed to, or directly linked to our activities, services, or products. We have committed to implementation of best practices within our operations and handling of resources. For example, our CMD conducts in-house water recycling which utilizes wastewater produced from cleaning vehicles. It is often the case that wastewater generated is discharged into sewage systems or on-site treatment to comply with regulations.



# SUSTAINABLE WASTE MANAGEMENT



Effective waste management is an important component of our sustainability strategy, and we implement a wide-ranging approach to minimize our waste footprint. Zahid Tractor's Waste Management Procedure (WMP) provides a framework for waste minimization, storage, separation, transportation, and disposal. This guarantees consistency and compliance across all legal entities of Zahid Tractor. The successful implementation of our WMP is based on collaboration and commitment of our entire organization. We have specified roles and responsibilities for each department and persons, including the Management Representative, Department Managers, Environmental, Health, and Safety (EHS) Manager, EHS coordinators, EHS Specialists, Supervisors, and employees. We integrate waste management practices into our day-to-day operations.

Our waste management strategy is based on the principles of source reduction, reuse, and recycling. We actively engage with our employees, suppliers, and

customers to reduce source waste generation. We adopt sustainable packaging solutions that optimize our manufacturing processes. When waste is unavoidable, we have established separation and recycling programs for different waste streams, including used oil, batteries, electronic waste, and printer cartridges. These initiatives prevent excess waste from entering landfills, help to conserve natural resources, and reduce our environmental footprint.

We understand that effective waste management requires monitoring and evaluation of our performance against established KPIs and targets. In this area we also conduct periodic audits and management reviews to improve our practices and learn from our previous experiences. We aim to continuously improve and drive sustained progress in our waste management performance, in the hopes that we are contributing to a global transition toward a more sustainable economy.

## WASTE GENERATED AT ZAHID

### Hazardous Waste Generated

All hazardous waste generated through our business functions is managed by third party servicing companies. Such hazardous waste includes used oil, batteries, electronic waste, and other hazardous materials from our workshops and service facilities. We implemented a process to classify, segregate, store, and transport hazardous waste safely. These processes adhere to MSDS recommendations and regulatory guidelines. Our procurement and contracts department maintains detailed records and certificates of recycling for all hazardous waste.

### Non-Hazardous Waste Generated

While data on total non-hazardous waste generated is currently unavailable, we remain committed to improving our waste data collection and reporting systems in all subsequent reports. Most of our non-hazardous waste is sold to third parties for recycling. We have pioneered initiatives to reduce non-hazardous waste generation, such as our SUPLess program, which eliminates single-use plastics across our operations. We also promote waste segregation at source and provide appropriate bins for recyclable materials.

## WASTE MANAGEMENT AT ZAHID

Zahid Tractor's premises collects, segregates and properly stores all waste generated prior to disposal. For safety reasons, only authorized personnel can handle waste collected in each container, which are labeled and properly secured. Waste is stored in designated areas until final disposal. We work closely with licensed and approved third-party waste management companies for waste transportation, treatment, recycling, or disposal. We make sure that all third-party partners utilize environmentally friendly waste disposal and comply with both national regulations and company requirements. Supplier evaluations are conducted before contracting any waste management vendor.

## ZAHID TRACTOR IMPACT

In line with our commitment to the waste management hierarchy, we have implemented various initiatives to increase recycling and re-use of materials. In 2023 we conducted recycling activities for the hazardous waste generated, as shown below. We have strong partnerships with authorized recycling facilities for each waste category and have set up collection points across our facilities for items such as batteries and printer cartridges. Employees have been trained on proper waste handling procedures and are motivated to participate in our recycling programs. Our efforts have reduced our environmental footprint and cut costs which promotes a culture of sustainability within our workforces. In the future we aim to increase our recycling rates and continue to explore innovative solutions for waste reduction and circularity.



143 m<sup>3</sup>

Volume of Hazardous  
Waste Sent to Landfill  
in 2023



659 m<sup>3</sup>

Used Oil Recycled

155,700 kg

Machine and Truck  
Batteries Recycled

32 kg

Small and Laptop  
Batteries Recycled

4,793 kg

Electronic Waste  
Recycled

2.83 m<sup>3</sup>

Printer Cartridges  
Recycled



# SUPLess



## ABOUT SUPLESS

SUPLess is Zahid Group's flagship initiative to eliminate Single-Use Plastic (SUP) across all of our group's companies. We launched SUPLess to reduce our plastic usage and also transition to eco-friendly alternatives. The program involves phasing out SUP items like plastic bags, bottles, cups, cutlery, and packaging. We then replace these items with reusable, biodegradable, or recyclable substitutes. SUPLess is based on a comprehensive policy that includes all facilities, employees, contractors, and suppliers. We have established targets and timelines for SUP elimination and conduct intermittent audits to measure progress.



## SUPLESS IMPACT

Since its launch, SUPLess has achieved remarkable results in reducing Zahid Group's SUP consumption. In 2023, we eliminated a significant number of SUP items, decreasing SUP items and weight. Cumulatively, we have avoided the use of millions of SUP items and a large amount of plastic waste across Zahid Group. Many Zahid Group branches and departments have achieved the 'SUPLess Green' status, which means they are in full compliance with the program requirements. Additionally, several Zahid Tractor branches have achieved the said status. We aim to have all our facilities reach the green level by 2024. By addressing the points of improvements in our audits, we expect to convert those operating in orange and red categories to green.

We attribute the success of SUPLess to the dedication of our leadership, the commitment of our SUPLess champions in each division, and the participation of our employees. To enhance employee buy-in we have conducted awareness campaigns, training programs, and engagement activities. This drives behavior change and builds a culture of sustainability. As we move forward on our SUPLess journey, we will continue improve our efforts to reduce plastic waste, encourage our suppliers to adopt sustainable packaging, and collaborate with industry partners. Our vision is to become a plastic-free organization and inspire others to follow suit in the global fight against plastic pollution.

## SUPLESS GREEN FACILITY

The Zahid Tractor Construction Machinery Division's (CMD) Jubail Branch has achieved the title of SUPLess Green Facility by scoring 98% during an internal EHS audit of its facilities. This is the first branch to achieve such a score and elite status within The Group. The EHS Department announced the SUPLess initiative criteria to all Zahid Group branches and facilities, outlined requirements for replacing Single Use Plastic (SUP), and proposed acceptable alternatives in October 2022. The CMD Jubail Branch was audited by the EHS department in February 2023, where they confirmed compliance with the SUPLess Audit requirements (in accordance with established criteria) and scored 98%, which granted them SUPLess Green status.



2.4M pcs  
(31,765 kg)

SUP Items Eliminated  
in 2023

4.7M pcs  
(63,530 kg)

SUP Items Eliminated  
Cumulatively



47 out of 72

Zahid Group branches to  
achieve SUPLess Green

37 out of 51

Zahid Tractor branches to  
achieve SUPLess Green

# SUSTAINABLE PROCUREMENT

Procurement practices at Zahid Tractor can have a significant impact on the environment, society, and the economy. As responsible corporation, we are committed to making sustainability a priority in our supplier selection, management processes, and evaluation. Our goal is to build a reliable and ethical supply chain that minimizes negative impacts and promotes environmental best practices. We have established a comprehensive Supplier Code of Ethics that outlines the principles and behavioral rules for all Zahid Group suppliers to ensure their compliance to our ethical standards. This code includes compliance with laws and regulations, environmental health and safety practices, ethical business conduct, labor practices, transparency, and anti-bribery and corruption measures. Additionally, our Purchasing Conflict of Interest Declaration Policy requires employees in the Procurement and Contracts Department (PCD) to disclose any actual, potential, or apparent conflicts of interest within their dealings with suppliers or other third parties. In accordance with our established policy, procurement decisions are made objectively and in the best interests of the company.



## SUPPLIER ASSESSMENT

We acknowledge that our suppliers' social performance is a critical aspect of our overall sustainability efforts. For our suppliers to uphold the highest standards of social responsibility, we have established a comprehensive supplier social assessment process. All suppliers are required to provide a GOSI (General Organization for Social Insurance) certificate as part of our supplier registration process. We also provide specific details to the Saudi Standards Metrology & Quality Organization (SASO) to be sure any product imported to KSA complies with all laws and regulation standards, including environmental standards.

As of now, we utilize the GOSI Certification to ensure that all our adhere to social responsibility We understand that we do not yet have comprehensive data on the percentage of new suppliers that have been screened using social criteria or the specific impacts identified. Nevertheless, we are committed to transparency in disclosing our progress and intend to report this information in future reports.

# INVESTING IN **OUR PEOPLE**





# BUILDING OUR WORKFORCE

Our HR strategy drives our organization toward sustained success. We aligned our personnel initiatives with our core business goals to achieve our goals. We take pride in attracting, hiring, and retaining top talent. Our team knows that we prioritize employee satisfaction and productivity, as we future leaders of society.

## HR STRATEGIES



**Align personnel initiatives with business objectives**



**Attract, retain, and engage top talent**



**Enhance employee satisfaction and productivity**



**Identify and train future leaders**



**Ensure compliance with laws and regulations**



**Support organizational change and development**



**Optimize costs and improves efficiency**



**Enable data-driven decision-making**



**Build a strong employer brand and reputation**



**Mitigate risks and ensure legal and ethical compliance**



## WFH Policy

Our Work from Home (WFH) policy supports the Work-Life Harmony Initiative by giving eligible employees the flexibility to work remotely. This policy applies to positions approved for WFH, with clear criteria and approval processes for consistency and appropriateness. In approved cases, WFH reduces stress while maintaining high standards of excellence in our services.

The implementation of our WFH policy has shown significant benefits to our employees by promoting work-life balance, and enhancing overall well-being. Employees who have been with us for at least two years and consistently meet performance targets are eligible. WFH requires training and employees to have the necessary home office setup. This flexibility allows employees to manage their work in a more comfortable and personalized environment, potentially increasing productivity and job satisfaction.

By embracing WFH, Zahid Tractor supports employee wellness and positions itself as a cutting-edge leader in work practices. We are dedicated to adapting to market developments and enhancing our culture, ultimately benefiting both our employees and the company.

## Employee Wellness Policy

Our Employee Wellness Policy emphasizes our employees' health, safety, and well-being. It gives a structured approach that maintains productivity while minimizing work-related stress and promotes health and wellness. We have several wellness initiatives for our employees including sports club memberships to encourage regular exercise, healthy eating programs to give nutritious food choices, and the Mazaya Card, which offers discounts and special benefits on health-related products and services for employees and their families.

## Security Staff Development Program

The SSDP (Security Staff Development Program) is an intensive thirty-hour program, in addition to a thirty-hour specialized English language course, that equips ZG Security Personnel with the right skills and competencies required to cope with modern challenges, perform at a high level, deliver excellent customer satisfaction, and protect the premises against possible thefts and illegal acts.

## Admin and Clerical Staff Development Program

The APDP (Administrative Professionals Development Program) is a three-month (130-hour) program designed specifically to assist office and administrative professionals in mastering effective capabilities in their roles and day-to-day responsibilities and assignments. The program lays the steps and foundations for the enrollees to undertake the IAAP CAP (Certified Administrative Professional) learning journey and exam.

## Future Leadership Trainee Program

Future Leadership Development Program (FLDP) is a practical program designed to nurture and develop our future young leaders in key business functions of our company. It is a fast-track program based on Zahid's business structure, targeted competency-based training solutions alongside specialized functional rotations in various Zahid divisions/ companies for maximum operational exposure.

## Life Skills for Youth Program

Life Skills for Youth Program (LSYP) is a practical orientation program designed to nurture and develop the young talent of Zahid family members to be familiar with key business functions of our company. It is a month-long program that orients family members to Zahid's business structure and provides training rotations in the different aspects of our company and its operations.

## SAUDIZATION PROGRAM

Our Saudization Program aims to increase the employment of Saudi nationals within the organization. The objective is to enact Saudization initiatives, assuring alignment with the Group HR KPIs. Additionally, the program seeks to leverage support from the Human Resources Development Fund (HRDF) whenever possible and practical.

The scope of our Saudization Program is extensive, encompassing the recruitment and enrolment of both male and female Saudi nationals. The program's reach extends across all divisions of Zahid Tractor, certifying an inclusive approach to nurturing local talent and contributing to the national workforce development objectives.



## CONTINUOUS LEARNING AND DEVELOPMENT

At Zahid Tractor, we have a structured approach to training and development through our Zahid Learning Institute (ZLI) Policies and Procedures. This document details our systematic training process, tailoring our learning events to the specific needs of our customers while maintaining standard training practices.

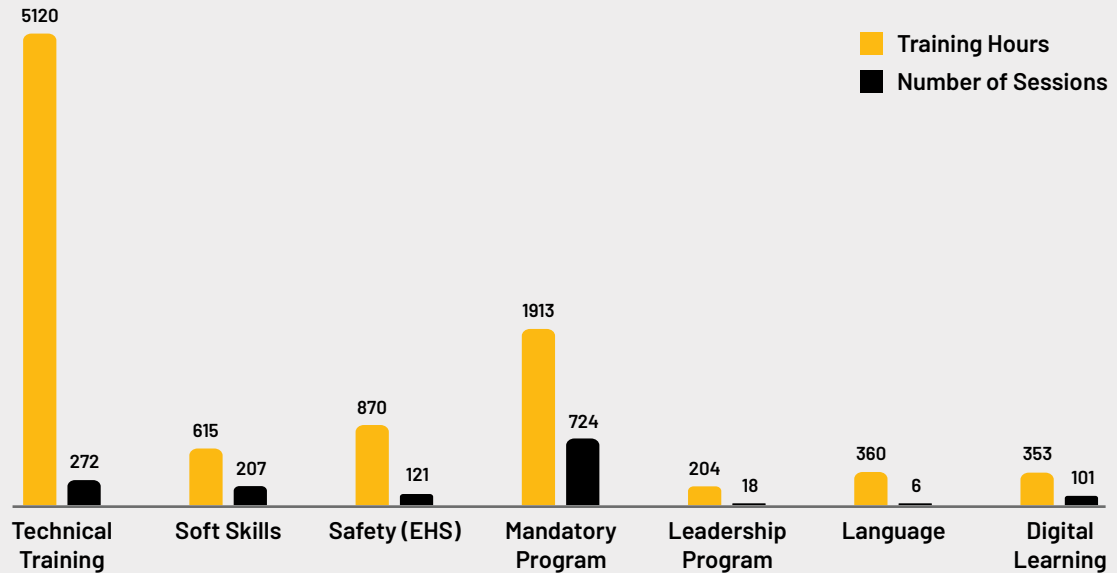
Under the purview of the Head of Learning & Development, supported by L&D Consultants, Branch Managers, Specialists, Analysts, and Coordinators, our training process involves various stages. These include Analysis, where training needs are identified through Training Needs Analysis (TNA); Design, where training

outlines are developed and approved; Development, where training materials are created and verified; Implementation, where training sessions are confirmed, published, and delivered; and Evaluation, where post-assessments and course evaluations are conducted to gauge effectiveness.

Additionally, our ZLI Training Evaluation Protocol ensures feedback mechanisms are in place to continually improve our training offerings. This structure enables us to enhance the skills and competencies of our workforce, fostering organizational growth and success.



# TRAININGS



## 10,822

Total Training Hours

## 1,909

Number of Sessions

## 1,911

Total Trainees

Training Type	Description
Technical Training	For service technicians, all necessary competencies are covered based on their specialization and role.
Soft Skills	Tailored to employees' needs, including English language training.
Safety Training	Accredited by the National Safety Council (NSC), which offers courses in first aid, defensive driving, and forklift operation.
Mandatory Training	Divided into three categories: new hires, G8 and below, and G9 and above. These sessions cover essential knowledge for different levels, including shared values, ZG systems, Ethical Compliance, and EHS Induction.
Leadership Training	We partner with leading global providers to offer leadership programs for frontline managers, middle managers, and senior executives.
Digital Learning	Focused on systems and technology, including Microsoft Office Applications, Teams, and M3.

## CMD Sales Campus 2023

Zahid Tractor's Construction Machinery Division (CMD) conducted the 2023 CMG Sales Campus from 16-19 January in Jeddah. The Sales Campus brought together the entire CMD team from across KSA for refresher in-class and hands-on courses covering the complete CMS portfolio of machines. The main objective of the training campus was to update teams on the features of the latest products and technologies provided by Caterpillar.

## Caterpillar Certified Machine Technician (CCMT)

Zahid Tractor proudly hosted the prestigious Caterpillar Certified Machine Technician (CCMT) event at the Zahid Learning Institute, located in Zahid Business Park - Jeddah. This exclusive event brought together a group of highly skilled CMD technicians for a rigorous assessment, held in November 2023. Among the nine technicians participating from various regions, Mohammed Tahseen (CMD Service WR) emerged as an outstanding achiever, earning the esteemed title of Caterpillar Certified Machine Technician. Through his unwavering determination, hard work, and commitment to excellence, Mohammed has truly set a shining example for all.

Mohammed's accomplishment goes beyond personal growth; it marks a significant milestone in the history of Zahid Tractor. As the first technician in company to attain this esteemed certification, his achievement is truly exceptional.

The journey towards becoming a Caterpillar Certified Machine Technician is demanding, requiring a deep understanding of complex machinery systems, advanced technical skills, and a passion for delivering top-notch service. Congratulations to Mohammed Tahseen on this impressive milestone. His success serves as a shining example of what can be achieved through dedication and a relentless pursuit of excellence.

## ZLI "Basics of Braille" Workshop

Zahid Learning Institute had the successful "Basics of Braille" workshop conducted in coordination with JIT Human Resources and PWD Services on February 28th, 2023. One of the workshop objectives was to educate and train the attendees to use the Braille method to communicate with Zahid Employees with Disabilities (EWD). This workshop was part of the company's initiative to enforce diversity, equality, and inclusion within the Zahid community.



# THRIVING AT WORK

## DIVERSITY, EQUITY, AND INCLUSION

Diversity, equity, and inclusion (DE&I) are fundamental cultural values that guide the Zahid Group including Zahid Tractor. The Zahid Group was honored with the "Mowaamah" Golden Certificate by the Kingdom of Saudi Arabia's Ministry of Human Resources and Social Development in recognition of its outstanding diversity and inclusion efforts.

We believe that diversity is the key to achieving success. We not only appreciate differences but actively welcome them. Our diverse team enables us to maximize our creativity in product development and services. By cultivating a spectrum of ideas and perspectives, we collaborate towards our shared goal of excellence.

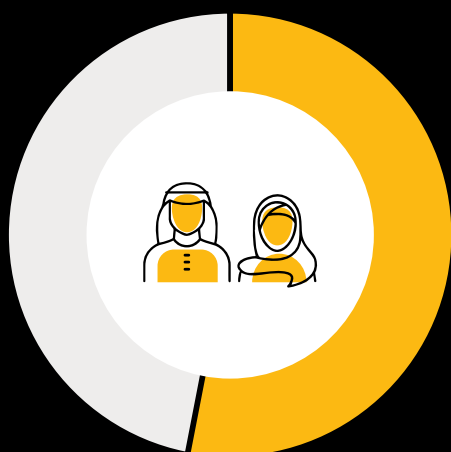
Our company is committed to a culture and environment that promotes diversity, equity, and inclusion across all levels of our business. Our objective is to eliminate stigmas and limitations while encouraging education, awareness, mutual understanding, and productive engagement. We expect each employee to take responsibility for cultivating a DE&I culture free from discrimination and harassment, thereby demonstrating behavior consistent with our Vision, Shared Values, Code of Ethics, and Business Conduct.

As an equal opportunity employer, our HR policies and procedures are designed to attract and retain diverse talent. We acquire competent and committed individuals based on set KPIs and accommodate their

needs at different career life cycles. In compliance with each country's local laws, our company selects candidates based on role-specific qualifications, skills, competencies, and experiences without discrimination based on age, gender, race, nationality, language, religion, or physical ability. Zahid Tractor accommodates workplace adjustments for Employees with Disabilities and gender-based requirements whenever reasonably practicable.

Structured recruitment and selection processes across all levels of the organization ensure that a diverse range of candidates are considered. The DE&I policy and procedure framework aims to integrate DE&I principles into employment practices, policies, and procedures across the Zahid Group. This includes increasing awareness and understanding of DE&I, valuing diversity as a core competency, and fostering an inclusive culture where every individual's contribution is valued.

Employees are encouraged to raise any concerns regarding mistreatment in accordance with the Grievance Policy, which guarantees prompt, confidential, fair, and respectful resolution. Breaches of the DE&I policy are subject to disciplinary action, including possible termination, reaffirming Zahid Tractor's commitment to creating an inclusive and equitable workplace environment.



**Saudi (53%)**

1140 employees

**Expat (47%)**

1010 employees

**Platinum**  
Nitaqat Status

**Employee  
by Gender**2,150  
*Total Employees*1,892  
*Male*258  
*Female***Employee  
by Age**419  
*below 30 years old*1,423  
*30-50 years old*308  
*above 50 years old***Employee  
by Region**1,131  
*Western Region*521  
*Central Region*498  
*Eastern Region*

## NEW HIRES

By Gender		By Age		By Region	
Total	291 <i>New Hires</i>	<30 years old	169 <i>New Hires</i>	Western Region	175 <i>New Hires</i>
Female	89 <i>New Hires</i>	30 to 50 years old	116 <i>New Hires</i>	Central Region	70 <i>New Hires</i>
Male	202 <i>New Hires</i>	>50 years old	6 <i>New Hires</i>	Eastern Region	46 <i>New Hires</i>

## EMPLOYEE TURNOVER

By Gender		By Age		By Region	
Total	8.8% <i>of Employees</i>	<30 years old	11.2% <i>of Employees</i>	Western Region	9.5% <i>of Employees</i>
Female	16.6% <i>of Female Employees</i>	30 to 50 years old	8.7% <i>of Employees</i>	Central Region	9.5% <i>of Employees</i>
Male	7.9% <i>of Male Employees</i>	>50 years old	9.2% <i>of Employees</i>	Eastern Region	5.4% <i>of Employees</i>

## EMPLOYEE WELL-BEING

We are honored to have been awarded the prestigious 2023 KSA Top Employer Award, a testament to our firm commitment to the development of a workplace environment where employee well-being is prioritized.

Our people are the foundation of our business and ultimate success. This valued recognition reaffirms our dedication to providing a nurturing and inclusive

workplace culture. A supportive work environment enhances employee satisfaction and contributes significantly to their well-being and professional growth. As recipients of this esteemed award, we are inspired to continue our journey of workplace excellence. We guarantee that our employees feel valued, respected, and empowered to thrive both personally and professionally within our organization.

### Work-Life Harmony Initiative

Each management level assures that the Work-life Harmony Initiative is fully implemented and that all employees under their supervision take their full annual leave entitlement within the contractual year it accrues. This effort must be driven from the top and monitored quarterly.





# EMBRACING A SAFE & HEALTHY WORKPLACE

*Zahid Tractor is certified for ISO 14001:2015 and ISO 45001:2018, reflecting its commitment to excellence in environmental management and occupational health and safety.*

The fundamental requirements for managing the environment, health, safety, and business continuity are defined by our Integrated Management System for Environment, Health, Safety, and Business Continuity (IMS-EHS BC). Our company acknowledges potential threats to its operations and focuses on proactive incident response for continuous operations. The IMS-EHS BC policy applies to all Zahid Tractor facilities across KSA.

We aim to prevent incidents that could cause bodily injury, ill health, property damage, or environmental harm. We do this by eliminating hazards, minimizing risks, and conserving resources. Resources are allocated to implement best practices in EHS management both efficiently and effectively. Directors, managers, supervisors, EHS coordinators, and employees are responsible for compliance with IMS-EHS BC requirements. All business decisions take EHS into consideration.

Our company sets annual EHS objectives for continual improvement, with regular monitoring and reviews. Employees adhere to EHS BC policies. Any high-risk activities that compromise safety, the environment, or property are prohibited. Breaches of this policy are subject to disciplinary action. Employees are encouraged to stop any work that does not comply with EHS BC requirements.

Incident reporting and investigation are joint efforts involving all relevant departments. We develop effective responses to incidents and disruptions,



which safeguards stakeholders' interests and complies with legal and regulatory requirements for operations maintenance.

The EHS Department conducts regular audits and reviews of IMS-EHS BC performance and compliance for continuous improvement. The policy is regularly reviewed and updated in response to legislative changes and organizational needs.

## MANDATORY EHS TRAINING

		2022	2023
Zahid Group	EHS Training Hours	2,246	2,260
	EHS Training Man-hours	12,329	13,760
Zahid Tractor	EHS Training Hours	-	1,936
	EHS Training Man-hours	-	7,982

392

Total No. of EHS Trainees

## ZAHID TRACTOR

EHS Mandated Session	Western Region	Central Region	Eastern Region	2023
EHS Induction	214	104	74	392
Electrical Safety	28	42	39	109
Fire Fighting	43	55	59	157
NSC - Defensive Driving	137	134	65	336
NSC - First Aid, CPR & AED	63	59	62	184
NSC - Forklift Safety	38	22	20	80
NSC - Forklift Assessment	3	37	25	65
Total Number of Trainees				1,377





# EMPOWERING RIGHTS THROUGH ZAHID

## Child and Forced Labor Policy

This policy details minimum employment age and working conditions. Our policy is shared with suppliers, contractors, and licensees and is used to decide whether to start or continue business relationships with them.

We have adopted principles that reflect our commitment to treating all individuals with dignity and respect. We support fair labor practices, valuing and treating our employees well. Our employees are always free from physical punishment or abuse. Individuals under age 19 employed after completing technical vocational training. Our employees retain possession of their passports and identity cards. They are entitled to full and timely payment, and enjoy regular working hours with adequate rest periods. We encourage our suppliers, contractors, and licensees to adopt similar standards for continuity of culture, respect, and integrity throughout our network.

Zahid Tractor actively promotes temporary workplace internships for younger people. We offer seasonal employment so long as young employees are properly supervised and their safety, health, and compulsory education are not compromised in any way.

Professional work is limited to those who are qualified  
This work includes:

- ❖ Work underground, underwater, at dangerous heights, or in confined spaces.
- ❖ Work involving the use of complex machinery, equipment, or tools.
- ❖ Manual handling or transportation of heavy loads.
- ❖ Work that may expose an employee to harmful substances, processes, temperatures, noise levels, or vibrations.
- ❖ Extended working hours or work at night





## BINDING TO CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) at Zahid Tractor integrates ethical, social, and environmental priorities throughout its operations. As a well-known provider of construction machinery, material handling equipment and power generation systems in the Kingdom of Saudi Arabia, we acknowledge the impact our activities can have on society and the environment. We are committed to conducting business responsibly and sustainably, for ourselves and our various stakeholders.

### Future Contractors Program

The Future Contractors Program (FCP) began in June 2012 as a corporate social responsibility initiative by Talal Y. Zahid, and was the brainchild of the Zahid Chairman. This initiative gives Zahid Tractor a significant role in the development of Saudi Arabia's economy by guiding aspiring contractors. It also generates additional employment opportunities and boosts the nation's overall development.

To disseminate the program initiative, Zahid Tractor has developed promotional materials, in addition to providing information on the dealer's website. Positive word-of-mouth has also contributed significantly to increasing recognition and interest in the FCP. The FCP has proven to be highly successful for Zahid.

*"We have what we call 'FCP Champions' covering the three major regions of the country so future contractors can hear and learn about the program first-hand."*

Numerous contractors who have benefited from the program expressed their decision to participate due to the growth in the construction sector and the simplified machine acquisition process offered by Zahid Tractor. The program facilitated easier purchasing compared to renting, providing flexibility and swift processing, which in turn enhanced their credibility with primary contractors and expanded their business opportunities. The process was streamlined to be completed in 10 days.

Zahid's FCP has led to the distribution of over 2,400 machines and has benefited more than 1,100 new contractors.





## Zahid Tractor and Ejar 93rd Saudi National Day

The Construction Machinery Division (CMD) and Ejar joined efforts to celebrate the 93rd Saudi National Day at the Jubail branch on September 25th. It was a memorable occasion where sister companies came together in love and admiration for the nation.

The collaborative efforts between CMD and Ejar established a celebratory atmosphere throughout the entirety of the event. Employees from both companies were seen taking pictures and capturing precious moments of togetherness.

## Future Minerals Forum Platinum Sponsor

On January 10-12, 2023, the 2023 Future Minerals Forum (FMF) was held at the King Abdulaziz Convention Center in Riyadh. The forum hosted 200 local mining companies with Zahid Tractor's Construction Machinery Division (CMD) as the platinum sponsor of the event. Our CMD showed commitment to the advancing industry and highlighted two CAT machines, the D10T and 980.

## Gulf Kyokushin-Kan Championship

Zahid Group sponsored the Saudi Arabian Alpha Dojo Team for karate. They won first place among a competitive field of teams from Kuwait, Bahrain, and Iraq in the Gulf Kyokushin-Kan Championship last October 6-7, 2023 in Al Khobar.



# ELEVATING SUSTAINABILITY EFFORTS

*Zahid Tractor is committed to environmental protection and will continue to prioritize initiatives that minimize waste and explore renewable energy sources, which will ultimately improve the efficiency of our services and products overall.*

It is important to our stakeholders that we establish economic and social values, which come from our commitment to sustainability in all of our operations. Looking forward, we will continue to focus on building sustainability protocol, which focuses on future development and includes initiatives which reduce environmental impact, foster growth, maintain strong governance, and promote responsible corporate citizenship. Zahid Tractor will continue to invest in creative opportunities and technologies that drive sustainability efforts. We know we cannot do this work alone. We will continue to work in collaboration

with industry partners, suppliers, and stakeholders, which is central to achieving a bigger impact. We are committed to building strategic partnerships that enable knowledge-sharing and collective action toward collective sustainability goals.

We remain steadfast in our focus on promoting a healthy and supportive work environment for all. We will continue strengthening our human resource initiatives, promote inclusive leadership, enhance workforce diversity, and empower young KSA talent through development programs and employment opportunities.

With our group of companies, we will continue to enhance our processes aligning with the national ambitions and international frameworks for sustainability. We will stay committed to meeting and reporting our targets. Zahid Tractor will continue to assess and evaluate risks associated with the commercial vehicle and construction machinery occupation, regulatory developments, and other external factors to underscore our commitment to our goals.





# GRI CONTENT INDEX



GRI Standard	Disclosure	Response and/or reference
GRI 2: General Disclosure	The organization and its reporting practices	
	2-1 Organizational Details	Pages 3, 6
	2-2 Entities included in the organization's sustainability reporting	Pages 3, 5
	2-3 Reporting period, frequency and contact point	Page 3
	2-4 Restatements of Information	No restatements
	2-5 External assurance	No external assurance
	Activities and workers	
	2-6 Activities, value chain and other business relationships	Pages 5, 6, 14
	2-7 Employees	Pages 56, 57
	2-8 Workers who are not employees	N/A
	Governance	
	2-9 Governance Structure	Page 18
	2-10 Nomination and selection of highest governance body	Page 19
	2-11 Chair of the highest governance body	Page 18
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 18
	2-13 Delegation of responsibility for managing impacts	Pages 18, 19
	2-14 Role of the highest governance body in sustainability reporting	Page 18
	2-15 Conflicts of interest	Page 19
	2-16 Communication of critical concerns	Pages 18, 19
	2-17 Collective knowledge of the highest governance body	Page 18
	2-18 Evaluation of the performance of the highest governance body	N/A
	Strategy, policies, and practices	
	2-22 Statement on sustainable development strategy	Pages 7, 8, 9, 10, 11, 12
	2-23 Policy commitments	Pages 20, 21, 31
	2-24 Embedding policy commitments	Pages 20, 21
	2-26 Mechanisms for seeking advice and raising concerns	Page 20
	2-27 Compliance with laws and regulations	Page 31
	2-28 Membership associations	Page 14

GRI Standard	Disclosure	Response and/or reference
GRI 2: General Disclosure	2-29 Approach to stakeholder engagement	Page 23
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 23
	3-2 List of material topics	Page 24
	3-3 Management of material topics	Page 24
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	4% of senior management are hired from the local community
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Page 9
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Page 42
	302-3 Energy Intensity	Page 42
	302-4 Reduction of energy consumption	Pages 41, 42
GRI 303: Water and Effluents 2016	303-1 Interactions with water as a shared resource	Page 43
	303-2 Management of water discharge-related impacts	Page 43
	303-5 Water consumption	Page 43
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 42
	305-2 Energy indirect (Scope 2) GHG emissions	Page 42
	305-3 Other indirect (Scope 3) GHG emissions	Page 42
	305-4 GHG emissions intensity	Page 42
	305-5 Reduction of GHG emissions	Page 42
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Pages 44, 45
	306-2 Management of significant waste-related impacts	Pages 44, 45
	306-3 Waste generated	Page 45
	306-4 Waste diverted from disposal	Page 45
	306-5 Waste directed to disposal	Page 45
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Page 48
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page 57
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pages 51, 52, 58



GRI Standard	Disclosure	Response and/or reference
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Pages 33, 59
	403-2 Hazard identification, risk assessment, and incident investigation	Pages 32, 33, 34, 36, 37
	403-3 Occupational health services	Page 59
	403-4 Worker participation, consultation, and communication on occupational health and safety	Page 59
	403-5 Worker training on occupational health and safety	Pages 59, 60
	403-6 Promotion of worker health	Page 59
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pages 34, 59
	403-8 Workers covered by an occupational health and safety management system	Pages 59, 60
	403-9 Work-related injuries	Page 35
	403-10 Work-related ill health	Page 35
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Page 54
	404-2 Programs for upgrading employee skills and transition assistance programs	Pages 53, 54, 55
	404-3 Percentage of employees receiving regular performance and career development reviews	Page 53  All employees undergo annual performance appraisal
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page 57
	405-2 Ratio of basic salary and remuneration of women to men	1:1 ratio
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Page 61
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments and development programs	Pages 62, 63
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	Page 48
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 31



[zahidtractor.com](http://zahidtractor.com)